



## Token Investment Agreement

This Token Investment Agreement (the “TIA”) is made between Corro, LLC (“Seller”, “we”, “our” or “us”), a limited liability company organized under the laws of the Cayman Islands and a subsidiary of Kadena, LLC, and the undersigned buyer (“you”).

### 1. OVERVIEW

We are involved in launching a public blockchain platform (the “Platform”) which, among other things, increases the number of transactions that a public blockchain network can process (commonly referred to as “scaling”). The Platform is intended to be a global distributed computer network, decentralized public transaction ledger and value transfer system, available to anyone, that can process transactions and maintain transaction information, and upon which third party applications can be run. We envision that processing on the Platform will be paid for by users with a native cryptocurrency (a “Token”) that will be issued in connection with the public launch of the Platform (the “Public Launch”). The Tokens, called Kadena and expected to use the coin symbol KDA, are also intended to be a medium of exchange and fundamental store of value, akin to Bitcoin and Ether, stored in digital wallets and used as the holder determines. The development and launch of the Platform will be done in conjunction and coordination with Kadena Public, LLC and Kadena LLC. The date of the Public Launch is expected to be December 1, 2019.

We are offering to sell, on the terms and conditions set forth herein (the “Offering”), the right to pre-purchase Tokens prior to the Public Launch. This Offering will be made pursuant to a series of agreements (including this one) issued by us that are all entitled “Token Investment Agreement” (collectively, the “TIAs”) to verified, accredited investors residing in the U.S. and qualified buyers that are residents outside of the U.S.. We are also making an offering (the “International Offering”) of Tokens exclusively to purchasers outside of the U.S. pursuant to an agreement entitled “Token Purchase Agreement” (the “International TPAs”) which will close prior to the Public Launch

This Offering is expected to commence on November 4, 2019 and expire and close (the “Initial Closing”) at 11:59:59 PM (New York time) on November 21, 2019 (the “Expiration Date”). We may in our discretion terminate this Offering and effectuate the Initial Closing prior to the Expiration Date or extend the Expiration Date. We also reserve the right to have one or more additional closings after the Initial Closing in our discretion (each such closing, including the Initial Closing, a “Closing”), but under all circumstances this Offering will expire and the Final Closing will occur at least three days prior to the Public Launch and prior to the final closing of the International Offering. This Offering is limited to 20 million Tokens.

A summary of the material terms and conditions of this Offering is set forth in the Term Sheet that is attached hereto as Schedule A. The Term Sheet is provided for your convenience only and is not intended to be complete or recite all of the terms and conditions that might be of interest to you in making your decision. In the event of a conflict between the provisions of the Term Sheet and this TIA, the provisions of this TIA shall govern.

***NEITHER THIS TIA NOR THE TOKENS RECEIVED HEREUNDER HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH THE U.S. SECURITIES EXCHANGE COMMISSION (THE “SEC”), AND MAY NOT BE ALLOWED TO BE OFFERED OR SOLD IN THE UNITED STATES OR TO U.S. PERSONS UNLESS REGISTERED UNDER SUCH ACT AND QUALIFIED UNDER STATE LAWS, OR UNDER AN AVAILABLE EXEMPTION FROM SUCH REGISTRATION AND QUALIFICATION REQUIREMENTS.***



Entry into this TIA is highly speculative and involves a high degree of risk, volatility and illiquidity and is only suitable for investors who are knowledgeable about blockchain and cryptocurrencies. This TIA is not a prospectus and does not purport to contain all information about us or a description of all the risks that you might need to form a decision to purchase or use the Tokens. Some of those risks are described in Schedule B attached hereto. You should carefully consider those risks and perform your own diligence and analysis before participating in this Offering and agreeing to purchase the Tokens. Certain of those risks could materially affect our ability to launch the Platform and sell the Tokens, or the value or use of the Tokens before or after any Public Launch. You could lose all or part of the amount you paid under this TIA.

This TIA is not being offered or sold to any Person residing in a jurisdiction (a) in which such offer or sale would violate the laws of such jurisdiction or (b) if we would be required to obtain a permit, license, approval or other registration in such jurisdiction (that we do not possess or otherwise plan to obtain) in order to comply with the laws of that jurisdiction with respect to the offer, sale or issuance of Tokens or this TIA. See also Section 6 of this TIA and Schedule D for certain disclosures and notices related to securities laws and additional information about disqualified jurisdictions.

Please read this TIA in its entirety, including Section 3 of this TIA and all Schedules hereto, for a complete statement of the terms and conditions of this Offering. In connection with your review, you must rely upon your own investigation, either personally or with the aid of such legal, tax, financial and other professional advisors, as you deem appropriate. The Schedules to this TIA consist of the following:

<u>Schedule A</u>	<b>Term Sheet</b>
<u>Schedule B</u>	<b>Risk Factors</b>
<u>Schedule C</u>	<b>Background Information about Seller, the Platform and Tokens</b>
<u>Schedule D</u>	<b>Notices and Disclosures; Disqualified Jurisdictions</b>
<u>Schedule E</u>	<b>Glossary of Defined Terms</b>

NEITHER SELLER NOR ANY OF ITS AFFILIATES, NOR ANY OF ITS OR THEIR RESPECTIVE MANAGERS, MEMBERS, EMPLOYEES, ADVISORS, ATTORNEYS, OR REPRESENTATIVES, NOR ANY OTHER PERSON ACTING ON BEHALF OF SELLER, MAKES ANY RECOMMENDATION TO YOU AS TO WHETHER TO PARTICIPATE IN THIS OFFERING AND PRE-PURCHASE TOKENS. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATION OR PROVIDE ANY INFORMATION IN CONNECTION WITH THIS OFFERING. IF GIVEN OR MADE, SUCH RECOMMENDATION, REPRESENTATION OR INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN MADE OR AUTHORIZED BY US.

NO GOVERNMENTAL AUTHORITY IN THE UNITED STATES (INCLUDING THE SEC), THE CAYMAN ISLANDS, OR ANY OTHER JURISDICTION HAS REVIEWED, PASSED JUDGMENT UPON, OR APPROVED THE TERMS OR MERITS OF THIS DOCUMENT OR THE ADEQUACY OR ACCURACY OF THE INFORMATION HEREIN.

NEITHER SELLER NOR ANY OTHER MEMBER OF THE KADENA GROUP WILL BE REQUIRED TO, NOR DO THEY CURRENTLY INTEND TO, OFFER TO EXCHANGE THE TIAS OR THE TOKENS FOR ANY SECURITIES REGISTERED UNDER THE SECURITIES ACT OR ANY OTHER LAW, OR REGISTER THE TIAS OR THE TOKENS FOR RESALE UNDER THE SECURITIES ACT OR ANY OTHER LAW. REGISTRATION UNDER U.S. SECURITIES LAWS OR OTHER LAWS OR AN



EXEMPTION FROM REGISTRATION MAY BE REQUIRED IN ORDER FOR YOU TO USE, RESELL, TRANSFER, ASSIGN, EXCHANGE OR OTHERWISE DISPOSE OF THIS TIA OR THE TOKENS.

We are not responsible for, have not approved, and have not been involved in, any pre-trading, funding pools or reselling of the Tokens prior to the Public Launch. Any and all details about this Offering will be announced on [www.coinlist.co/kadena](http://www.coinlist.co/kadena) (the “**Official Site**”) which should be considered the sole source of information. DO NOT RELY ON ANY OTHER SOURCES OF INFORMATION REGARDING THIS OFFERING OTHER THAN THE OFFICIAL SITE.

## 2. PURCHASE AND SALE OF TOKENS.

(a) Subscription. By executing this TIA, you hereby subscribe to the right to purchase from us, and upon settlement of this TIA in accordance with Section 3(c) of this TIA you shall receive, a total number of Tokens (the “**Subscribed Tokens**”) equal to (i) your subscription amount in U.S. Dollars (BTC, ETH or USDC, each as converted hereunder into U.S. Dollars) set forth by you on the signature page hereto (the “**Subscription Amount**”) divided by (ii) \$.50 per Token (the “**Token Purchase Price**”), all on the terms and subject to the conditions set forth herein. The minimum Subscription Amount for a purchaser under the TIAs is \$5,000 unless we waive such minimum for such purchaser.

(b) How to Purchase. To complete your agreement to this TIA, you need to:

(i) complete the registration process at the Official Site that will allow CoinList Services LLC (“**CoinList**”) or another third party appointed by us, to verify to us your qualification as a potentially eligible, qualified buyer (including, if you are a U.S. resident, as a “verified, accredited investor” under applicable U.S. securities laws) and allow us to be satisfied with your disclosures related to “know your customer” and “anti-money laundering” laws, regulations and guidelines under all applicable laws and regulations that we deem might be applicable to you or us (collectively, the “**KYC/AML Laws**”);

(ii) complete, execute and deliver to us an electronic copy of this TIA; and

(iii) pay the Subscription Amount specified by you on the signature page of this TIA, in accordance with Section 2(f) of this TIA. Please note cryptocurrencies or tokens other than Bitcoin (“**BTC**”), Ether (“**ETH**”) or USD Coin (“**USDC**”) will not be accepted by us and, if tendered, will not constitute payment of your Subscription Amount. *See also Section 2(d) of this TIA for related information.*

(c) CoinList Wallet. In connection with your completion of your TIA, you may also elect to create a digital wallet with CoinList Markets LLC on the Official Site (a “**CoinList Wallet**”) for delivery of your Subscribed Tokens upon settlement, as more particularly described in Section 3(c) of this TIA.

(d) Irrevocable. Once your TIA is completed, signed and submitted to us, your TIA is irrevocable and, except as required by law, you may not cancel, terminate, or revoke your TIA or any of your agreements or obligations hereunder. For the avoidance of doubt, your TIA shall survive your death or disability and shall be binding upon, and inure to the benefit of, your successors, legal representatives, and permitted assigns.

(e) TIA Acceptance. We have the right, in our sole discretion, to accept or reject your TIA in whole or in part, and for any reason or no reason including if (i) your execution of the TIA is not in the appropriate form; (ii) we determine that you do not qualify as a verified, accredited investor in the U.S. or as a qualified non-U.S. buyer, or the information you provided related to KYC/AML Laws is not satisfactory to us in our sole discretion; (iii) acceptance of your TIA or the issuance of Tokens to you in settlement of the TIA (whether alone or in combination with other purchasers in settlement of all the TIAs) would or might cause a



Regulatory Impediment to exist or arise; or (iv) you fail to submit, in form and substance acceptable to us in our sole discretion, any additional documentation or information that we deem necessary or appropriate in connection with your participation in this Offering.

(f) Payment and Settlement. Upon and at the time of your execution of the TIA, you must transfer the Subscription Amount to us in the currency you designated in your TIA. Wire transfers of USD and payments of BTC, ETH or USDC shall be made in accordance with the instructions provided to you on the Official Site. If you tender BTC, ETH or USDC to pay your Subscription Amount, such currency will be converted into U.S. Dollars using CoinList Markets, LLC, with the exchange rate as set forth on the Official Site in accordance with reasonable and accepted market practices, and your Subscription Amount shall be deemed to be the U.S. Dollar amount, as applicable, that is transferred to us from your CoinList Wallet (net of any applicable transaction fees) on an as-converted basis (the “**Notional Subscription Amount**”). For the purposes of your TIA, your Subscription Amount shall be deemed to be the sum paid by you in U.S. Dollars or, if you have tendered BTC, ETH or USDC, the Notional Subscription Amount. In the event that we reject your TIA, or if after our acceptance of your TIA but prior to delivery of Tokens to you, we determine we could or should not or cannot offer, sell or issue a TIA or Tokens to you due to an actual or possible Regulatory Impediment, we have the right to retroactively cancel your TIA and declare it null and void and your Subscription Amount will be repaid to you in U.S. Dollars (or the BTC, ETH or USDC that you tendered as payment if not previously converted to U.S. Dollars), without interest or deduction and without any further liability or obligation hereunder or otherwise to you whatsoever. Settlement and delivery of your Subscribed Tokens shall be made in accordance with Section 3(c) of this TIA.

(g) Escrow of Subscription Amounts. Subscription Amounts paid directly in USD will be held in escrow (the “**Escrow**”) with Prime Trust LLC (the “**Escrow Agent**”) until the next Closing of this Offering. Subscription Amounts paid in BTC, ETH or USDC will be converted into USDC, if applicable, and held in your CoinList Wallet until the next Closing of this Offering. We are in control of whether a Closing occurs and/or your Subscription Amount is released from the Escrow or your CoinList Wallet, as applicable. The only conditions to release of your Subscription Amount to us are (i) our execution of your TIA and (ii) no Launch Failure has occurred prior to such Closing. Upon the satisfaction of those conditions, your Subscription Amount will automatically be released and delivered by the Escrow Agent or from your CoinList Wallet (as the case may be) to us and an electronic version of your TIA, duly signed by us, will be delivered to you.

(h) Interpretation of Offering. All questions as to the validity, form, eligibility (including time of receipt), completeness, and acceptance or cancellation of your TIA will be determined by us in our discretion and such determination will be final and binding. We reserve the absolute right to waive any defect or irregularity in any TIA, and our interpretation of the terms and conditions of the Offering will be final and binding. If any defect or irregularity in connection with your TIA is not waived, and if cure is permitted by us in our discretion, such defect or irregularity must be cured by you to our satisfaction and within the time period prescribed by us. Neither Seller nor any of its affiliates or any of its or their respective managers, members, employees, advisors or representatives is obligated to give notice of any defect or irregularity in your TIA, nor will any of them incur any liability for failure to give such notice.

### 3. TERMS OF SALE

(a) Use of Proceeds. The proceeds of this Offering will be commingled with the proceeds of the International Offering and our other funds. Prior to the Public Launch, those funds will collectively be used for our general working capital purposes including to pay expenses related to Platform development, the Public Launch, this Offering, legal, accounting and administrative services related to the establishment of our business, and for other marketing, development and administrative purposes including amounts payable to CoinList for providing certain verification services. Following the date of the Public Launch (the “**Public Launch Date**”),



any remaining proceeds of this Offering can be used or distributed in our discretion. *See also Section 43 of Schedule B and Section 6(b) of Schedule C for related information.*

(b) Launch of Platform. The Public Launch shall be deemed to have occurred upon (i) open sourcing by Kadena Public, LLC (“**Kadena Public**”) of the software to operate the Platform, and (ii) Kadena Public’s intentional public release of the first block in the blockchain for the Platform. Although, we expect the Public Launch Date to be on or about December 1, 2019, we reserve the right to accelerate or delay the Public Launch Date, but in no event shall the Public Launch occur after September 30, 2020. *See also Section 2(f) of this TIA, Sections 1 and 27 of Schedule B and Section 2 of Schedule C for related information.*

(c) Settlement and Delivery of Tokens. Until the delivery of the Tokens to you or CoinList (if you create a CoinList Wallet, subject to your eligibility), we will maintain an official ledger as to the record owners of the TIAs and the party who should receive Tokens in settlement of the TIAs. Settlement of your TIA shall be made by and deemed to have occurred upon delivery of the total number of Subscribed Tokens to you or CoinList, as applicable. Delivery of the Subscribed Tokens shall be in 3 equal consecutive monthly tranches commencing with the first monthly tranche on the 12-month anniversary of the Public Launch Date and additional monthly tranches on the 13-month and 14-month anniversaries of the Public Launch Date (the schedule of such deliveries is referred to as the “**Release Schedule**”). *See also Section 3(d) of this TIA as well as Sections 12 and 27 of Schedule B for related information.* On each monthly tranche date, one-third of the total number of your Subscribed Tokens will be deposited in the digital wallet account (the “**Account**”) that was created for you on the Platform or to your CoinList Wallet, as applicable. The delivery of the final monthly tranche of the Subscribed Tokens shall discharge all of our obligations to deliver the Subscribed Tokens to you under your TIA. Prior to the 12-month anniversary of the Public Launch Date, we will contact you and (i) may require you to provide supplemental information and certification as to your status required under KYC/AML Laws and any other federal, national, state, provincial, local, municipal, foreign, international, multinational, or other administrative order, constitution, law, ordinance, principle or common law, regulation, rule or treaty (each a “**Law**” and collectively “**Laws**”), that we deem applicable in our good faith judgment, and (ii) provide you with the information as to the location of your Account and how to access and secure your Account using public and private key pair cryptography. *See also Section 26 of Schedule B for related information.*

(d) Delayed Release Schedule. If we determine that a Regulatory Impediment exists or might exist and we determine that a Regulatory Fix can and should be implemented to avoid or minimize the effects of such Regulatory Impediment, we may defer and adjust the Release Schedule to delay the release of some or all Tokens sold under the TIAs (including yours) until such later date or dates as we determine in good faith are necessary or advisable for compliance with applicable Laws (an “**Adjusted Release Schedule**”). If we implement a Regulatory Fix that results in an Adjusted Release Schedule, the commencement date of the release of the Platform Reserve by us will also be delayed and shall not commence until the first date that Subscribed Tokens are first delivered to you under the Adjusted Release Schedule. *See also Section 27 of Schedule B for related information.*

(e) Progress Reports and Rule 144 Information. Progress reports to you about the general status of the development activities for the Platform will be issued not less than every other month after the Initial Closing and until the Public Launch Date. For the avoidance of doubt, the progress reports will not contain any trade secrets, any confidential or proprietary information or any other information that might place us or any member of the Kadena Group at a competitive or other disadvantage. Following the Public Launch and, if and until we determine that the Tokens do not qualify as “securities” under U.S. securities laws, we plan to publish such financial and other information (collectively, the “**Rule 144 Information**”) as we deem is necessary to be published by a “non-reporting” issuer that might allow you to resell the Tokens under Rule 144 (“**Rule 144**”) as currently promulgated under the Securities Act. *See also Section 23 of Schedule B for related information.*



(f) **Launch Failure.** While we believe the Public Launch will occur on December 1, 2019, there is the possibility it may be accelerated or delayed. Each of the following events will constitute a “**Launch Failure**”: (i) if the Public Launch does not occur by September 30, 2020 ( the “**Outside Date**”); (ii) if prior to the Outside Date, we (1) cease the active conduct of our business and the plans to launch the Platform, (2) adopt a plan of liquidation, dissolution or winding up of our affairs or (3) are voluntarily or involuntarily subjected to a bankruptcy, insolvency or similar proceeding, or (iii) we determine that a Regulatory Impediment exists or might arise that we do not expect to overcome or be able to work around prior to the Outside Date in a way, at a cost, and in a time frame that do not limit our freedom to operate and are each reasonably acceptable to us under the circumstances. In the event of a Launch Failure, we have the right to choose to not sell Tokens to you, and instead settle your TIA by returning your Subscription Amount (without interest or reduction and in such fiat currency or cryptocurrencies as we determine) to you in full settlement and discharge of our obligations and your rights under, or related to, your TIA. In the event the assets of Seller that are legally available for distribution, as determined in good faith by our Board of Managers, are insufficient to permit the return to all buyers of their respective subscription amounts under the TIAs, the International TPAs and to all of our other creditors, then Seller’s assets that are legally available for distribution will be distributed *pro rata* based on the respective amounts owed to the buyers in under the TIAs, the International TPAs and all of our other general, unsecured creditors. *See also Section 28 of Schedule B for related information.*

(g) **Tax Treatment of TIAs.** You hereby confirm our mutual intent and desire that for U.S. tax purposes this TIA shall be treated as a prepaid forward sales contract. All tax reporting and filings by you or us shall be consistent with such tax treatment and you shall not take any position with any tax authority or make any filing that is inconsistent with such treatment, unless otherwise necessary or advisable based upon guidance issued by the IRS, a change in law occurring after the date hereof, a closing agreement with an applicable tax authority, or a final non-appealable judgment of a court of competent jurisdiction. You will notify us in writing if any taxing authority notifies you of any challenge or change to the treatment of this TIA as a prepaid forward sales contract. *See also Section 3(h) of this TIA and Section 29 of Schedule B for related information.*

(h) **Taxes on Tokens.** Your Subscription Amount does not include any applicable taxes on, or related to, the issuance or receipt of the Subscription Tokens including any sales, use, value added or similar taxes. You are responsible for determining what taxes, if any, apply, and paying and reporting such taxes. If we are required to pay or collect any such taxes with respect to the Subscription Tokens, we reserve the right to seek reimbursement from you for such taxes or reduce your Subscription Amount which is to be converted into Tokens by the amount of such taxes.

#### 4. **RISK FACTORS.**

*Investment in this TIA and the Tokens involves a number of significant risks. Some of those risks are set forth on Schedule B attached hereto. The risks can be materially different before and after the Public Launch. The risk factors set forth on Schedule B are not a complete list of all the risks that you may face when investing in this TIA or the Tokens, and you should use them only as guidance. Additional risks and uncertainties regarding this TIA, the Platform and the Tokens that are currently unknown to us, or that we currently deem immaterial, may individually or cumulatively also have a material adverse effect on our ability to develop or launch the Platform or issue and sell the Tokens. You should carefully consider those risks before making your investment decision. By entering into this TIA, you acknowledge your familiarity with, among others, the risks and circumstances described in Schedule B.*

#### 5. **BACKGROUND INFORMATION ABOUT US, THE PLATFORM AND THE TOKENS.**

Certain background information about us, the Platform and the Tokens is contained in Schedule C attached hereto.



## 6. PRECAUTIONARY SECURITIES DISCLOSURES AND NOTICES.

(a) General. In an abundance of caution and without admitting or acknowledging that this TIA or the Tokens may qualify as a “security” under any applicable Laws, we are intending to comply with the requirements of certain exemptions from U.S. securities Laws with respect to this Offering and the delivery of the Tokens. Accordingly, this Offering is being made only to verified, accredited investors in the U.S. and certain qualified buyers outside the U.S., and is not being made to, nor will a TIA be accepted from, any Person in any jurisdiction in which the offer to sell or its acceptance would not comply with the securities or other Laws of such jurisdiction. We reserve the right to exclude a Person from participation in this Offering or to refuse to sell Tokens to any Person for any reason in our discretion including if such Person resides in any jurisdiction in which it may be illegal to make the Offering or sell Tokens without registration, permits or licenses, or if it would be unreasonably expensive or otherwise burdensome to comply with all applicable securities and other Laws.

(b) No Registration. **Neither this TIA nor this Offering nor the Tokens have been or will be registered under any U.S. state or foreign securities Laws and no regulatory authority has reviewed or made any determination in connection with this Offering.** No action may be taken in any jurisdiction that would constitute a public offering of the TIA or the Tokens. Accordingly, the Tokens may not be offered or sold, directly or indirectly, and neither this TIA nor any other offering material or advertisements in connection with the Tokens may be distributed or published in or from any country or jurisdiction except under circumstances that will result in full compliance with any applicable Laws of any such country or jurisdiction.

(c) Forward Looking Statements. This TIA includes forward-looking statements that involve risk and uncertainty including as to (i) development of technology and the performance and other metrics and characteristics of such technology including the Platform; (ii) our ability to achieve a Public Launch and sell Tokens; (iii) the use of the Platform and Tokens; (iv) whether third party applications (commonly referred to as “**D-Apps**”) will be created to run on the Platform and create demand for the Tokens; and (v) the application of federal, state and foreign laws and regulations, including with respect to whether this TIA or the Tokens might constitute a “security” and restrictions on the offer, sale or trading of this TIA or the Tokens and other cryptocurrencies. Sentences or phrases that use words such as “may”, “can”, “will”, “believe”, “expect”, “estimate”, “intend”, “envision”, “possible” or “plan” and similar expressions or the negative thereof are often used to indicate forward-looking statements, but their absence does not mean a statement is not forward-looking. Such statements reflect Seller’s current beliefs, opinions and positions and based on assumptions Seller made regarding future actions and developments and other factors that we believe are appropriate under the circumstances and are designed to help you understand our current thinking. No representation or warranty is intended as to these forward-looking statements and they are not guarantees of performance or results. By their very nature, these statements are subject to certain risks, assumptions, uncertainties and other factors that could cause actual results to differ materially from those projected. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to notify you of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events.

(d) **Certain information and notices applicable to potential investors who are residents outside of the U.S., or in Disqualified Jurisdictions, are included on Schedule D attached hereto. Please read these disclosures carefully.**

## 7. OFFERING INFORMATION AND PLAN OF DISTRIBUTION.

(a) The form of TIA used in this Offering and information related to the entry into the TIAs and payment of your Subscription Amount can be found at the Official Site. Any and all details about this Offering



will be announced through the Official Site which should be considered the sole source of information. DO NOT RELY ON ANY OTHER SOURCES OF INFORMATION REGARDING THIS OFFERING OTHER THAN THE OFFICIAL SITE.

(b) Your TIA and Subscription Amount shall be held in the Escrow or your CoinList Wallet, as applicable, until the next Closing of the Offering. If your TIA is accepted it will be executed by us and an electronic signed version will be sent to you. You will be notified about any Public Launch and your Subscribed Tokens will be delivered to your Account in accordance with the Release Schedule. *See also Sections 3(c) and 3(d) of this TIA for related information.*

## 8. YOUR REPRESENTATIONS AND COVENANTS.

You hereby make the following representations, warranties and covenants, on which Seller and its legal counsel are entitled to rely in connection with the acceptance of this TIA, the performance of Seller's obligations hereunder and otherwise in connection with the Offering. If, in any respect, any representations shall not be true and accurate prior to your receipt of all of the Subscribed Tokens upon settlement of this TIA, you shall give immediate notice to us, specifying which representations and warranties are not true and accurate and the reasons therefor. You further agree that we have the right to require you to confirm, in writing, the accuracy of any or all of these representations at any time and from time-to-time prior to the delivery of all of the Subscribed Tokens to you upon such settlement.

(a) Power and Authority. You have all requisite power, authority and capacity to enter into this TIA and to acquire and hold the Subscribed Tokens and to execute and deliver, and perform your obligations under, this TIA, and such execution, delivery and performance does not conflict with, or constitute a default under, any instrument to which you are a party or any law, regulation or order, or any agreement to which you or your properties are subject or by which you or your properties may be bound. You are responsible for (i) receiving, and have received, all necessary approvals and authorizations to enter into this TIA and perform your obligations hereunder, and (ii) complying with all relevant Laws of the jurisdiction in which you reside or are located including if you are a non-U.S. resident, foreign exchange and overseas investment Laws. This TIA is your valid, binding and enforceable obligation. The transactions contemplated by, or referenced in, this TIA do not violate any Laws applicable to you. You are an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act, and all information which you have provided to us (including to allow us or a third party to determine if you qualify as a "verified, accredited investor" in the U.S. or a qualified foreign buyer, and for purposes of compliance with KYC/AML Laws regarding your participation in this Offering) concerning your status, financial position and knowledge and experience in financial, tax and business matters is correct and complete as of the date hereof.

(b) Sophisticated and Experienced Purchaser. You have experience in investing or dealing in cryptocurrencies, blockchains, software or technology development or start-up businesses, and understand and accept the special risks and considerations of investing in a pre-sale of a novel financial instrument such as this TIA. *See also Section 2 of Schedule B for related information.* You are also possessed of such general knowledge and experience in financial and business matters, as well as such specific knowledge of the business and operations conducted and proposed to be conducted by us, as are necessary to enable you, together with your professional advisors, to evaluate the merits and risks of this TIA and the acquisition of the Tokens. You are a sophisticated investor capable of performing independent diligence, research and analysis, and have conducted such independent diligence, research and analysis as you deem necessary in connection with this Offering. In evaluating the merits and risks of your acquisition of this TIA and the Tokens, you have, to the extent deemed necessary, consulted with, and relied upon, the advice of your own legal, tax, financial, and other professional advisors.



(c) Ability to Bear Risk. You have a net worth sufficient to enable you to carry and to bear the risk of the purchase of this TIA and the Tokens. Your purchase of this TIA and the Tokens is consistent with your investment purposes, objectives and cash flow requirements, and will not adversely affect your overall need for diversification or liquidity. You acknowledge and agree that the purchase of this TIA and the Tokens involves a significant risk of loss of your entire Subscription Amount. You are fully able to bear the economic risk of such loss. You understand that some jurisdictions (such as the U.S.) may view your TIA and the Tokens as constituting “restricted securities” under applicable securities Laws and that pursuant to these Laws you may be required to hold the TIA or the Tokens indefinitely unless they are registered with the SEC and qualified with state authorities, or an exemption from such registration and qualification requirements is available. *See also Sections 22 – 25 of Schedule B for related information.*

(d) Knowledgeable and Informed. You are well acquainted with the operations, financial condition, assets, liabilities, business and prospects of the Seller. We have afforded you and your professional advisors full and complete access to all material information with respect to Seller and its business plans that you and such professional advisors have deemed necessary or material for an evaluation of the merits and risks of your purchase of this TIA and the Tokens.

(e) Risk Factors. You have read and understand the *Risk Factors* set forth in Schedule B and have had an opportunity to discuss those *Risk Factors* with your professional advisors. You understand and agree that we have provided the *Risk Factors* as a good faith attempt to disclose material risks that should be understood by a hypothetical purchaser of a TIA and Tokens. However, you understand and acknowledge that we have not identified every risk involved in making an investment in this TIA or in the Tokens. Accordingly, you confirm that you have independently evaluated the risks associated with an investment in this TIA and the Tokens.

(f) No Governmental Review or Approval. You understand that no federal, state, or other governmental authority has made any finding or determination relating to the merits and risks of purchasing this TIA or the Tokens, nor has any such governmental authority either approved or disapproved of this TIA or the Tokens. If you reside or are domiciled outside of the U.S., you confirm that you are solely responsible for determining if you are allowed to participate in this Offering and receive Tokens under the applicable Laws of the jurisdiction of such residence or domicile, and as noted in Schedule D, we may require you to deliver to us an opinion of your counsel to that effect.

(g) No Registration. You further acknowledge that there is no public or private market for this TIA or for the Tokens. This TIA is not registered under any applicable federal, state or foreign securities Laws or qualified or listed on any exchange or TTS. This Offering is being made by us with the intent that the same shall be deemed a transaction not involving a public offering within the meaning of applicable Laws. You further acknowledge and agree that this TIA will be acquired solely for your account, for investment purposes, and not with a view to the resale or distribution thereof other than as permitted under applicable Law.

(h) Limitation on Transferability. You acknowledge that your TIA is not transferable by you without our consent. You further acknowledge that your sale, transfer, assignment, exchange or other use (each a “**Transfer**”) of the Tokens is subject to applicable Laws as well as restrictions set forth herein or that we impose in connection with a Regulatory Impediment. As a condition to your Transfer or assignment of this TIA prior to the Public Launch or any Transfer of Tokens prior to the date such Tokens become freely transferable hereunder or under applicable Law, we can require you to deliver an opinion of counsel as to such Transfer and assignment being in compliance with all pertinent Laws applicable to you and not violating, or causing us to violate, any applicable Laws including U.S. securities Laws. *See also Section 11(f) of this TIA and Sections 23, 26 and 39 of Schedule B for related information.*



(i) Disqualified Jurisdictions. You (i) do not reside, (ii) are not located, (iii) do not have a place of business, and (iv) are not conducting business in or from, any Disqualified Jurisdiction or any other State or jurisdiction that requires issuers of a cryptocurrency to be licensed or registered by that jurisdiction.

(j) Financial Regulatory Matters. Neither you, nor any of your affiliates or direct or indirect beneficial owners, (i) appears on the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control of the U.S. Department of the Treasury (“**OFAC**”), nor are you or they otherwise a party with which we are prohibited to deal under the Laws of the U.S., (ii) is a person identified as a terrorist organization on any other relevant lists maintained by any U.S. or other governmental authorities, or (iii) unless otherwise disclosed in writing to us prior to your purchase of this TIA, is a senior foreign political figure, or any immediate family member or close associate of a senior foreign political figure as those terms are defined in Section 11(i) of this TIA. You have conducted thorough due diligence with respect to all of your beneficial owners and have established the identities of all of your direct and indirect beneficial owners and the source of each such beneficial owner’s funds and will retain evidence of those identities, any source of funds and any such due diligence. No payment or other transfer of value to Seller, and no payment or other transfer of value to you, shall cause Seller to be in violation of applicable U.S. federal or state or non-U.S. Laws, including anti-money laundering, economic sanctions, anti-bribery or anti-boycott Laws, including, without limitation, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (“**USA PATRIOT ACT**”), the various statutes, regulations and Executive Orders administered by OFAC (the “**OFAC Regulations**”), and the Foreign Corrupt Practices Act. No payment or other transfer of value to Seller is or will be derived from, pledged for the benefit of, or related in any way to (A) the government of any country designated by the U.S. Secretary of State as a country supporting international terrorism, (B) property that is blocked under any of the OFAC Regulations, or that would be blocked under the OFAC Regulations if it were in the custody of a U.S. national, (C) persons to whom U.S. nationals cannot lawfully export services, or with whom U.S. nationals cannot lawfully engage in transactions, under the OFAC Regulations, or (D) directly or indirectly, any illegal activities. All payments or other transfers of value to Seller by you will be made through an account (or virtual currency public addresses whose associated balance, either directly or indirectly, has been funded through such an account) located in a jurisdiction that does not appear on the list of boycotted countries published by the U.S. Department of Treasury pursuant to §999(a)(3) of the Internal Revenue Code, as in effect at the time of your payment or other transfer of value. If you receive deposits from, make payments to or conduct transactions relating to a non-U.S. banking institution (a “**Non-U.S. Bank**”) in connection with your purchase of this TIA, then you have confirmed that the Non-U.S. Bank: (V) has a fixed address, other than an electronic address or a post office box, in a country in which it is authorized to conduct banking activities, (W) employs one or more individuals on a full-time basis, (X) maintains operating records related to its banking activities, (Y) is subject to inspection by the banking authority that licensed it to conduct banking activities, and (Z) does not provide banking services to any other Non-U.S. Bank that does not have a physical presence in any country and that is not a registered affiliate. You acknowledge that the Seller, in complying with KYC/AML Laws, may file voluntarily or as required by Law, a suspicious activity report (“**SAR**”) or any other information with governmental and law enforcement agencies that identify transactions and activities that we reasonably determine to be suspicious, or is otherwise required by Law. You further acknowledge that we are prohibited by Law from disclosing to third parties, including you, any SAR filing itself or the fact that a SAR has been filed. You understand and agree that, even if we are not obligated to comply with any KYC/AML Laws, we may nevertheless choose to voluntarily comply with such Laws as we deem appropriate in our sole discretion and you agree to cooperate with us as may be required in our reasonable opinion in connection with such compliance.

(k) Additional Information. You will provide to the Seller any information that the Seller from time to time determines to be necessary or appropriate (i) to comply with KYC/AML Laws and anti-terrorism Laws or any similar Laws of any applicable jurisdiction, and (ii) to respond to requests for information concerning the identity and/or source of your funds from any governmental authority, self-regulatory



organization or financial institution in connection with its anti-money laundering compliance procedures, or to update that information. You understand and agree that any failure on your part to comply with this Section 8(k) will allow the Seller to suspend the delivery of Tokens hereunder until you have complied with this Section 8(k); provided however that if such failure to comply continues for more than six (6) months or such shorter time as may be required by applicable Law, the Seller shall have the right to terminate this TIA and in such event Seller's obligation to deliver any of your Subscribed Tokens that have not been delivered, and your right to receive such Subscribed Tokens, shall automatically terminate and be of no further force and effect.

## 9. OUR REPRESENTATIONS.

We hereby make the following representations and warranties to you.

(a) Organization and Ownership. We are a limited liability company organized under the Laws of the Cayman Islands and were formed in October 2019. We (i) are duly organized and validly existing under the Laws of the Cayman Islands, (ii) are duly qualified to do business as a foreign limited liability company and in good standing under the Laws of all jurisdictions where the failure to so qualify would have a material adverse effect on us, and (iii) have all requisite power and authority to carry on our businesses as now conducted and as proposed to be conducted. Almost all of our equity interests are owned by Kadena Public, a Delaware limited liability company, which is a wholly owned subsidiary of Kadena LLC, a Connecticut limited liability company ("**Kadena Parent**" and together with us and Kadena Public collectively, the "**Kadena Group**"). The Kadena Group was founded and is controlled by the Founders.

(b) Authority. We are authorized to enter into this TIA, to perform our obligations hereunder, and to consummate the transactions that are contemplated hereby.

(c) Execution and Enforceability. Assuming the truthfulness and accuracy of the representations made by you and other buyers under the TIAs, our execution and delivery of this TIA and the performance of our obligations hereunder do not conflict with, or constitute a default under, any instruments governing us or any Law, or any agreement to which we are a party or by which we may be bound. The Person executing and delivering this TIA on our behalf has all requisite power, authority, and capacity to execute and deliver such instrument. This TIA is our valid and binding obligation, enforceable in accordance with its terms.

(d) No Litigation. There is no action, suit or proceeding, or governmental inquiry or investigation, pending, or, to our knowledge, threatened against us. We are not subject to any outstanding judgment, order or decree to which we are an expressly named party.

(e) No Third-Party Consent. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any court, arbitrational tribunal, administrative agency or commission or other governmental or regulatory authority or agency is required on our part in connection with this Offering or the issuance, sale or delivery of this TIA or the Tokens, other than filings under applicable U.S. and state securities Laws. Assuming the truthfulness and accuracy of the representations made by you and other buyers under the TIAs, we believe that the offer and sale of this TIA and the Tokens does not require registration under applicable U.S. federal and state securities Laws.

## 10. INDEMNITY.

To the fullest extent permitted by applicable law, you hereby indemnify and agree to defend and hold harmless Seller and each other member of the Kadena Group, and its and their respective managers, shareholders, members, officers, directors, legal counsel, control persons and representatives including CoinList and its affiliates (collectively "**Seller Indemnitees**"), who is or may be a party, or who is or may be threatened



to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, from and against any and all claims, demands, losses, liabilities and expenses (including attorneys' fees, judgments, fines and amounts paid in settlement) actually incurred by Seller Indemnitees, by reason of, in connection with, or arising from (i) any breach of any of your covenants or obligations under this TIA, or (ii) any actual or alleged misrepresentation or misstatement of facts by you to us herein, or any facts omitted or alleged to have been omitted by you, concerning your status as an "accredited investor" or a qualified foreign buyer, or your financial position or authority to invest in connection with this Offering, including, any misrepresentation, misstatement or omission contained in any questionnaire or any other document submitted by you to us.

## 11. MISCELLANEOUS.

(a) Entire Agreement. This TIA and the information you submitted to Seller or its agent related to your status as a verified, accredited investor in the U.S. or a qualified foreign investor or related to KYC/AML Laws represent the entire agreement and understanding between you and Seller concerning the subject matter hereof and the transactions contemplated hereby and supersede all prior agreements, discussions and understandings, whether oral or written, and no party shall be liable or bound to any other party in any manner by any express or implied warranties, representations, or covenants except as specifically set forth herein. You expressly accept and confirm that you have not relied on any representations or warranties made by Seller or on Seller's behalf outside of this TIA including conversations of any kind, whether through oral or electronic communication, or any information on our website or in any presentation, slide deck, white paper or any other writing. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, YOU ASSUME ALL RISK AND LIABILITY FOR THE RESULTS RELATED TO THIS TIA AND THE TOKENS, REGARDLESS OF ANY ORAL OR WRITTEN STATEMENTS MADE BY US, BY WAY OF TECHNICAL ADVICE OR OTHERWISE, RELATED THERETO.

(b) "AS IS". You understand and expressly accept that the Tokens are "UNDER DEVELOPMENT" and will be created and delivered to you on an "AS IS" basis and without any express or implied representation or warranty, except as expressly provided herein. We expressly disclaim all implied warranties as to the Tokens, including implied warranties of merchantability, fitness for a particular purpose, title and non-infringement. We do not represent or warrant that the Tokens will be reliable, current or error-free, or will meet your requirements, or that defects in the Tokens will be corrected. Seller cannot and does not represent or warrant that the delivery mechanism for the Tokens will be free of viruses or other harmful components. THE RISK OF LOSS IN BUYING, HOLDING AND TRADING DIGITAL ASSETS AND RIGHTS THEREIN, INCLUDING THE TOKENS, CAN BE IMMEDIATE AND SUBSTANTIAL. THERE IS NO GUARANTEE AGAINST LOSSES FROM PARTICIPATING IN THE OFFERING. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER TRADING OR HOLDING TIAs OR CRYPTOCURRENCIES IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION.

(c) Liability Limitations. THE AGGREGATE LIABILITY OF SELLER AND THE OTHER MEMBERS OF THE KADENA GROUP AND ITS AND THEIR RESPECTIVE MANAGERS, SHAREHOLDERS, MEMBERS, OFFICERS, DIRECTORS, LEGAL COUNSEL, CONTROL PERSONS AND REPRESENTATIVES, ARISING OUT OF, OR RELATED TO, THIS TIA OR THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER FOR BREACH OF CONTRACT, TORT OR OTHERWISE, SHALL NOT EXCEED YOUR SUBSCRIPTION AMOUNT ACTUALLY RECEIVED BY SELLER. NONE OF SELLER, ANY OTHER MEMBER OF THE KADENA GROUP, OR ITS OR THEIR RESPECTIVE MANAGERS, SHAREHOLDERS, MEMBERS, OFFICERS, DIRECTORS, LEGAL COUNSEL, CONTROL PERSONS AND REPRESENTATIVES, SHALL BE LIABLE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR ENHANCED DAMAGES, LOST PROFITS OR REVENUES OR DIMINUTION IN VALUE, ARISING OUT OF OR RELATING TO ANY BREACH OF



THIS TIA, REGARDLESS OF BEING ADVISED OF THE POSSIBILITY OF THE SAME OR ANY SPECIAL CIRCUMSTANCES. The foregoing limitations of liability only apply to the extent that they comply with any law applicable to you and any court or arbitrator shall be authorized to reform these limitations (including to add exceptions for fraud or willful misconduct) to the minimum extent necessary to have such limitations comply with the maximum limitations of liability allowed under applicable laws and effectuate the intent of the parties to limit Seller's liability. Your sole and exclusive rights and remedies, and our sole and exclusive obligations to you, including in the event of a Regulatory Impediment or a Launch Failure, are as set forth herein and, to the maximum extent permitted by law, you hereby waive all other rights and remedies.

(d) Arbitration. Any and all disputes or controversies related to, arising out of, or in connection with this TIA or the transactions contemplated hereby (including as to arbitrability) shall be resolved by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). Any such arbitration shall be conducted in Brooklyn, New York, or at such other place as is mutually acceptable to the parties to the arbitration, before one (1) arbitrator selected by the parties to the arbitration pursuant to the rules of the AAA. In order to be eligible to serve as an arbitrator, an individual must have knowledge about, or experience in, investing in (i) presales of cryptocurrencies or other novel financial instruments, (ii) start-up businesses, (iii) blockchain technology, or (iv) software development. The party who initiates the arbitration proceeding shall be responsible for the payment of all fees, costs and expenses of the AAA and the arbitrator. The decision and award of the arbitrator shall be final and valid, non-appealable, and binding upon the parties involved in such arbitration, and enforceable by any party in any court of competent jurisdiction. The courts of the State of New York located in Brooklyn, NY and the U.S. District Court in the Eastern District of New York are courts of competent jurisdiction. Any claim for arbitration must be filed within one year after the dispute or controversy arose or such claim is permanently barred, which means that neither you nor Seller will have the right to assert the claim. **ANY DISPUTE IS PERSONAL TO YOU AND SELLER AND WILL BE RESOLVED SOLELY THROUGH INDIVIDUAL ARBITRATION AND THERE WILL BE NO CLASS ARBITRATION, CLASS ACTION OR OTHER PROCEEDING IN WHICH AN INDIVIDUAL ATTEMPTS TO RESOLVE A DISPUTE AS A REPRESENTATIVE OF ANOTHER INDIVIDUAL OR GROUP OF INDIVIDUALS. FOR THE AVOIDANCE OF DOUBT, ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM, ACTION OR LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS OFFERING, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO, IS HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVED BY YOU AND SELLER.**

(e) Notices. All notices, consents, waivers, and other communications under this TIA must be in writing and will be deemed to have been duly given when (i) delivered by hand (with written confirmation of receipt), (ii) sent by email (with written confirmation of receipt requested) if to you, to your email address set forth on the signature page or if to us at [coinsale@corro.io](mailto:coinsale@corro.io) with a copy to [legal@corro.io](mailto:legal@corro.io), or (iii) two (2) business days after being sent by an internationally recognized overnight delivery service addressed (x) if to Seller, c/o Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands, with a copy to c/o President, Kadena Public LLC, 68 3<sup>rd</sup> Street, Brooklyn, NY 11231, or (y) if to you, at the address set forth on the signature page hereof. Any notice sent by email shall be followed up with a copy sent to the addressee by an internationally recognized overnight courier. Seller or you can change its or your address by duly provided notice to the other of such change.

(f) Assignment. You may not Transfer or assign this TIA or any of your rights or obligations under this TIA without our written consent. Any Transfer or assignment without our prior written consent is null and void and will be disregarded. Our consent may be conditioned on you registering your Transfer in an effective registration statement under all applicable securities law or delivery to us of an opinion of counsel, in form and



substance acceptable to us, that registration is not required and that such Transfer does not violate any applicable securities laws.

(g) Amendment. No amendment or modification of this TIA or waiver of any provision of this TIA shall be made except by a writing signed by you and us; provided, however, that any of the terms and conditions of this TIA and the other TIAs can be amended, modified, waived, confirmed, terminated or otherwise supplemented (each an “**Amendment**”) with the written consent of Seller and Person(s) holding TIAs representing more than a majority of the aggregate Subscription Amounts paid or to be paid to us by all persons under the TIAs, and any such Amendment shall be binding upon you without your consent, so long as such Amendment applies to all TIAs.

(h) Execution and Delivery. This TIA may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement. A facsimile copy, PDF copy or electronic signature of this TIA (including pursuant to DocuSign) shall constitute an original document and shall be deemed to be an original signature, and pdf, email or other electronic transmissions of any executed counterpart of this TIA or retransmission of any executed facsimile, pdf or other executed document shall be deemed to be the same as the delivery of an executed original.

(i) Governing Law; Rules of Construction; Certain Definitions. This TIA shall be governed by, and interpreted in accordance with, the Laws of the State of Delaware as applied to contracts made and performed wholly within such State. No delay or omission by any party in exercising any right or power accruing to such party under this TIA shall impair or otherwise affect any such right or power or be construed to be a waiver thereof. The language used in this TIA shall be deemed to be the language chosen by the parties to express their mutual intent and no rule of strict construction shall be applied against any party. Unless otherwise expressly specified in this TIA: (i) the words “hereof”, “hereby” and “hereunder,” and correlative words, refer to this TIA as a whole and not any particular provision; (ii) the words “include”, “includes” and “including”, and correlative words, are deemed to be followed by the phrase “without limitation”; (iii) the word “or” is not exclusive and is deemed to have the meaning “and/or”; (iv) words using the singular or plural number shall also include the plural or singular number, respectively; (v) the masculine, feminine or neuter form of a word includes the other forms of such word; (vi) references to a Person shall include the permitted successors and assigns thereof; (vii) unless otherwise expressly stated in this TIA, any and all judgments, determinations, actions, decisions, consents, approvals or other actions hereunder or in connection herewith by Seller, can be made in Seller’s sole discretion; (viii) the term “**U.S.**” means the United States of America and references to “**\$**” and “**USD**” means U.S. Dollars; (ix) the term “**Person**” means an individual or a corporation, association, partnership, limited liability company, joint venture, organization, business, trust, or any other entity or organization, including a government or any subdivision or agency thereof; (x) the term “**Business Day**” means a day, other than a Saturday, Sunday or federal holiday, on which commercial banks are open for business in New York, New York; (xi) the term “**senior foreign political figure**” means a senior official in the executive, legislative, administrative, military or judicial branches of a non-U.S. government (whether elected or not), a senior official of a major non-U.S. political party, or a senior executive of a non-U.S. government-owned corporation. In addition, a “**senior foreign political figure**” includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure; (xii) the term “**immediate family member**” of a senior foreign political figure typically includes the figure’s parents, siblings, spouse, children and in-laws; (xiii) the term “**close associate**” of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial U.S. and non-U.S. financial transactions on behalf of the senior foreign political figure; (xiv) cross references to Section numbers of this TIA without attribution to a particular Schedule are reference to the numbered sections of the main body of this TIA and not to a Section of any Schedule hereto and (xv) the cross reference to a Section for additional or related information constitutes a reference to all other Sections that are mentioned in the originally cross referenced Section and all Section cross



reference are for your convenience and are not intended to, and does not mean, that related or additional information is not located in other Sections of this Agreement or any Schedule hereto. This TIA is solely for your benefit and the benefit of the members of the Kadena Group and Seller Indemnitees and their and your respective permitted successors and assigns, and no other party is intended to be, or shall be, a third-party beneficiary or otherwise be entitled to exercise any rights or remedies hereunder. Notwithstanding the foregoing, our legal counsel and any person appointed by us to verify your eligibility to participate in this Offering shall be entitled to rely upon your representations, statements, documentation and other information related to your status as a verified, accredited investor or a qualified foreign investor and related to KYC/AML Laws or in determining if a Regulatory Impediment exists.

(j) Force Majeure. Without limitation of anything else in this TIA, no member of the Kadena Group shall be liable or responsible to you, nor be deemed to have defaulted under or breached this TIA, for any failure or delay in fulfilling or performing any term of this instrument including launching the Platform or delivering the Tokens, when and to the extent such failure or delay is caused by or results from acts beyond the affected party's reasonable control, including: (a) acts of God; (b) flood, fire, earthquake or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, or other civil unrest; (d) or related to Law including changes or new interpretations to applicable Law; or (e) any action by any governmental authority.

*[remainder of page left blank; signature page follows]*



Name of Buyer:	
Date:	
Signature:	
Total Subscription Amount:	
Subscription Currency (select one only):	<input type="checkbox"/> U.S. Dollars <input type="checkbox"/> Bitcoin (BTC) <input type="checkbox"/> Ether (ETH) <input type="checkbox"/> USD Coin (USDC)
Email Address:	
Mailing Address:	
Telephone Number:	
State of Residence or Organization:	
Country of Domicile if outside of U.S.	

Accepted: November [●●] 2019

**CORRO LLC**

BY: KADENA PUBLIC LLC  
A Manager

By \_\_\_\_\_  
Name: William Martino  
Title: A Manager

Signature Page- TIA



Schedule A

**Token Investment Offering Term Sheet**

<b>Seller</b>	Corro LLC, a Cayman Islands limited liability company
<b>Transaction</b>	Offering by Seller of a native cryptocurrency known as Kadena (the “ <b>Token</b> ”) that will be issued under a public blockchain platform (the “ <b>Platform</b> ”) that is under development by Kadena Public, LLC (“ <b>Kadena Public</b> ”) and Kadena LLC. The Platform will be a global, distributed computer network, available to anyone, which among other things, increases the number of transactions that a public blockchain network can process. Tokens can be used to process transactions on the Platform and are intended also to be a medium of exchange and fundamental store of value, akin to Bitcoin (BTC) or Ether (ETH). This Offering is limited to 20 million Tokens.
<b>Buyer</b>	Sophisticated and knowledgeable verified, accredited investors that satisfy securities laws and KYC/AML Laws, are not legal residents of certain disqualified jurisdictions, and are otherwise acceptable to Seller including qualifying as a “verified, accredited investor” under U.S. securities laws or as a qualified foreign investor.
<b>Subscription Amount</b>	The minimum Subscription Amount payable by a Buyer in this Offering is USD \$5,000, which amount can be reduced at the discretion of Seller. The Subscription Amount can be tendered to Seller in USD, ETH, BTC or USDC. Subscription Amounts paid in ETH, BTC or USDC will be converted into USD and the USD amount actually received by Seller upon such conversion, net of any applicable transaction fees, shall be deemed to be the USD Subscription Amount paid by Buyer.
<b>Price per Token</b>	\$.50 (the “ <b>Token Purchase Price</b> ”). The total number of Tokens to be received by a Buyer shall be equal to (a) the USD Subscription Amount paid by such Buyer <u>divided by</u> (b) the Token Purchase Price.
<b>Settlement and Delivery</b>	Settlement and delivery of Tokens shall be in 3 equal monthly tranches commencing with the first tranche delivered on the 12-month anniversary of the Public Launch and the second and third tranches delivered on the 13-month and 14-month anniversaries of the Public Launch, respectively. Until the delivery of the Tokens, Seller will maintain an official ledger of record ownership of the TIAs.
<b>Public Launch</b>	The Platform shall be deemed to have launched (the “ <b>Public Launch</b> ”) upon (a) Kadena Public’s open sourcing of the software to operate the Platform, and (b) the intentional public release by Kadena Public of the first block in the blockchain for the Platform. The Public Launch is expected to occur on December 1, 2019, but must occur no later than September 30, 2020.
<b>Closing of Offering</b>	This Offering can close in one or multiple closings at the discretion of the Seller provided there has been no Launch Failure prior to such closing. Proceeds of the Offering will be held in escrow or in your CoinList Wallet until a closing of the Offering with respect to a Buyer.



- Use of Proceeds** Proceeds shall be added to the general funds of Seller and used for Platform development and launch related expenses. Following the Public Launch, the remaining proceeds may be used for working capital purposes of Seller and its affiliates or for any other purpose.
- Token Economics** The maximum number of Tokens to be issued under the Platform shall be 1 Billion. The allocation of all Tokens shall be as follows:
1. 700 million Tokens (i.e. 70%) shall be available as incentives for miners and other verifiers of transactions on the Platform.
  2. 100 million Tokens (i.e. 10%) are reserved for sale or issuance by the Kadena Group to support development of the Platform, including the Tokens to be issued in connection with this Offering and to be issued by Kadena Public under Simple Agreement for Future Tokens – Series A and Series B. After the Public Launch, any remaining balance of these Tokens can be use or sold by members of the Kadena Group at any time and for any purpose and subject to such limitations as they deem appropriate, if any.
  3. 200 million Tokens (i.e. 20%) may be issued or sold to support the Platform and for related business development purposes of the Kadena Group, to support its philanthropic initiatives, as incentives for its Founders, employees, advisors and key contributors, and for such other purposes or uses as determined by Kadena Group in its discretion (the “**Platform Reserve**”). The Tokens in the Platform Reserve shall be initially restricted and shall become unrestricted and freely usable and tradable in monthly installments between years 2 through 5 after the Public Launch.
- Launch Failure** Each of the following events will constitute a “**Launch Failure**” and cause this Offering to be automatically terminated and promptly settled: (a) the Public Launch does not occur by September 30, 2020 (the “**Outside Date**”); (b) prior to the Outside Date, Seller (i) ceases the active conduct of its business and its plans to launch the Platform, (ii) adopts a plan of liquidation, dissolution or winding up of its affairs; or (iii) voluntarily or involuntarily is subject to a bankruptcy, insolvency or similar proceedings, or (c) Seller determines that a regulatory impediment or restriction exists or might arise that Seller does not expect to overcome or be able to work around prior to the Outside Date in a way, at a cost, and in a time frame that do not limit Seller’s freedom to operate and are each reasonably acceptable to Seller under the circumstances.
- Settlement upon Launch Failure** Seller shall return the USD Subscription Amounts (without interest or reduction) to all Buyers in full settlement and discharge of Seller’s obligations. Notwithstanding the foregoing, if Seller’s assets that are legally available for distribution, as determined in good faith by Seller’s Board of Managers, are insufficient to fully pay all Buyers and all other creditors of Seller, including buyers under the Token Purchase Agreement – International that is being conducted simultaneously with this Offering, then the remaining assets of Seller legally available for distribution will be distributed *pro rata* based on the respective amount owed to each such creditor.



**Restrictions on Transfer**

The TIA is subject to transfer restrictions and may not be transferred without the consent of the Seller and pursuant to registration or an applicable exemption under the Securities Act of 1933, as amended.

**Miscellaneous**

For tax purposes, the presale of Tokens will be treated as prepaid forward sales contracts. At least every other month after the closing of this Offering until the Public Launch, progress reports shall be issued to Buyers on the general status of its development activities for the Platform and the expected date of the Public Launch.



Schedule B

**RISK FACTORS**

*Investment in this TIA and the Tokens involves a number of significant risks. The risks can be materially different and vary before and after a Public Launch. The risk factors described below are not a complete list of all the risks that you may face when investing in this TIA or the Tokens, and you should use them only as guidance. Additional risks and uncertainties regarding this TIA, the Platform and the Tokens that are currently unknown to us, or that we currently deem immaterial, may individually or cumulatively have a material adverse effect on our ability to develop or launch the Platform or issue or sell the Tokens. You should carefully consider those risks before making your investment decision. You acknowledge your familiarity with, among others, the following risks and circumstances:*

**Risks Related to the Platform and Tokens:**

1. ***The Platform may not be successfully developed or launched and you may not receive Tokens.*** The Platform is still under development, has not yet been launched and does not have any established operating history. Neither Seller nor any other member of the Kadena Group has ever previously developed or launched a public blockchain. Chainweb™ and certain other technology expected to be used by the Platform have not been previously adopted by other cryptocurrencies. There can be no assurance that the Platform will be successfully developed or launched or will be functional at the time of the Public Launch, or that the Tokens will be issued, usable or transferable. Also, the Platform may not have the functionality, features and scalability that we envision or that users or developers want and expect. While we believe that the Platform's initial configuration for 10 chains braided together will be adequate to handle initial transaction throughput on the Platform, if additional scaling is necessary or desirable, additional chains will need to be added to the Platform by virtue of a Fork. While we believe such a Fork can be implemented and transaction throughput will be increased, no assurance can be given that such a Fork will occur or that throughput will increase. Even if the Platform is developed, it may not meet user or developer expectations or there may not be sufficient demand for the Tokens to justify a Public Launch. As a result of any of the foregoing circumstances, you may lose some or all of your Subscription Amount. *See also Section 3(f) of the TIA, Section 14 and 28 of this Schedule B and Section 5(a) of Schedule C for related information.*

2. ***An investment in the TIA is not suitable for any buyer who does not understand the cryptocurrency industry and the expected functions, use and limits of the Platform and Tokens.*** TIAs and Tokens are a relatively novel form of investment. In light of the complexity of the technology we are developing for the Platform, the cryptocurrency and blockchain industries and generally applicable to software development, as well as the significant risks associated with an investment in the Tokens and regulatory uncertainty, an investment in the TIA should only be made if you have sufficient knowledge and experience to understand blockchains, cryptocurrencies and the nature of these risks, including understanding the nature of cryptocurrencies, how cryptocurrency protocols and platforms are developed, and how cryptocurrencies are issued, managed and traded, and how Laws and regulatory matters may affect you or your investment. Your status as an accredited investor under U.S. securities laws or qualified foreign buyer under other applicable Laws is not a guarantee that you possess the required knowledge and skills to manage an investment in the TIA or the Tokens. *See also Sections 8(b) – 8(d) of the TIA for related information.*

3. ***The utility and value of the Tokens will be negatively impacted if the Platform is not widely adopted or has a limited number of users.*** The growth and success of the Platform and the value and utility of the Tokens is highly dependent on the creation by third party developers of D-Apps that are written in Pact™



and can run on the Platform. These applications must also attract a significant user base that will use and accept the Tokens as payment. Neither Seller nor any other member of the Kadena Group has any experience in building such adoption or acceptance and there can be no assurance we will be successful in doing so. Following the release of Mainnet, two (2) D-Apps were available on the Testnet Platform solely for testing and demonstration purposes. There are not expected to be any D-Apps that will run on the Mainnet Platform at Public Launch. No member of the Kadena Group has any contract with, or commitment from, any third party or customer to build an application that will utilize the Tokens or run on the Platform and we are not aware of any developer building a D-App to run on the Platform. There may also be lack of interest in the creation and development or use of public blockchains in general. Existing D-Apps that run on other public or private blockchains may face prohibitive switching costs when transitioning to the Platform. It is possible that the Platform will not be used by anyone, the demand for the Tokens may be lacking, there will be limited public interest in developing D-Apps that can be used on the Platform, or that any D-Apps that are developed will not attract an adequate number of users to generate demand for the Tokens. There are limited examples of D-Apps that currently run on other public blockchain platforms. Any lack of use or interest could negatively impact the commercial adoption of the Platform and therefore the potential utility and value of this TIA or the Tokens. The value of your TIA and Tokens may be materially and adversely impacted by any of the foregoing. *See also Sections 4, 5, 8, 9, 10 and 18 of this Schedule B for related information.*

4. ***Widespread use and adoption of our smart contract language, Pact, is critical to use of the Platform and the value of the Token.*** Pact will be the only language that can run smart contracts on the Platform. Pact has been open-sourced for about 2 years but the number of developers that currently use Pact is very small. It is possible that developers may not want to use Pact, either because they do not want to devote the necessary time to learn the underlying language, because they find it challenging to program in or because they object to the language's design features, including the fact that it is not Turing complete. Failure of developers to learn Pact and to use Pact to create D-Apps to run on the Platform will significantly impact the viability of the Platform and likely to result in a total loss of your Subscription Amount or the value of your Tokens. *See also Section 3 of this Schedule B and Section 5(b) of Schedule C for related information.*

5. ***The Platform faces significant obstacles in achieving the goal of widespread adoption and use of the Tokens and Platform as a value transfer system.*** At the time of the Public Launch, the only unique use of the Tokens will be for utilization as payment for execution of smart contracts on the Platform. There are no smart contracts that will run on the Platform at launch and no third party has indicated that it will accept the Tokens as payment. Adoption of the Tokens as payment also faces many of the same obstacles that impact other cryptocurrencies. Despite a decade of development, Bitcoin has not yet achieved, and may never achieve, its stated objective of becoming a usable currency. This may be attributable to a variety of factors including poor security, slow transaction speeds, lack of consumer protection, price volatility and limited acceptance as a form of payment by merchants. In addition, widespread and mainstream adoption of any public blockchain platform or cryptocurrency (including our Token) as a payment system may be opposed by many entrenched third parties who have a vested interest in maintaining the status quo. Government and central banks, for example, have numerous reasons to resist the adoption of cryptocurrencies, including potential erosion of the purchasing power of their respective fiat currencies, difficulty or inability to monitor the flow of capital from their respective countries and challenges in collecting taxes. Widespread adoption of public blockchains could result in financial institutions such as banks having reduced deposits and lending activity. Vested payment processing systems, such as those maintained by Visa and MasterCard, could see a significant reduction in the amount of transactions they process and the value of their systems. We also face competition from larger and much better funded competitors, including Facebook with its Libra coin and JPMorgan with its JPMorgan coin. Our failure to overcome all of these obstacles may have a material adverse impact on the Platform and the value and utility of the Tokens. *See also Sections 9, 10, 18 and 36 of this Schedule B for related information.*



6. ***The Platform is dependent on a decentralized community of miners as well as the continuing functioning of the Internet.*** Even if the Public Launch occurs, the functionality of the Platform will depend on a decentralized community of miners and their computer networks and continued operations, as well as the Internet. We have no control over, or influence on, any miners. Other than a member of the Kadena Group, we do not know of any Person that will act as a miner at the time of or after the Public Launch. Miners are usually anonymous and even if a Person becomes a miner, you and we will not have any insight into, or information about, the miner's operations, its financial ability or its interest or ability to mine on the Platform. The miners, and the Platform, are also dependent upon the continuing function of the Internet. A significant disruption in Internet connectivity could disrupt the Platform and mining activity, and until the disruption is resolved, have a material adverse effect on the price or utility of the Tokens. If miners are not attracted to the Platform or fail to validate transactions on the Platform, or there are material disruptions in the functioning of the Internet, a material adverse impact on the Platform and the value and utility of the Tokens is likely. *See also Section 7 of this Schedule B and Section 4(c) of Schedule C for related information.*

7. ***The mining incentives and awards may not work as we anticipate.*** Designing incentive structures for miners is difficult. We have developed the Platform and created the Miner Allocation to incentivize miners and users based on an economic model we think is in the best long-term interest of the Platform and the Tokens. However, such model may be inaccurate or fail to attract miners, which may negatively affect the Platform or the value and utility of the Tokens. *See also Section 4(a)(1) and 4(c) of Schedule C for related information.*

8. ***Hybrid Blockchain Applications are untested, may not gain traction in the marketplace or may not be sufficient for overall platform adoption.*** Hybrid Blockchain Applications, though promising, are entirely unproven. The interoperability between public and private blockchains is also unproven. It may be that the Pact language does not gain sufficient adoption in order for the Platform to become a hub for hybrid applications. It is also possible that all uses of blockchain applications besides tokenization and cryptocurrency are, or perceived to be, too expensive, unsafe or difficult to use and thus are never adopted by the broader market. Kadena Parent's focus on Hybrid Blockchain Applications is relatively unique in the blockchain industry but does compete with the Cosmos blockchain hybrid model, and we expect other hybrid models may be developed. If hybrid models obtain sufficient market acceptance, it is possible that only one hybrid model will reach broad market acceptance and that one model may not be the Platform. While Kadena Parent is currently pursuing Hybrid Blockchain Applications, it has limited financial resources and will need to raise significant additional funding shortly after the Public Launch in order to continue this pursuit. If Kadena Parent does not obtain this funding it is likely to reduce, suspend or terminate pursuit of hybrid applications which could have a material adverse effect on the Platform or the value or utility of the Tokens. *See also Sections 3 and 31 of this Schedule B and Section 2(g) of Schedule C for related information.*

9. ***The Platform faces significant competition and the Platform may be superseded.*** We estimate that there are over 800 public blockchains, with many more emerging frequently. Some high profile companies have announced their development of private blockchain projects, such as Facebook with its proposed Libra Network and Libra Coin, JPMorgan with its JPMorgan Coin, and Telegram with its TON network and Gram Coin. The Platform and Tokens may be competing with some or all of these blockchains and cryptocurrencies and many of the entities that are developing these blockchains have significant competitive advantages over us, including greater financial resources and brand name recognition. Moreover, there can be no assurance that the technology being proposed to underpin the Platform will not be supplanted by competing protocols that improve upon, or fully replace, Chainweb, Pact, Kuro™ or other technology underpinning the Platform. It is not known whether the Platform or Pact will become an important protocol adopted globally by industry or whether the Tokens will be widely accepted and used. If the Platform is not preferred by the market, it may deter or delay the Public Launch, the acceptance and adoption of the Platform



and the Tokens, or result in a Launch Failure. In the event of any of the foregoing, you may not receive meaningful or any value for your investment in the TIA or the Tokens. *See also Section 3(f) of the TIA and Section 28 of this Schedule B for related information.*

10. ***If blockchain or cryptocurrencies are not widely adopted, the value of your Tokens could be materially and adversely affected.*** Blockchain networks and cryptocurrencies are part of a new and rapidly developing and evolving industry and have not reached mainstream acceptance. The growth of the blockchain industry, in general, is highly uncertain. The factors affecting that growth and development are outside of our control and include business and consumer preferences, government regulation including under securities and tax Laws, concerns over network and data security and privacy, continued maintenance of open-sourced networks after launch, the emergence of other forms or methods of buying and selling goods and services or trading assets, and actions of financial and other institutions accepting cryptocurrencies. In 2018, several major banks including JPMorgan Chase, Citicorp and Bank of America announced prohibitions on the use of credit cards to purchase cryptocurrencies. Several social media networks including Facebook and Twitter have announced bans or significant restrictions on ICO advertisements. Any slowing or stopping of the development or acceptance of the blockchain industry or cryptocurrencies is likely to deter or delay development of the Platform and the Public Launch, the acceptance and adoption of the Platform, or result in a Launch Failure. Any of the foregoing circumstances may have a material adverse effect on the value or utility of the Tokens. *See also Section 3(f) of the TIA and Sections 5, 9 and 28 of this Schedule B for related information.*

11. ***After the Public Launch, the Platform could be vulnerable.*** The core technology for the Platform, and the interfaces or applications that will be built upon the Platform, are still under development. The security of the Platform is unproven. We cannot assure you that (a) the Platform will be free of real or perceived exploitable flaws in its underlying code or be fully secure at or after the Public Launch, (b) the Platform will not experience malfunctions or network security, data or privacy problems at or after Public Launch, or (c) the creation, Transfer or storage of the Tokens will be uninterrupted or fully secure. While Kadena Parent and limited third parties paid by Kadena Parent have conducted certain internal testing for vulnerabilities and validated certain security features of the Platform, the Platform has not been, and prior to Public Launch will not be, subject to any independent third party security or other audit. Following the Public Launch, the Platform may be the target of malicious cyberattacks seeking to identify and exploit weaknesses in the software, the Platform or the Tokens, including malware attacks, denial of service attacks, double spend attacks, Sybil attacks, or smurfing or spoofing, any of which may result in loss or theft of Tokens. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to Tokens or the Platform by rendering ineffective the cryptographic consensus mechanism that will underpin the Platform. After Public Launch, the Platform will operate as an open-source distributed protocol. As an open-source distributed protocol, the Platform will not be owned, maintained or monitored by any official governing body or authority, nor will we or any other member of the Kadena Group have any obligation or ability to manage or maintain the Platform or retain any ownership of the Platform. After the Public Launch, third parties not affiliated with us may unintentionally introduce weaknesses or bugs into the core infrastructure elements of the Platform and its open-source code. No member of the Kadena Group nor any of its employees is obligated to continue any testing validation and monitoring efforts after the Public Launch and no assurance can be given that any of them will do so. Accordingly, after the Public Launch it may be difficult for us or other interested parties in the Platform to maintain or further enhance or protect the Platform, or address emerging issues or malicious programs that develop within the Platform, adequately or in a timely manner. The occurrence of any of the foregoing may materially and adversely affect the Platform or the Tokens and could result in a loss of trust in the security and operation, or utilization, of the Platform, the willingness of users to access, adopt or utilize the Platform, or the utility or value of the Tokens. *See also Section 14 of this Schedule B and Section 2(e) of Schedule C for related information.*



12. ***The Tokens could decrease in value before you are able to use or sell them.*** None of the Tokens will be delivered to, or transferable by, you until at least one year after the Public Launch. Tokens previously sold by us to other Persons will be delivered and transferable before that date. For example, we believe that the Tokens issued in the International Offering are only subject to a 40-day period (the “**No Flowback Period**”) during which Transfer is limited. During the No Flowback Period and thereafter, we expect trading of the Tokens may occur among non-U.S. Persons on a TTS known as CoinList Trade that is closed to U.S. Persons. After the No Flowback Period expires, we or others may seek to list the Tokens or arrange for trading of those Tokens on an alternative trading platform that accepts cryptocurrencies and which matches buyers and sellers of cryptocurrencies or tokens (a “**TTS**”), but we have no obligation to pursue or arrange for any such listing or trading of the Tokens. Further, no such TTS will be required to list the Tokens, and each may decide not to list the Tokens for multiple reasons not under our control or for no reason at all. In addition to the Tokens sold under the International Offering, prior to the delivery of any Tokens to you or any other purchaser under this Offering, 44.9 million Tokens, in the aggregate, will be delivered to holders of the SAFTs, and to miners for services prior to the first year anniversary of the Public Launch, and we believe all of such Tokens should be usable or tradable before the Tokens begin to be delivered to you. Trading and Transfer of those Tokens or the lack of demand for such Tokens may negatively impact the value of the Tokens. In addition, before or after the Public Launch, members of the Kadena Group or their affiliates may make commitments to sell additional Tokens from the balance of the Pre-Launch Allocation or the Platform Reserve in public or private transactions and such sale or issuance may be on terms and conditions that are more favorable than the terms provided to you, including a lower purchase price per Token or a more favorable delivery or right to Transfer schedule. For example, the purchase price per Token in the Series B SAFTs was greater than the Token Purchase Price in this Offering. Finally, the Platform may cease to operate before you are able to Transfer any or all of the Tokens. Accordingly, the utility and value of the Tokens may decrease significantly before you are able to use or Transfer any or all of your Tokens. *See also Sections 3, 13, 15, 26 and 27 of this Schedule B for related information.*

13. ***Digital asset and cryptocurrency trading systems are untested and vulnerable.*** We may, but are not obligated to, list the Tokens on a digital asset or cryptocurrency TTS. Unlike a traditional stock exchange, such an TTS is not registered or regulated under federal or state securities laws and may not implement common standards for security, internal controls, conflict of interest avoidance, market surveillance, or other investor or consumer protections. If you trade cryptocurrencies on an TTS, you may not receive the best price. In addition, many of these TTSs have been hacked or otherwise subject to security breaches or other failures or operational disruptions which have resulted in the loss or theft, in the aggregate, of hundreds of millions of dollars of cryptocurrencies from customers of those platforms. Any of the foregoing, could result in a reduction in cryptocurrency prices or adversely affect the value of your Tokens. *See also Sections 11 and 15 of this Schedule B for related information.*

14. ***Open source protocols are susceptible to Forks in their codes. If a Fork occurs in the Platform after a Public Launch, the value of the Platform and the Tokens could be negatively affected.*** As an open-source protocol, anyone can download the Platform software and propose modifications to the open source community through software downloads and upgrades. A substantial majority of users of the Platform must consent to those software modifications by downloading the altered software or upgrade that implements those modifications. Otherwise, those modifications do not become a part of the Platform. If those modifications become part of the Platform, they may result in changes to the Tokens that could, among other things, alter the economics or properties of the Tokens, to the point where the Tokens would effectively be replaced by a different token. If a proposed modification to the Platform is not accepted by a substantial majority of users, there nonetheless may be a meaningful population of participants in the Platform that support such modification. In such a case, and if the modification is material or not backwards compatible with the prior version of Platform software, two separate networks could result, one running the pre-modification



software program and the other running the modified version (commonly referred to in the industry as a “Fork”). If our Platform obtains significant adoption, transaction throughput on the Platform may need to be increased, which we believe will be implemented by a Fork to add additional chains, but we will not control, and may have no influence over, whether such a Fork is proposed or implemented. If a Fork is proposed, there are usually efforts within a community to merge the forked platforms, but we will have no control over, or ability to stop, the occurrence of a Fork (nor do we have any obligation to do so) or whether any merger of forked platforms will occur. If two or more competing implementations of the Platform result from a Fork, the size of the Platform utilizing the current version of the Tokens may be effectively reduced and result in the existence of multiple versions of the Tokens. If any of the foregoing circumstances occur, the value and utility of the Tokens and the sustainability of the Platform’s economy could be negatively affected. Moreover, even a successful merging of the forked platforms thereafter may be ineffective in preventing or reversing damage to the market appeal of the Platform and the Tokens. *See also Section 1 of this Schedule B and Section 5(a) of Schedule C for related information.*

15. ***The price of the Tokens may be extremely volatile. To the extent any secondary market develops for the Tokens, trading in the Tokens is likely to involve substantial participation by speculators which may lead to price volatility for the Tokens.*** The prices of cryptocurrencies such as Bitcoin or Ether have historically been subject to dramatic and unpredictable price fluctuations and may be in a bubble. During the period from January 1, 2018 to December 31, 2018, the price of Bitcoin and Ether decreased by 73% and 82%, respectively. The Tokens may also be subject to significant price and supply and demand volatility which could affect our ability to attract adequate interest in the Platform or the Tokens, and may adversely affect the value of this TIA or the utility or value of the Tokens. Many factors influence such volatility, most of which are outside of our control. For example, a perceived or actual security breach affecting the Platform or other public blockchains, functionality disruption in the Platform or other public blockchains, regulatory actions related to the Platform or other public blockchains and their developers or sponsors, or a decrease in the price of a single cryptocurrency may affect the value of the Tokens or may cause volatility in the entire blockchain industry. In addition, many participants in the cryptocurrency market appear to be speculators seeking to profit from price volatility. If the Tokens are trading on any secondary market, it is possible that a significant portion of the demand for the Tokens will be generated by speculators, with some holding Tokens for the long term expecting the price to rise and others selling the Tokens on the expectation that the price of the Tokens may drop. Excessive speculation may lead to price and supply volatility which will undermine the Tokens’ role as a medium of exchange and store of value, and the Tokens could lose all or a substantial portion of their value. *See also Sections 11 and 13 of this Schedule B for related information.*

16. ***The purchase price you pay may not reflect the fair market value of the Tokens.*** The Tokens have no market, liquidity or performance history. We have set the Token Purchase Price in this Offering in our discretion. The Tokens have not been subject to any valuation or appraisal by a third party nor has any third party passed upon the fairness of the Token Purchase Price or any of the terms of this Offering. Because no market exists for the Tokens, the Token Purchase Price may not reflect the fair market value of the Tokens.

17. ***Loss of your private key or passwords to your Account may render your Tokens worthless.*** At the Public Launch, the Tokens will be delivered to your Account on the Platform and will be associated with a public key provided by you. Your Account can only be accessed through transactions signed by your private key or a combination of your private keys. We will not know, manage or have access to any private information related to your Account such as passwords or private keys. If you lose your password or private key or your private key is destroyed or otherwise compromised and you do not have a backup of the password or private key that is accessible to you, your Tokens will be lost and may not be accessed or used, resulting in a loss of your investment. If a third party obtains your password or private key, the Tokens may be stolen. Under



no circumstances neither we nor any other Person will have any ability to recover your password or private key(s), stop anyone from using your keys or recover any Tokens that may be stolen from you.

18. ***The Tokens might only be usable as payment for running smart contracts on the Platform.*** We have no obligation to register or otherwise qualify any Tokens for use or trading on any other public blockchain, any securities exchange or any TTS. In addition, we do not believe that any Tokens will be registered or otherwise qualify or be listed on any securities exchange or TTS. Thus, the Tokens may only be usable on the Platform as payment for D-Apps. *See also Sections 3, 12, 13 and 26 of this Schedule B for related information.*

19. ***Intellectual property rights claims may adversely affect the operation of the Platform.*** Neither Kadena Parent nor Seller currently holds any issued patents and, thus, would not be entitled to exclude or prevent other entities from replicating our technology, methods and processes. Although we do not believe that the technology, processes and methods relating to the Platform have been patented by any third party, it is possible that patents have been issued and that third parties may claim that aspects of the Platform or the Tokens violate their intellectual property rights. Regardless of the merit of any intellectual property claim, any threatened legal action may reduce confidence in the Platform's long-term viability, thus adversely affecting the value and overall appeal of the Tokens. Additionally, a meritorious intellectual property claim could prevent you from accessing the Platform or holding or Transferring the Tokens, and could force the termination of the Platform. As a result, an intellectual property claim against Seller, Kadena Parent or the Platform could adversely affect the utility and value of the Tokens. Even intellectual property claims against other cryptocurrencies could directly affect the value of the Tokens, because such claims may imply that a similar claim could be filed against Seller, other members of Kadena Group, the Platform or the Tokens.

20. ***Fluctuations in Bitcoin or Ether may impact the U.S. Dollar equivalent of your Subscription Amount and any refund payable to you.*** If you paid your Subscription Amount in BTC, ETH or USDC, the conversion price that we receive when we convert your tendered cryptocurrency into U.S. Dollars may vary substantially from the conversion price when such cryptocurrency was delivered to us. In addition, we may not obtain the best conversion price that is available on any exchange. Further, any refund or return of your Subscription Amount does not have to be in the same type or amount of currency you originally delivered to us and, if paid in BTC, ETH or USDC will be based on the then-applicable conversion rate as determined by us. *See also Section 2(f) of the TIA for related information.*

21. ***At and after the Public Launch and prior to the delivery of your Tokens, Kadena Group will have custody of your Tokens; security breaches, computer malware and other computer hacking attacks could result in a loss or diminution in value of those Tokens.*** Until delivery to your Account, we will have custody of the Tokens. In addition, we will have custody of the Tokens in the Pre-Launch Allocation and the Tokens in the Platform Reserve until delivery of such Tokens to third parties. Security breaches, computer malware and other computer hacking attacks have been a prevalent concern related to cryptoassets and we plan to hold these Tokens in cold-storage with a multi-signature private key set up to limit the possibility of the Tokens from being destroyed or stolen. We expect that any Transfer of these Tokens will require the use of at least two private keys that are separately controlled and secured by the Founders and parties related to the Kadena Group. No single executive officer or other employee of any member of the Kadena Group will be able, on his or her own, to Transfer any of those Tokens. We may also introduce a third-party custodial service for institutional key management. We have policies and procedures in place for account recovery in case of death, disability or other unavailability on the part of one or more of the individuals that hold the private keys, including the safekeeping of a backup private key. Nevertheless, our policies, procedures and security system are still under development and may not be impenetrable and may not be free from defects or immune to force majeure events. In the event that Seller loses one or more of its private keys, one or more of those private keys



are somehow destroyed, or one or more if its private keys are somehow stolen or disclosed to another party, we could lose access to the Tokens or the Tokens could be stolen. If the Tokens are lost, the responsible party (including us to you) may not have the financial resources (including liability insurance coverage) sufficient to satisfy your or our claim. We do not have, and do not expect to obtain, any liability insurance covering this type of loss. *See also Section 3(c) of the TIA for related information.*

**Risks Related to Regulatory Matters:**

22. ***The regulatory regime concerning blockchain platforms and cryptocurrencies is evolving and highly uncertain; regulatory developments could make the launch and operation of the Platform and the use of Tokens impractical or illegal.*** Concerns regarding ICOs and public blockchain platforms have led U.S. and foreign regulators to focus increased attention on the cryptocurrency sector and blockchain technology. Regulation of the cryptocurrency industry is in its early stages, and likely will evolve in substantial and perhaps surprising ways. Public and private blockchain platforms may be subject to a variety of Laws including those with respect to consumer privacy, data protection, consumer protection, money transmitters, cross-border flow of capital, content regulation, cyber security and intellectual property. Accordingly, it is impossible to predict the future of such regulation with any certainty. New or changing Laws, or interpretations of existing Laws in the U.S. and other jurisdictions may materially and adversely impact the need and demand for the Platform, our ability to complete a Public Launch or the timing of such launch, the utility or value of the Tokens, the ability to access marketplaces or systems on which to trade or use the Tokens, the structure, rights and transferability of the Tokens and the enforceability of smart contracts, may require you to provide certain information to comply with applicable Laws, including KYC/AML Laws and may result in a Regulatory Impediment or Launch Failure. Investigations, legal proceedings, any actual or perceived failure to comply, or the failure by certain users of the Platform to comply, with these Laws could prevent or delay the Public Launch or the issuance of the Tokens, or harm the value of, or level of interest in, the Tokens or the utility of the Platform and may result in a Launch Failure or Regulatory Impediment. *See also Sections 3(d), 3(f) and 8(k) of the TIA and Sections 23-27 of this Schedule B for related information.*

23. ***We believe that neither the Tokens nor the Platform require registration or licensing under existing U.S. Laws, and that certain U.S. Laws are not applicable. Regulators may take a different view.*** There is considerable dispute and lack of clarity as to the potential application or applicability of numerous Laws to us, the Platform or the Tokens. For example, we believe that (a) that the Tokens will not qualify as “securities” under the laws of the Cayman Islands, the country under which we are organized and from which we conduct our business; (b) the Tokens will not qualify as “equity securities” which require registration under the Securities Exchange Act of 1934 (the “**Exchange Act**”); (c) the Tokens should not be considered “equity securities” under the Exchange Act that might trigger Seller being considered a “reporting company” with significant additional reporting obligations; (d) the Tokens do not qualify as “equity securities” under Regulation S promulgated under the Securities Act (“**Regulation S**”) and thus, if deemed to be securities at all, would constitute “debt securities” that are only subject to a 40-day limitation on flowback into the U.S.; (e) Seller should not be considered an investment company under the Investment Company Act due to its holding of Tokens; (f) if the Tokens qualify as securities under the Securities Act and if Rule 144 Information is being published, Rule 144 should allow Transfer of the Tokens by non-affiliates of the Kadena Group without registration under the Securities Act once 1 year has elapsed since the date of the original investment in the Token (e.g. the Closing of your investment in this Offering); (g) our activities do not require us to qualify for registration under money transmitter Laws or money services business Laws; (h) we are not required to be licensed under the BitLicense Laws of the State of New York; (i) the earning by miners of Tokens for validation activity on the Platform does not constitute an offer or sale of a security; (j) none of Seller, any miner or the Platform must be registered as a transfer agent or clearing agency or as a broker-dealer under applicable securities Laws; and (k) the Platform should not be viewed as an “exchange” under applicable laws. No



assurance can be provided that any or all of our positions or beliefs are correct interpretations of the applicable laws or that regulators will not take different views on any or all of our positions or beliefs. Any investigation, punitive action, legal action or other legal or administrative proceedings against us or any other industry participant by any governmental authority or self-regulatory body could (i) have a material adverse effect on the use or value of the Tokens, (ii) result in the development of the Platform or pursuit of a Public Launch ceasing or being suspended, or (iii) result in our or another member of the Kadena Group deciding to cease or suspend operations, any of which may result in a Launch Failure or Regulatory Impediment. See also Sections 22, 24, 25 and 27 of this Schedule B and Section 9 and 10 of Schedule C for related information.

24. ***If, and for how long, the Tokens might qualify as a “security” under U.S. securities laws is uncertain. The value, utility and Transferability of the Tokens and the use and viability of the Platforms are significantly impacted so long as the Tokens are considered a “security”.*** Any Person that offers and sells “securities” in the U.S. is required to comply with federal and state securities Laws. Determining what qualifies as a “security” involves complex legal judgments based on an analysis of the specific facts and circumstances presented. The legal regime as applied to cryptocurrencies is also evolving, compounding the difficulty of the analysis.

Beginning in late 2017 and continuing to this date, the SEC began issuing some public statements regarding ICOs and digital assets, the SEC and state securities regulators commenced multiple enforcement actions, and civil litigants in the U.S. brought numerous lawsuits against third parties, alleging ICOs and the sale and presale of cryptocurrencies involved the sale of a “security.” For example, in connection with a legal action brought by the SEC against Telegram Group, Inc. and TON Issuer Inc. (collectively “**Telegram**”) on October 18, 2019 (the “**Telegram Enforcement Action**”), the SEC and Telegram entered into a Consent Order which prohibited the launch of the Telegram TON Network and planned distribution of the “GRAM” digital asset by Telegram that was originally scheduled for October 31, 2019 until the conclusion of a court hearing that is scheduled for mid-February 2020. In June 2018, the Chairman of the SEC, Jay Clayton, softened his prior statements that all ICOs he had seen involved securities, and stated publicly that all blockchain tokens are not the same for purposes of federal securities laws and will not all be regulated in the same manner, and that tokens can start out as a “security” and can evolve toward or away from being a “security”. Congressional testimony by the SEC Chairman included that he does not consider Bitcoin a security. In denying an application for registration as an investment company, the SEC relied upon Bitcoin’s status as not being a security. In October 2019, the SEC’s Director of Corporate Finance, William Hyman reiterated that he did not think Ether currently qualified as a security. In April 2019, the SEC’s Fintech Hub issued a “Framework for Investment Contract Analysis of Digital Assets” (the “**SEC Framework**”) delineating more than 60 factors that would be considered by the SEC in determining whether any cryptocurrency is a security. No weighting is assigned to any one factor making it very difficult, when applying the factors to the Tokens, to determine whether the Tokens qualify as a security with any degree of certainty. The SEC has, to date, not formally made any determination or provided any definitive guidance or objective test as to which features or characteristics of a cryptocurrency or a token might qualify that cryptocurrency or token as a “security” or not a “security”. Nevertheless, the SEC Framework and the enforcement action (especially the recent action against Telegram) suggest that the SEC is taking a broad view of what constitutes a security under U.S. federal securities laws, and that many cryptocurrencies may qualify as securities under this framework.

In an abundance of caution and without admitting that the Tokens qualify as securities, we are treating this Offering and the issuance of this TIA within the U.S. as a restricted “security” under U.S. securities laws and we are relying upon an exemption from U.S. federal registration requirements under Rule 506(c) of Regulation D under the Securities Act.



We believe a strong case can be made that, for a variety of reasons, the Tokens issued to settle this TIA do not qualify as a security. First, our Token will be a native digital asset that has a specific consumptive use which is that it allows participants on the Platform to pay for transactions that are executed on the Platform. Second, at the time of such settlement, the Platform will be a decentralized autonomous organization that we do not control or manage and will not be dependent upon our continued participation or support. Third, the SEC is not treating Bitcoin and Ether as securities and we believe the Tokens should be treated the same way. Finally, the Platform will be a protocol on which other parties can build D-Apps and the Tokens will not be tied to, or dependent upon, the value of another cryptocurrency. Nevertheless, in light of the current uncertainty as to how to evaluate when the Tokens would no longer constitute securities, at Public Launch and for the foreseeable future thereafter, compliance with U.S. securities Laws with respect to the sale of the TIAs and the issuance and Transfer of Tokens in settlement thereof may be required. Accordingly, any Transfer by you within the U.S. may require your compliance with, or an exemption from, the Securities Act and relevant state securities Laws.

There are important benefits to you and us from the Tokens not being securities, including enhanced liquidity opportunities on more trading platforms, increased Tokens in circulation, and elimination or reduction or restrictions under U.S. securities Laws (such as minimum holding period or the need to qualify for a securities law exemption). There are also risks related to the Tokens no longer qualifying as securities, including that we will no longer publish Rule 144 Information and protections under securities laws will no longer apply. Consequently, we plan to regularly re-evaluate whether the Tokens qualify as securities under U.S. laws as the regulatory regime develops. In making this evaluation we will refer to the relevant legal and regulatory standards, will consult with legal counsel and may, if possible and appropriate, seek consultation with relevant regulatory authorities. At the present time, we expect this determination to primarily focus on a variety of factors including whether the Platform is sufficiently decentralized and used by third parties, the number and type of D-Apps running on the Platform, the number of transactions that the Platform has processed, and our power (if any) over the governance of the Platform.

The SEC or state regulators (or third parties that purchase the Tokens) may disagree with our judgment on any or all of our positions, beliefs or determinations regarding if or when a Token constitutes a security. Any investigation, challenge or legal proceeding brought by any such regulator is likely to have a material adverse effect on the Public Launch, the value or utility of the Token, or the continued operation of the Platform, and may result in a Launch Failure or Regulatory Impediment. *See also Sections 3(d) and 3(f) of the TIA and Sections 22, 23, 25, 27 and 28 of this Schedule B for related information.*

**25. *The Tokens may be subject to securities or other regulation under the Laws of jurisdictions around the world other than the U.S.*** Cryptocurrencies and digital assets such as the Tokens are being closely scrutinized by various regulatory bodies around the world as well as in the U.S. There is a substantial risk that, in numerous jurisdictions, the Tokens may be deemed to be subject to securities or other Laws. We have not done or commissioned any legal analysis of the regulatory regime in any jurisdiction other than the U.S. and the Cayman Islands, and you are required to make your own independent assessment as to whether you can participate in this Offering or receive Tokens under the securities and other Laws of the jurisdiction in which you are domiciled or reside. In jurisdictions outside of the U.S., applicable securities or other Laws may limit your ability to purchase the Tokens or hold more than a certain number of Tokens, restrict your ability to Transfer the Tokens, require disclosure by, or impose other conditions on, you in connection with any Transfer of the Tokens, or restrict the businesses, if any, that facilitate exchanges or effect Transfers of the Tokens. Prior to the Public Launch, we may determine that such limitations constitute a Regulatory Impediment or that you reside in a Disqualified Jurisdiction which could disqualify you from purchasing or receiving Tokens and allow our cancellation of your TIA. *See also Sections 3(d) and 3(f) of the TIA, Sections 22, 23, 24 and 27 of this Schedule B, and Schedule D for related information.*



26. ***The Tokens may not be tradable on any TTS or any securities exchange.*** As of September 30, 2019, there are no U.S. cryptocurrency exchanges registered with the SEC. Unless the SEC adopts regulations that permit trading of cryptocurrencies like the Tokens on unregistered trading platforms, the Tokens may not be sold on any security trading platform in the U.S. that is not registered with the SEC as a securities exchange. There can be no assurance that the SEC will adopt such regulations. While it is possible that Tokens could be traded on certain international TTSs or on U.S. or international exchanges (such as CoinList Trade), there can be no assurance that the Tokens will be accepted by any such system or exchange and we have not applied, and may decide not to apply, for any such listing. Even if our Tokens are listed, there can be no assurance of an active trading market or liquidity for your Tokens developing on such systems. Accordingly, any determination of the ability of investors to resell the TIA and the Tokens is complex and you should consult with your advisors regarding the applicable restrictions prior to investing in the TIA or seeking to resell the TIA or any Tokens. *See also Sections 12 and 13 of this Schedule B for related information.*

27. ***Regulatory Impediments may result in cancellation of your TIA or delays in delivery of, or your right to Transfer, Tokens.*** Our legal ability to issue, sell and deliver the Tokens and your right to freely Transfer those Tokens may be limited by a Regulatory Impediment, including changes in or new interpretations of existing Laws, or the adoption of new Laws. Our determination as to the existence of a Regulatory Impediment will be made on a jurisdiction-by-jurisdiction basis and the application of a Regulatory Impediment to you may depend on the jurisdiction in which you now reside or reside at the time of the expected settlement of the TIA. If we determine that a Regulatory Impediment exists, we may, but are not required to, take actions (each a “**Regulatory Fix**”) that may adversely impact you or the Tokens, including (a) restricting the right to purchase the Tokens in certain jurisdictions, (b) adjusting the Tokens, the Platform or the schedule for delivery of the Tokens in a way we believe is necessary to comply with applicable Laws, (c) ceasing operations entirely, or (d) cancelling your TIA and returning your Subscription Amount to you. We have not performed any legal analysis of the Laws of any jurisdiction (other than under certain U.S. federal law and the Laws of the State of New York) in order to determine if a Regulatory Impediment now exists or might exist in any such jurisdiction. You need to determine whether your acquisition, possession or Transfer of a TIA or your receipt or Transfer of Tokens is legal in your jurisdiction and you should take action to comply with all applicable Laws. For purposes hereof, a “**Regulatory Impediment**” means a good faith determination by us or our legal counsel that it would (1) violate any existing or future applicable law or otherwise be unlawful for us to issue Tokens to you or for you to freely Transfer such Tokens, or (2) require us, in order to comply with any existing or future applicable Laws related to this Offering or the issuance of Tokens in settlement of your TIA, to (A) incur undue expense, delay or other hardship (each as determined by us in good faith) to obtain a license or permit under any applicable law which we do not then possess, or (B) register under, or become subject to regulation under, any applicable law that we are otherwise unwilling to undertake or become subject to, including the U.S. securities Laws. For the avoidance of doubt, a Regulatory Impediment will not occur solely due to any requirement that we publish Rule 144 Information as a “non-reporting” issuer as may be necessary to allow you to resell the Tokens under Rule 144. In the event of a Regulatory Impediment, (i) the value or utility of your TIA or Tokens could be materially and adversely affected and we may not issue you Tokens or we may delay your ability to Transfer Tokens beyond your Release Schedule, or (ii) we may declare a Launch Failure or require you to provide certain information to comply with Laws including KYC/AML Laws. *See also Sections 3(d) and 3(f) of the TIA and Section 24 of this Schedule B for related information.*

28. ***We may be forced to cease operations or take actions that result in a Launch Failure.*** We may incur a Launch Failure due to any number of reasons, including notice of an investigation or other possible enforcement action by a governmental authority or regulatory body, an unfavorable fluctuation in the utility and value of cryptocurrencies, inability to develop a functional Platform or establish the Tokens’ utility by the Outside Date, the existence of a Regulatory Impediment, the failure of commercial relationships including the inability of Kadena Parent to further develop its technology, or intellectual property ownership challenges. In



the event of a Launch Failure, we may not have adequate resources to pay you and all of our other creditors, and some or all of your Subscription Amount may not be returned to you. *See also Sections 3(d) and 3(f) of the TIA and Sections 1 and 27 of this Schedule B for related information.*

29. ***The tax treatment of this TIA and Token distribution is uncertain.*** Your purchase of rights under this TIA and your receipt of Tokens may result in adverse tax consequences to you including withholding taxes, income taxes or tax reporting requirements. We are not providing you any tax advice and you should consult with, and must rely upon, the advice of your own professional tax advisors with respect to the tax treatment of the purchase or settlement of this TIA or the receipt or Transfer of the Subscribed Tokens. *See also Sections 3(g) and 3(h) of the TIA for related information.*

### **Risks Related to Seller and Investing in Start Up Enterprises:**

30. ***We have no operating history.*** We were formed in October 2019 by Kadena Public in connection with launching the Platform. We have no revenue to date or any operations unrelated to the Platform. The other members of the Kadena Group are also start-up businesses and are also involved in launching the Platform. The members of the Kadena Group are the first business ventures ever launched or managed by our Founders. The Platform is the first public blockchain project we or other members of the Kadena Group have ever attempted to develop. There can be no assurance that any member of the Kadena Group will be able to successfully manage its business, achieve a Public Launch, or issue the Tokens. *See also Sections 1, 32, 34 and 35 of this Schedule B for related information.*

31. ***We are heavily dependent upon other members of the Kadena Group.*** All development activities related to the Public Launch and the Platform are being conducted by other members of the Kadena Group. We currently do not have any employees, do not expect to hire many persons as direct employees or independent contractors and may not have significant ongoing business operations after the Public Launch. Instead, we have obtained and expect to continue to obtain almost all of our management, administrative, accounting and legal services from Kadena Parent or third parties arranged by Kadena Parent. In addition, the baseline technology to power the Platform has been developed and will be solely owned by Kadena Parent. We have no right to any of that technology and will only obtain a non-exclusive, world-wide, perpetual license to Kadena Parent's Chainweb and Chainweaver™ protocols as is necessary to allow us to open-source the code for the Platform. All development work related to the Platform will be done by Kadena Parent and it will solely own all technologies, inventions and discoveries that are not open-sourced. Kadena Parent is also offering hybrid and private blockchain solutions and deployments for businesses, governments and other organizations, and the success of hybrid offerings is likely to be important to the widespread adoption and use of the Platform and Pact. Kadena Parent's work on such private solutions may also, from time to time, present time and resource allocation conflicts and other potential conflicts with the development of the Platform and our Public Launch. Kadena Parent will solely make all decisions as to the allocation of its limited development and managerial resources and such decisions may delay the Public Launch. Our dependence on Kadena Parent and Kadena Public may negatively impact the development of the Platform, the timing of the Public Launch, the value of this TIA and the value and utility of the Tokens. *See also Sections 30, 32 and 33 of this Schedule B and Sections 7 and 11 of Schedule C for related information.*

32. ***The Founders are critical to our success.*** The dedication, expertise and judgment of the Founders are essential to the successful development of the Platform and the Public Launch, Kadena Parent's blockchain business and the adoption of Pact. We are highly dependent upon the Founders, especially Stuart until the Public Launch, as he has been leading the development of the technology for the Platform and Pact. The ability, judgment, and availability of the Founders may be adversely affected by, among other things: (i) health problems, (ii) financial or other personal issues, or (iii) continuing roles as managers and employees of



Kadena Parent. During the last six (6) years, Stuart has been treated for a chronic and serious medical condition. That condition becomes active from time to time and so far has been managed through different treatment protocols. Stuart's condition recently became active again and in mid November he will begin another treatment protocol which is expected to last three (3) months. That treatment protocol is not expected to have any material negative effect on Stuart's ability to continue to perform his full-time duties with the Kadena Group and Stuart intends to continue to work full-time and in the same capacity as he has historically done. No assurance can be given that Stuart's health will not change or that, if there is a change, we will be able to avoid any negative impacts from such change. Nevertheless, if there are any material limitations on Stuart's availability on a full-time basis for extended periods of time, Kadena Parent believes it has adequate personnel and processes in place to manage and minimize any material disruption in the development of the Platform or the Public Launch. The unavailability of either of our Founders or if either of them were to become impaired could have a material adverse impact on the timing or development of the Platform or the Public Launch, future enhancements to Pact or the business of the Kadena Group. *See also Sections 30 and 33 of this Schedule B and Section 7 of Schedule C for related information.*

33. ***The Founders will have broad discretion regarding the management and direction of the Seller and the application of the proceeds of the Offering.*** By virtue of their control of Kadena Parent and functional control over Kadena Public and us, the Founders have control over the development and direction of the technology that will be the backbone of the Platform and Pact, how the proceeds of this Offering will be utilized, and control over the private keys to release and deliver Tokens, subject to the limits and requirements set forth in the TIA. While we have two independent managers, they can be replaced by Kadena Public at any time. If the Founders are unable to resolve any differences that might arise between them respecting the Platform, the Public Launch, fundraising or Kadena Parent, a deadlock would exist that could have adverse consequences on the Platform, the timing of the Public Launch or the Tokens. *See also Section 32 of this Schedule B and Section 8 of Schedule C for related information.*

34. ***Attracting and retaining business and technical expertise is critical to our success.*** The development and Public Launch of the Platform is at the intersection of rapidly changing technological, economic and regulatory environments that require a wide range of expertise and intellectual capital. The Kadena Group must retain employees or independent contractors with specific technical, business and legal skills and expertise in order to complete development of the Platform and progress it to the Public Launch. While members of the Kadena Group seek to competitively attract, recruit and retain such persons, there is a general scarcity of management, technical, scientific, research, legal and marketing personnel with appropriate expertise and training. Failure to retain such employees or contractors may negatively impact the quality and development of the Platform, the timing and success of the Public Launch and the use or value of the Tokens. *See also Section 36 of this Schedule B for related information.*

35. ***Some Persons may have potential conflicts of interest.*** There may be occasions when the members of the Kadena Group (including us), the Founders, or other key stakeholders of the Kadena Group may encounter potential conflicts of interest with holders of the Tokens (including you) including with respect to development of the Platform, the timing of the Public Launch, sales of Tokens before or after the Public Launch, mining activities, service offerings, price stabilization through purchase and sales of Tokens by members of the Kadena Group after Public Launch, or tax and regulatory matters. Decisions made by any of them may materially and adversely affect the value of your rights under this TIA or the utility or value of the Tokens and such decisions may be more beneficial for them than for you.

36. ***The Kadena Group faces significant competition.*** There has been an explosion of companies entering the public blockchain industry and offering public networks and new cryptocurrencies, and the market for decentralized application platforms is highly competitive and rapidly evolving. Members of the Kadena



Group will each face steep competition including in hiring and retaining personnel, obtaining financing, gaining adoption of the Platform and Tokens, and implementing hybrid and private blockchain solutions. Some of our competitors are far better funded than the Kadena Group and have far more extensive resources. It is also possible that the Platform may be copied by other parties and alternative networks and currencies could be established that utilize the same or similar open-source code and protocol underlying the Platform and attempt to facilitate services that are materially similar to the Platform's services. Any such competition could negatively impact the development or adoption of the Platform or the utility or value of the Tokens. *See also Sections 9 and 14 of this Schedule B for related information.*

37. ***Our inability to anticipate and respond to changing industry trends may adversely affect the Platform's and the Tokens' competitiveness or demand for its product or services.*** The cryptocurrency and blockchain industries are subject to rapid technological changes and advancements, resulting in new features and products, evolving competitive landscapes and emerging industry standards. We expect these changes will continue and our failure to anticipate and respond to these changes may have an adverse effect on our ability to compete and the utility and value of the Platform and Tokens. *See also Section 9 of this Schedule B for related information.*

38. ***You have no right to influence, and little ability to monitor, the Public Launch, the Platform or the prospects for the Tokens.*** Purchase of a TIA or ownership of a Token does not make you a holder of any of our equity interests, carry any right to receive, purchase or convert into, our equity interests or grant you any other rights of a holder of equity or as an owner of the Platform. For example, you (a) are not entitled to vote, give or withhold consent on any action that we may propose to take, or that may be taken with regard to the Platform or the Public Launch, (b) are not entitled to and will not receive dividends or distributions from us or the Platform, and (c) have no control or vote with respect to any of our activities whether or not related to the Platform, including future fundraising activities that might be on more favorable terms than provided to you, such as a lower purchase price per Token or a more favorable release schedule. While we have committed to issue periodic progress reports to holders of the TIAs prior to the Public Launch, such reports will be limited to the status of development of the Platform and may not contain all the information that you want or believe relevant. We will not be required to provide any updates after the Public Launch. In addition, as a private entity we are not required to publicly disclose any information about our finances, cash runway, or product development status other than as may be necessary to comply with our obligations hereunder to publish Rule 144 Information. Also, certain information relating to the protocol used by the Platform may not be publicly disclosed or readily available. Accordingly, you may not have timely, accurate or accessible information when making decisions about your TIA or the Tokens. *See also Section 3(e) of the TIA and Section 33 of this Schedule B for related information.*

39. ***Your TIA is illiquid and its transferability is limited.*** You are required to hold your TIA until the one year anniversary of the Public Launch and can only Transfer your TIA with Seller's consent and under certain circumstances, and we have the right to condition such consent on reasonable assurance from you of your compliance with securities Laws. Any Transfer without Seller's consent is null and void and will not be recognized. In order to obtain Seller's consent, you may be required to deliver to Seller a legal opinion in form and substance acceptable to us. The Public Launch might not occur until the Outside Date. Consequently, your TIA is illiquid and you must be prepared to hold your TIA for an extended period of time before receiving the Tokens. *See also Sections 8(h) and 11(f) of the TIA and Section 23 of this Schedule B for related information.*

40. ***This TIA can be amended without your consent.*** An Amendment of your TIA shall be effective against you if Seller and Person(s) holding TIAs representing at least a majority of the aggregate Subscription Amounts paid by all buyers under the TIAs approve or enter into such Amendment. Such Amendment will be binding upon you even if you are not otherwise in agreement with such Amendment or



afforded the opportunity to vote on, or have prior notice of, such Amendment. *See also Section 11(g) of the TIA for related information.*

41. ***Other buyers may have different or better terms.*** We generally intend to treat you and all other buyers of the TIAs equally. However, based on certain investment thresholds, prevailing market conditions, other relationships between certain buyers and members of the Kadena Group, and any other factors Seller deems pertinent, Seller may enter into other agreements or relationships with them that may have the practical effect of establishing different rights or terms than yours under the TIAs. We are not required to disclose to you any such agreements or any of the rights or terms or provisions thereof, nor will we be required to offer you such additional or different rights or terms. We may enter into such agreements with any party as we may determine at any time and you will have no recourse against us or any of our affiliates in the event that any buyers receive additional or different rights or terms as a result of such agreements. *See also Section 35 of this Schedule B for related information.*

42. ***If you fail to timely pay your Subscription Amount, we can cancel your TIA.*** Such cancellation shall be in addition to any other rights and remedies we may pursue, including requiring you to pay the Subscription Amount.

43. ***We have discretion in how we use the proceeds of this Offering.*** Except for restrictions, if any, expressly set forth herein with respect to the use of the proceeds prior to the Public Launch, we can use the proceeds of this Offering and any other cash resources in any manner we deem appropriate. Unless the Public Launch is delayed beyond December 1, 2019, it is expected that very little of the proceeds that we raise from the TIAs will be spent prior to the Public Launch. Following the Public Launch, the remaining cash proceeds of this Offering may be used for our working capital purposes or for any other purpose including distribution to holders of our equity interests. *See also Section 3(a) of the TIA, Section 33 of this Schedule B and Section 6(b) of Schedule C for related information.*

44. ***This Offering does not have to raise any minimum amount of proceeds and we may need to obtain additional financing.*** Seller can accept subscriptions in this Offering as they are received and conduct multiple Closings. There is no minimum amount of Tokens that must be sold. Unless there has been a Launch Failure, we are in complete control of when your TIA and the Subscription Amount are released from the Escrow or your CoinList Wallet, as applicable. If the Public Launch does not occur during the first quarter of 2020, and depending on how much is raised in this Offering and the International TPAs, we may need to raise additional capital or sell additional Tokens. No assurance can be given that we will be able to raise such capital or sell such Tokens. *See also Section 2(g) of the TIA and Section 6 of Schedule C for related information.*



## Schedule C

### **Information about Seller, the Platform and the Tokens**

1. General. We were formed in October 2019 in connection with the development and Public Launch of the Platform. We have the right to issue 30 million Tokens under the Platform. We have no revenue to date and have been wholly dependent upon Kadena Public for our funding. Kadena Public and Kadena Parent are joint sponsors and developers of the Platform. Certain technology related to the Platform has been or will be open sourced and any technology or intellectual property ownership rights that have not been open sourced are being retained solely by Kadena Parent. *See also Section 30-31 of Schedule B for related information.*

2. The Platform.

(a) General. The Platform is based upon a decentralized, open source protocol for a peer-to-peer, autonomous computer network that can host a decentralized public transaction ledger on which all transactions that are processed on the Platform and all transactions related to the ownership and use of the Tokens are recorded. These transactions can be as simple as payment from one party to another by Transfer of the Tokens, or technology transactions conducted via “smart contracts” utilizing Kadena Parent’s Chainweb protocol (for decentralized consensus) and Pact software language (for transactional logic).

(b) Technology Overview. Through the use of the Chainweb protocol for scaling, Testnet versions of the Platform have been shown to offer superior transaction scaling compared to Bitcoin and Ethereum. The Platform will utilize the Chainweb consensus algorithms for the purpose of creating an execution context for running the Pact smart contract language. The software source code for the Platform will include the protocols that govern the creation of all Tokens on the Platform and cryptographic system that secures and verifies on multiple interoperable peer ledgers all transactions using the Tokens. These ledgers will be a permanent and immutable record of every Token, every Token transaction (including the original issuance of Tokens) and every Account which has taken part in a transaction on the Platform together with the quantity of Tokens associated with such Account. Each Account will be associated with a cryptographic capability such as a single or multiple public keys that control(s) the Transfer or “spending” of Tokens from such account through the signing of transactions with the associated private key(s). Third parties (commonly referred to as “miners”) will maintain and validate the ledgers on the Platform, and the transactions added thereto, by solving cryptographic puzzles allowing new blocks to be appended to the blockchain. Miners will be incentivized to provide these maintenance and validation services by being awarded Tokens out of the Miner Allocation and being paid Tokens as fees by parties using the Platform to process transactions. *See also Sections 5(a) and 5(c) of this Schedule C and Sections 6 and 7 of Schedule B for related information.*

(c) Development Activity and Public Launch Status. Research and development efforts related to the Platform commenced in Spring 2017 and have been on-going since then. Four (4) versions of certain portions of the test version of the software for the Platform (each a “Testnet”) have been published for public review, with the first Testnet release on March 26, 2019 and the most current Testnet release on September 18, 2019. On October 30, 2019, we released a mining-only version of the Platform software (the “Mainnet”). The open sourced code for the Platform can be found at [www.github.com/kadena-io/chainweb-node](http://www.github.com/kadena-io/chainweb-node). Our Mainnet release on October 30, 2019 was not a Public Launch as it enabled mining only off of the Mainnet genesis block (and the earning of Tokens for such mining) but precluded the ability to add new transactions in new blocks on the Mainnet. On December 1, 2019, we expect a fully featured open source version of the software for the Platform will be released and the Public Launch will have occurred.



Notwithstanding such Public Launch, new blocks to add transactions will not be functional on the Platform until December 5, 2019.

(d) Validation Activity. Seller has engaged in significant efforts to internally test, and has had third party contractors test, the Platform in order to validate its functionality and security. While it is impossible to launch a public blockchain (or any other software of similar complexity) that is guaranteed to be free of exploits, bugs or security vulnerabilities, our prior validation efforts included:

(i) The public release of specifications for the Platform and a test implementation of the Platform;

(ii) Weekly internal “validation” meetings for identifying system assumptions that are not yet automatically tested and verified;

(iii) The launch of a miner beta program (September 2019) in directed efforts to partner with existing mining pools for both testing and miner adoption;

(iv) Engagement of a third-party for an analysis and peer reviewed publication of the Chainweb protocol’s stability and security features. *See* Chitra, T., et al (2019) *Agent-Based Simulations of Blockchain protocols illustrated via Kadena’s Chainweb* ([arXiv:1904.12924](https://arxiv.org/pdf/1904.12924)) <https://arxiv.org/pdf/1904.12924.pdf>; and

(v) Engagement of selected, independent third-party software developers to identify bugs, load test, review code, and create and run beta applications using Pact.

Given the economic interest of members of the Kadena Group and their current employees in the success of the Platform, such testing and validation efforts may continue after the Public Launch but no such testing or validation is required to be performed by any of them. *See also Section 11 of Schedule B for related information.*

(e) Control after Public Launch. Our rights and obligations with respect to the Platform cease upon the Public Launch. As an open-source project, neither Seller nor any other member of the Kadena Group will maintain any ownership of the Platform nor have or possess any right or obligation to manage, maintain or make modifications to the Platform. The Platform will be maintained by the open source community and we will not have any special rights to the Platform that are superior to the rights of any other Person. *See also Section 11 and 14 of Schedule B for related information.*

(f) Applications on the Platform. In addition to processing payments between holders of the Tokens, the Platform will be capable of hosting applications built by third parties or D-Apps. D-Apps could be anything that runs on applications commonly found on today’s Internet or mobile devices, but which will allow users to control their own data and make informed decisions about whom to trust. The creation of D-Apps by developers and the wide use of those D-Apps are critical to the success of the Platform and the Tokens. We have commenced engagement with third-party developers to educate them about the Platform and Pact in order to encourage them to build D-Apps to run on the Platform. Our tools and learning resources for developers of D-Apps can be found at [www.pactlang.org](http://www.pactlang.org). At the Public Launch, no D-Apps will be available on the Platform. *See also Sections 3 and 4 of Schedule B for related information.*

(g) Hybrid Blockchain Applications. We also believe that in order for any public blockchain to achieve wide-scale adoption by businesses, governments and other enterprises, and be positioned to become a leading public blockchain, it must not only be capable of hosting D-Apps and offer superior speed,



scalability, and security technology, but also integrate with private blockchains. We envision such integrated applications (which we refer to as “**Hybrid Blockchain Applications**”) as critical to unlocking the potential of private blockchains so that financial settlement of transactions on a private blockchain can occur on a public blockchain. We expect the Platform will offer this integration. We hope that the Kuro (f/k/a ScalableBFT) technology that Kadena Parent is developing could become important in fostering the adoption of private blockchain solutions on the Platform. Kadena Parent has been focused on identifying potential Hybrid Blockchain Applications that might utilize the Platform after the Public Launch but there are not expected to be any Hybrid Blockchain Applications that will process transactions on the Platform as of the Public Launch. *See also Sections 3 and 8 of Schedule B and Section 5(d) of this Schedule C for related information.*

(h) Accessing the Platform. The complete list of necessary resources and tools required to access and interact with the Kadena Network is available at [www.kadena.io](http://www.kadena.io). The primary client for interfacing with the Platform is Chainweaver, an open source blockchain workbench tool. Chainweaver is available for download in MacOS at [www.kadena.io/chainweaver](http://www.kadena.io/chainweaver) and should be available in Linux in December 2019. Upon download of Chainweaver, users will be prompted to either import or create a digital wallet and the Platform. Once a wallet has been created, users will be able to manage their account and will have access to the comprehensive feature offering of Chainweaver. Key user features of Chainweaver include “send” and “receive” capabilities for transacting with the Tokens, as well as a framework for smart contract development, testing, and deployment. This wallet interface also allows users to interact with decentralized applications built upon the Platform by using a signing application protocol interface to authorize transactions. Developers are also provided tools that make it easier for them to interact with the Platform, in the form of developer learning resources available at [www.pactlang.org](http://www.pactlang.org) and in the form of binaries for running a node for the Kadena blockchain available at <https://github.com/kadena-io/chainweb-node>.

3. Tokens. The Tokens will be digital assets that will be created by, and issued under, the Platform as a native cryptocurrency. Processing on the Platform will be paid for by users (or earned, with respect to miners) with the Tokens. The Tokens are also intended to be a medium of exchange and fundamental store of value, akin to Bitcoin and Ether, stored in cryptocurrency wallets on the Platform and used as a holder determines.

4. Token Economics.

(a) Token Economy and Allocation. At the Public Launch, the Platform will be configured to issue a maximum of one Billion (1,000,000,000) Tokens. The allocation of such Tokens to different stakeholders will be as follows:

(i) Seventy percent (70%) of the Tokens (the “**Miner Allocation**”) will be available as rewards to any Person (including to members of the Kadena Group) that provides mining or validation services for transactions on the Platform. *See also Section 7 of Schedule B and Section 4(c) of this Schedule C for related information*

(ii) Ten percent (10%) of the Tokens (the “**Pre-Launch Allocation**”) will be available to the members of the Kadena Group including to satisfy our obligations under the TIAs and the International TPAs, and Kadena Public’s obligations under the SAFTs. Any remaining balance of the Pre-Launch Allocation at the Public Launch will be owned by Kadena Public and Kadena Parent and can be issued by them at any time following the Public Launch and for any purpose. *See also Section 12 of Schedule B for related information*



(iii) Twenty percent (20%) of the Tokens (the “**Platform Reserve**”) will be owned and controlled by Kadena Public and Kadena Parent to support the Platform and for related business development purposes, to support its philanthropic foundation and initiatives, as incentives for the Founders and the employees, advisors and key contributors to the Kadena Group or for such other purposes or uses as Kadena Public or Kadena Parent determines. The Platform Reserve is subject to the Platform Use Restrictions. *See also Section 12 of Schedule B and Sections 5(b) and 5(d) of this Schedule C for related information.*

(b) **Obligations to Issue Tokens.** The following table presents, as of October 31, 2019: (1) all outstanding obligations or rights of Persons, other than members of the Kadena Group, to receive Tokens at or after a Public Launch; (2) the different categories of holders of those rights and the number of Tokens so issuable to such holders; (3) the consideration received or payable from or by such holders and, if applicable, the range of the purchase price per Token payable by such holders; and (4) a summary overview of the schedule after the Public Launch during which the Tokens issuable to such holders will be released to such holders. Any Tokens so issued will decrease the number of remaining Tokens in the Pre-Launch Allocation except for Tokens which are to be delivered or released on or after the 1 year anniversary of the Public Launch which Tokens will decrease the number of remaining Tokens in the Platform Reserve. This table does not include any Tokens that might be issued pursuant to this Offering, the International Offering, or in any other transactions after October 31, 2019. No Person (other than members of the Kadena Group) owns or has rights to more than 5% of the Tokens issuable under the Pre-Launch Allocation.

Holder	Tokens Issuable	Applicable Purchase Price per Token	Release Schedule
<b>Buyers of Series A SAFTs</b>	4.5 Million	\$.50	360,000 Tokens on each of the 1 <sup>st</sup> – 11 <sup>th</sup> month anniversary of the Public Launch and then 540,000 on the 1 year anniversary of the Public Launch.
<b>Buyers of Series B SAFTs</b>	17.2 Million	\$.75	1,373,246 Tokens on each of the 1 <sup>st</sup> – 11 <sup>th</sup> month anniversary of the Public Launch and then 2,059,869 on the 1 year anniversary of the Public Launch
<b>Independent Contractors</b>	2.8 Million	Services previously rendered or subject to an option exercise price ranging from \$.05 to \$.75 per Token.	2.6 million Tokens vested and released in 12 equal monthly installments beginning on the 13 month anniversary of the Public Launch. Remainder of Tokens have variable release or option vesting dates with 189,000 Tokens released or vested within 1 year of the Public Launch and the balance released or vested more than 1 year after the Public Launch.
<b>Employees and Advisors of Kadena Group</b>	7.3 Million	Services previously rendered or subject to an option exercise payment ranging from \$.05 to \$.25 per Token.	4.8 million Token options will be vested as of the Public Launch. An additional 550,000 options will be vested by the 1 year anniversary of the Public Launch and 1.93 million will vest after the 1 year anniversary of the Public Launch.
<b>Total Tokens Issuable</b>	31.8 Million	-	-



(c) Tokens Earned by Miners. Miners can earn Tokens issued by the Platform for providing mining and validation services for the Platform. The period of time during which, one half of the number of Tokens remaining in the Miner Allocation at the beginning of such period can be earned by miners for providing mining and validation services to the Platform during that period is known as the “**halving**.” The Platform will use approximately 20 years for halving (the “**Halving Period**”) are re-adjusted monthly. That means that during the Halving Period after mining is allowed to commence 350 million Tokens in the Miner Allocation will be earned at the average rate of 1.458 million Tokens per month. *See also Sections 5, 6, 12 and 23 of Schedule B for related information.*

(d) Transfer Restrictions on Pre-Launch Allocation and Platform Reserve. The Tokens in the Pre-Launch Allocation that have not been sold before or in connection with the Public Launch will be initially owned and controlled by us and other members of the Kadena Group and, subject to compliance with applicable Laws including, if applicable, securities Laws, can be used, traded, restricted or otherwise Transferred by the Kadena Group at any time and from time to time in the Kadena Group’s discretion, including in subsequent sales of Tokens after the Public Launch, through exchanges or in private sales, at prices determined in our discretion or for free in an airdrop, as incentives, or for services rendered or to be rendered. All Tokens in the Platform Reserve will be initially owned and controlled by other members in the Kadena Group (and not by us) and shall be initially restricted and may not be used, traded or otherwise Transferred for one (1) year after the Public Launch (the “**Platform Use Restriction**”). Thereafter, such Tokens shall become unrestricted over the following forty-eight (48) months at the rate of (i) two percent (2%) of the original number of Tokens in the Platform Reserve on each of the 13 through 59 month anniversaries of the Public Launch and (ii) the balance of the Tokens in the Platform Reserve on the 60 month anniversary of the Public Launch. Until we determine that Tokens no longer qualify as securities under U.S. Laws, we and the other members of the Kadena Group plan to comply with U.S. securities Laws with respect to the Transfer of the Tokens in the Pre-Launch Allocation and the Platform Reserve by us or any Person that is deemed to be our “affiliate” under Rule 144. *See also Section 3(d) of the TIA, Section 24 of Schedule B and Sections 4(a)(ii), 4(a)(iii) and 4(b) of this Schedule C for related information.*

(e) Valuation of Tokens. After a review of the cryptocurrency market, we determined the Token Purchase Price to be paid in this Offering and the purchase price per Token to be paid under the International Offering. We did not rely upon or consult any third party valuation expert on such pricing included as to the difference between the purchase price paid in this Offering and the purchase price paid in the International Offering. *See also Section 16 of Schedule B for related information.*

5. Technology. Kadena Parent has developed the critical technology that will be used in the Platform. We believe this technology differentiates the Platform from other public blockchains and will offer the Platform competitive advantages in terms of scaling. All technology development work for the Platform has been outsourced by Kadena Public to Kadena Parent and it will solely own all technologies, inventions and discoveries that are not open-sourced under a Software Development and License Agreement between Kadena Parent and Kadena Public (the “**License Agreement**”). Under the License Agreement, Kadena Public will obtain from Kadena Parent a non-exclusive, world-wide, perpetual license to Kadena Parent’s Chainweb protocol and Chainweaver technology as is necessary to allow the Platform to be open-sourced and the Public Launch to occur and Kadena Parent will retain the rights to a total of 150 million Tokens in the Pre-Launch Allocation and the Platform Reserve. *See also Section 31 of Schedule B for related information.*

Kadena Parent’s technology includes the following:

(a) Chainweb - Chainweb will serve as the backbone protocol for the Platform and use “Proof of Work” algorithms to confirm transactions and produce new blocks to be appended to the blockchain.



Kadena Parent's initial white paper outlining Chainweb, *Chainweb: A Proof-of-Work Parallel-Chain Architecture for Massive Throughput*, can be found at <https://kadena.io/docs/chainweb.pdf>. This public blockchain protocol is expected to allow superior scaling of transaction throughput by enabling parallel block processing across multiple chains within the Platform that are braided together into a single network. At Public Launch, the Platform will be configured to operate at 10 separate chains, which number of chains we believe will be adequate to handle the initial demand on the Platform for transaction throughput. In Testnet simulations run on Amazon Web Service running on a 10-chain network, Chainweb regularly operated at 30 transactions/second, which is faster than Bitcoin's 2-5 transactions/second and Ethereum's 10-15 transactions/second. However, unlike Bitcoin and Ethereum, Chainweb is designed so that as demand for additional processing is needed, additional chains can be added to the Platform. Adding chains to the Platform will be accomplished by a Fork. The protocol is also designed so that as additional chains are added to the Platform the number of transactions per second should increase. *See also Sections 1 and 14 of Schedule B for related information.*

(b) Pact - Kadena Parent also created a new computer software language called "**Pact**". We believe Pact greatly simplifies the application development process and provides an easier and more appropriate path for deployment of smart contracts in order to automate workflow and transaction processing on the Platform. Among its features, Pact includes a formal verification system that is designed to audit for correctness of code created by a user. Pact was designed to be read and understood by junior software developers as well as by business and legal professionals with a very modest level of technical proficiency. This language has been open-sourced and is already being utilized by Kadena Parent and by some third-party developers to build applications to run on private blockchains. Pact has been integrated directly with some traditional databases including Microsoft SQLServer and MySQL. Kadena Parent plans to devote considerable time and resources in an outreach effort to the software development community in order to try to accelerate adoption and use of Pact in D-Apps that run on the Platform and on private blockchains using Kuro. Additional information about Pact can be found in the white paper entitled "*The Pact Smart-Contract Language*" at <https://kadena.io/docs/kadena-Pact/Whitepaper.pdf>. *See also Section 4 of Schedule B for related information.*

(c) Kadena Kuro – Kadena Kuro ("**Kuro**" f/k/a ScalableBFT) is a protocol that allows a single private blockchain to be deployed on up to hundreds of separate servers and still maintain significant transaction processing speeds. This protocol will serve as the backbone of Kadena Parent's private blockchain solution business and Hybrid Blockchain Applications. Unlike many other public and private blockchains that compromise security features of their blockchains in order to achieve (1) significantly increased transactions, (2) confidentiality of data amongst participants, or (3) transaction volume via replication to many servers, we do not believe that the security features of a private blockchain using Kuro will be compromised in order to increase transaction processing speed, network size or transaction confidentiality. Additional information about Kuro can be found in the white paper entitled "*Kadena-the First Scalable, High Performance Private Blockchain*" at <https://kadena.io/kadena-consensuswhitepaper-Aug2016.pdf>. Scaled down versions of this protocol are available for testing on the Amazon AWS Platform and Microsoft Azure Platform.

(d) Chainweaver – This is a developer-focused desktop application that serves as both a digital wallet as well as an execution, administration and development environment for Pact-enabled smart contract transactions. At present, Chainweaver can be used to interact with both the Platform and Kuro. Through Chainweaver's ability to interoperate with multiple blockchains, it is possible to manually construct and operate Hybrid Blockchain Applications that span both public and private chains. Similar to Ethereum's Metamask and MyEtherWallet, Chainweaver allows users to create and use digital wallets for transacting in Tokens. However, it also allows users to explore previous transactions, locally test new Pact smart contracts, as well as automatically verify Pact smart contracts that leverage Pact's formal verification system.



## 6. Financial Information about Us and Kadena Public

(a) We were organized in October 2019. Our initial capitalization consisted of \$100,000 plus the right to issue 30 million Tokens under the Platform. Until the Initial Closing of this Offering, we are dependent upon Kadena Public for funding of our operations and activities related to the development of the Platform and the Public Launch. *See also Sections 30 and 31 of Schedule B for related information.*

(b) The cost related to this Offering and to fund our ongoing operations will be paid for out of the proceeds of this Offering. We will not use any of the proceeds of this Offering to pay expenses related to the Platform development or the Public Launch unless the Public Launch is delayed past December 1, 2019, in which case going forward we will share those expenses, and expenses for regulatory matters, equally with Kadena Public. Prior to the Public Launch, no distribution shall be made to Kadena Public in its capacity as an owner of our equity. Following the Public Launch, we have the unrestricted right to make cash dividends and other property distributions (including Tokens) to Kadena Public. For the avoidance of doubt, following the Public Launch Date we may, directly or indirectly, distribute some or all of the remaining proceeds of this Offering to the holders of our equity interests, including to help defray licensing or success fees related to the launch of the Platform and to pay income taxes of the Kadena Group and its affiliates and equity holders that are payable in connection with, related to, or as a consequence of, the Public Launch, the settlement of our obligations under this Offering or the International Offering or the settlement of the Simple Agreements for Future Tokens - Series A (collectively, the “**Series A SAFTs**”) and Simple Agreements for Future Tokens - Series B (collectively, the “**Series B SAFTs**”) and together with the Series A SAFTs collectively, the “**SAFTs**”) that were previously issued by Kadena Public to support the development of the Platform and the Public Launch. *See also Sections 33 and 43 of Schedule B for related information.*

(c) As of September 30, 2019, the Kadena Group on a consolidated basis had \$4.4 million in cash on hand and its total outstanding monetary liabilities (other than the SAFTs) were approximately \$900,000. Its cash resources consist mostly of the remaining proceeds from the SAFTs and are used for general working capital purposes including in connection with the development of the Platform and the Public Launch. The Kadena Group has adequate funds to pay for its expenses until the currently anticipated Public Launch Date. If the Public Launch is delayed after December 1, 2019, and no proceeds are raised from this Offering or the International Offering, the Kadena Group expects to have adequate funding for its operations through April 2020.

7. Founders. The founders of the Kadena Group are William Martino (“**Will**”) and Stuart Popejoy (“**Stuart**”) and together with Will collectively, the “**Founders**”). They have been both active in managing the development of the Platform and the technology that underpins the Platform. They have a combined 22+ years of experience creating, building and evaluating complex software systems for the financial industry and government. They both have their roots with the Blockchain Research Group at JP Morgan Chase Bank (“**JP Morgan**”) which group was responsible for, among other things, evaluating all blockchain offerings for potential use by JP Morgan. Stuart led that group in building a private blockchain prototype project used by JP Morgan in a pilot for international currency transfers and Will was the lead developer for that project. Prior to working at JP Morgan, Will helped to found both the Quant Unit and Distributed Ledger Technology Working Group of the SEC. He has authored multiple peer-reviewed publications in mathematics and materials science. Will graduated from Yale University with a degree in Economics and Mathematics. Will is the driving force behind the creation of Kadena’s consensus protocols, Chainweb for a public blockchain, and Kuro for private blockchains. Stuart has more than 15 years of experience building production financial technology platforms. Prior to his involvement with blockchain, Stuart created and deployed a financial strategy programming language designed for sales traders to use, which has generated over \$20 million of annual revenue for JP Morgan from 2015 to present. He graduated from University of California, Berkeley with a degree in



Comparative Literature. Stuart is the author, designer and lead developer of Pact, and has taken the lead in developing the Platform. *See also Section 32 of Schedule B for related information.*

8. Ownership and Management. Our equity interests are denominated in shares and Kadena Public owns 99.5% of those shares. Kadena Public is a wholly-owned subsidiary of Kadena Parent. Kadena Parent is the sole manager of Kadena Public. The Founders, as the sole managers of Kadena Parent and holders of more than a majority of the equity interests of Kadena Parent, have ultimate control over each member of the Kadena Group, including us. We are managed by a Board of Managers that consists of 3 members: Kadena Public, Simon Ecclefield, a resident of the Cayman Islands and Jasvanthkumar Sureshkumar, a resident of Australia. Members of our Board of Managers are appointed by, and can be replaced at any time and for any reason, by Kadena Public as the holder of a majority of our shares. *See also Sections 31-33 of Schedule B for related information.*

9. Government Regulation. As blockchain networks and cryptocurrencies have grown in popularity and in market size, various U.S. and foreign governmental authorities have begun to take interest. As a result, the regulatory environment for blockchain and cryptocurrencies is uncertain and evolving. In the U.S., the SEC, the Internal Revenue Service (the “IRS”), the Commodity Futures Trading Commission (the “CFTC”), and the U.S. Financial Crimes Enforcement Network (“FinCEN”) are some of the U.S. federal regulatory agencies that have released regulatory guidance or information related to cryptocurrencies like the Tokens. The SEC has issued a public report stating that federal securities laws require treating some cryptocurrencies as “securities”. The IRS’s guidance treats virtual currency as property that is not currency for U.S. federal income tax purposes. The CFTC has publicly taken the position that certain blockchain assets are commodities. In addition, governmental authorities in the U.S. and abroad have started, and we expect in the future will continue, to adopt new laws and regulations as well as institute enforcement actions based on their interpretation of existing laws. China and South Korea have announced bans on initial coin offerings (“ICOs”) and Australia and the United Kingdom have issued warnings regarding ICOs. The State of New York requires licensing of an issuer of a cryptocurrency under its so-called BitLicense law. Some U.S. states may also apply their “money transmitter” laws to cryptocurrencies. *See also Sections 22-25 of Schedule B for related information.*

10. Status of Tokens as a Security. We do not believe that the Tokens will qualify as “securities” under the Laws of the Cayman Islands. Whether the Tokens are considered to be a “security” at the time of and after the Public Launch under the Laws of the U.S. or other jurisdictions is unclear and uncertain. In an abundance of caution and without acknowledging that the Tokens qualify as a security, we are treating the Tokens as “debt securities” under U.S. securities Laws at the time of the Public Launch and plan to publish Rule 144 Information. However, we plan to regularly re-evaluate whether this treatment is necessary or appropriate under U.S. Laws. In making this evaluation, we will refer to the relevant legal and regulatory standards, will consult with legal counsel and may, if possible and appropriate, seek consultation with relevant regulatory authorities. At the present time, we expect this determination to primarily focus on a variety of factors including whether the Platform is sufficiently decentralized and used by third parties, the number and type of D-Apps running on the Platform, the number of transactions that the Platform has processed, and our power (if any) over the governance of the Platform. If, at any time, we determine that the Tokens are no longer a security, we may make an announcement of such determinations. In such event, we intend to stop publishing Rule 144 Information. Holders of the Tokens will have no consent or comment rights with respect to this determination. *See also Sections 23 and 24 of Schedule B for related information.*

11. Personnel. We have no employees as of October 1, 2019. Kadena Parent has approximately 22 full-time equivalent persons who currently work on the development of the Platform and its underlying technology, community and software developer engagement, and provide management and administrative services including fundraising. This includes 12 full-time equivalent software developers working on the



Platform, Chainweb, Chainweaver, and Pact. Our Founders and all key personnel that Kadena Public or Kadena Parent have hired or engaged to make material contributions to the Platform are subject to agreements that restrict their ability to work on a public blockchain platform that is a “Fork” from the Platform for at least two (2) years after the Public Launch.



Schedule D

NOTICES AND DISCLOSURES; DISQUALIFIED JURISDICTIONS.

**This Offering is open only to verified, accredited investors in the U.S. and certain qualified buyers outside of the U.S., and is not being made to and will not be sold to any Person residing in the State of New York, the People’s Republic of China, Vietnam, South Korea, Cayman Islands or any jurisdiction where the offer or sale would violate applicable laws or would require us to obtain a license, permit, approval or other registration or other qualification that we do not possess at the time of the Public Launch (collectively, the “Disqualified Jurisdictions”).**

The notices and disclosures contained in this Offering, including in this Schedule D, are provided in an abundance of cause and are not, and are not intended to be, an admission that the Tokens are “securities” under applicable Laws or that compliance with any securities Laws is required.

No governmental authority of any country has reviewed, approved, disapproved, endorsed, or recommended the offering, sale, or issuance of the TIA or the Tokens. The TIAs and Tokens are being offered and sold only in jurisdictions where registration or qualification is not required, including pursuant to applicable exemptions that generally limit the purchasers who are eligible to purchase the TIAs and Tokens and that restrict resale. The TIAs and Tokens may not be offered, sold or otherwise Transferred, pledged or hypothecated except as permitted under applicable securities Laws. The TIAs and Tokens are subject to Transfer restrictions. Purchaser must comply with all applicable Laws in connection with any offer, sale, or Transfer of the TIAs and Tokens. No independent person has confirmed the accuracy, truthfulness, or adequacy of this disclosure, nor whether it is complete. Any representation to the contrary is illegal.

We are relying upon certain exemptions under U.S. securities Laws with respect to offers and sales of the TIAs to Persons residing within and outside the U.S. Neither this Offering nor this TIA nor any Tokens is being registered in any jurisdiction outside of the U.S. You are required to inform yourself about, and to observe any restrictions relating to, the TIAs and Tokens and any related documents or communications in your jurisdiction. If you reside outside of the U.S., we may request you to deliver an opinion of legal counsel reasonably acceptable to us that your participation in this Offering or your receipt of the Tokens upon settlement of the TIA will not cause us to violate, or require us to obtain any license, permit or registration under, the laws of the jurisdiction where you reside. In addition, we may deliver to you a supplement to this TIA informing you of certain disclosure related to the laws of the jurisdiction in which you reside.

**NOTICE TO RESIDENTS OF AUSTRALIA**

NEITHER THIS TIA NOR ANY OTHER DISCLOSURE DOCUMENT IN RELATION TO THE OFFERING, HAS BEEN, WILL BE, OR NEEDS TO BE, LODGED WITH THE AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION. THIS TIA IS NOT A PRODUCT DISCLOSURE STATEMENT UNDER DIVISION 2 OF PART 7.9 OF THE CORPORATIONS ACT 2001 (CTH) (THE “AUSTRALIA ACT”) NOR IS IT A PROSPECTUS UNDER CHAPTER 6D OF THE AUSTRALIA ACT, AND THE TIA HAS NOT BEEN, AND WILL NOT BE, REGISTERED AS A MANAGED INVESTMENT SCHEME UNDER THE AUSTRALIA ACT. NO SECURITIES WILL BE ISSUED OR ARRANGED TO BE ISSUED, AND NO RECOMMENDATIONS TO ACQUIRE SECURITIES WILL BE MADE, WHICH WOULD REQUIRE THE PROVISION OF A PRODUCT DISCLOSURE STATEMENT UNDER DIVISION 2 OF PART 7.9 OF THE AUSTRALIA ACT OR THE PROVISION OF A FINANCIAL SERVICES GUIDE OR A STATEMENT OF ADVICE UNDER DIVISION 2 OR 3 OF PART 7.7 OF THE AUSTRALIA ACT. NEITHER THIS TIA, THE OFFER CONTAINED HEREIN NOR ANY OTHER DISCLOSURE



DOCUMENT IN RELATION TO THE TIA CAN BE PARTIALLY OR WHOLLY DISTRIBUTED, PUBLISHED, REPRODUCED, TRANSMITTED OR OTHERWISE MADE AVAILABLE OR DISCLOSED BY RECIPIENTS TO ANY OTHER PERSON IN AUSTRALIA.

#### **NOTICE TO RESIDENTS IN THE BRITISH VIRGIN ISLANDS**

THIS OFFERING IS NOT AN OFFER TO THE PUBLIC IN THE BRITISH VIRGIN ISLANDS (“BVI”). NO ACTION HAS BEEN TAKEN TO PERMIT AN OFFER IN THE BVI AND THIS TIA IS NOT A REGISTERED PROSPECTUS WITHIN THE MEANING OF SECTION 25 OF THE SECURITIES AND INVESTMENT BUSINESS ACT 2010 (“SIBA”). THE TIAS OR TOKENS WILL NOT BE OFFERED AND ACCEPTED FROM ANY PERSON IN THE BVI UNLESS: (A) THAT PERSON IS A QUALIFIED INVESTOR AS DEFINED IN SCHEDULE 4 OF SIBA AND, TO THE EXTENT THAT PERSON IS A PROFESSIONAL INVESTOR FOR THE PURPOSES OF SCHEDULE 4 OF SIBA, IT DECLARES THAT (I) ITS ORDINARY BUSINESS INVOLVES, WHETHER FOR ITS OWN ACCOUNT OR THE ACCOUNT OF OTHERS, THE ACQUISITION OR DISPOSAL OF PROPERTY OF THE SAME KIND AS THE INTERESTS; OR (II) IT HAS NET WORTH IN EXCESS OF 1 MILLION U.S. DOLLARS OR ITS EQUIVALENT IN ANY OTHER CURRENCY AND THAT IT CONSENTS TO BEING TREATED AS A PROFESSIONAL INVESTOR WITHIN THE MEANING OF SECTION 40 OF SIBA; OR (B) THAT PERSON IS A BVI BUSINESS COMPANY AND NEITHER THIS TIA NOR ANY OTHER DOCUMENT RELATING TO THIS OFFER HAS BEEN RECEIVED BY THAT PERSON AT AN ADDRESS IN THE BVI OTHER THAN ITS REGISTERED OFFICE IN THE BVI; OR (C) THAT PERSON HAS A CLOSE CONNECTION (WITHIN THE MEANING OF SECTION 2(3) OF SIBA) WITH THE ISSUER; OR (D) THAT PERSON IS THE GOVERNMENT OF THE BRITISH VIRGIN ISLANDS.

#### **NOTICE TO RESIDENTS OF CANADA**

THE TIAS OR TOKENS MAY ONLY BE OFFERED AND SOLD TO PURCHASERS PURCHASING AS PRINCIPAL THAT ARE BOTH “ACCREDITED INVESTORS” AS DEFINED IN NATIONAL INSTRUMENT 45-106 PROSPECTUS AND REGISTRATION EXEMPTIONS AND “PERMITTED CLIENTS” AS DEFINED IN NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS. ANY RESALE OF THE TIAS OR TOKENS MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM THE PROSPECTUS REQUIREMENTS AND IN COMPLIANCE WITH THE REGISTRATION REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

#### **NOTICE TO RESIDENTS OF CAYMAN ISLANDS**

THIS TIA DOES NOT CONSTITUTE A PUBLIC OFFER OF THE TIAS OR THE TOKENS, WHETHER BY WAY OF SALE OR SUBSCRIPTION, IN THE CAYMAN ISLANDS. THE TIAS AND THE TOKENS HAVE NOT BEEN OFFERED OR SOLD, AND WILL NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN THE CAYMAN ISLANDS, EXCEPT AS MAY BE PERMITTED BY LAW AND MAY ONLY BE PURCHASED BY RESIDENTS OF THE CAYMAN ISLANDS IF PERMITTED BY LAW.

#### **NOTICE TO RESIDENTS OF CHINA**

NEITHER THE TIA NOR THE TOKENS ARE BEINGS OFFERED OR SOLD WITHIN, AND MAY NOT BE PURCHASED, DIRECTLY OR INDIRECTLY, BY RESIDENTS OF THE PEOPLE’S REPUBLIC OF CHINA (FOR SUCH PURPOSES, NOT INCLUDING THE HONG KONG AND MACAU SPECIAL



ADMINISTRATIVE REGIONS OR TAIWAN), EXCEPT AS PERMITTED BY THE SECURITIES AND OTHER LAWS AND REGULATIONS OF THE PEOPLE’S REPUBLIC OF CHINA.

#### **NOTICE TO RESIDENTS OF FRANCE**

THE TIAS OR TOKENS ARE NOT BEING OFFERED TO THE PUBLIC IN FRANCE. DISTRIBUTION OF THIS TIA AND THE ISSUANCE OF THE TIAS OR TOKENS MAY BE RESTRICTED IN CERTAIN JURISDICTIONS. IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THE TIAS OR TOKENS OR RELATED DOCUMENTS AND ANY PERSON WISHING TO SUBSCRIBE FOR TIAS OR TOKENS TO INFORM THEMSELVES OF, AND OBSERVE, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTIONS. NO ACTION HAS BEEN TAKEN THAT WOULD, OR IS INTENDED TO, PERMIT A PUBLIC OFFER OF THE TIAS OR TOKENS IN ANY COUNTRY OR JURISDICTION WHERE ANY SUCH ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE TIAS OR TOKENS MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS DOCUMENT NOT ANY OTHER INFORMATION, FOR OF APPLICATION, ADVERTISEMENT OR OTHER DOCUMENT MAY BE DISTRIBUTED OR PUBLISHED IN ANY COUNTRY OR JURISDICTION EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. WE ARE NOT MAKING ANY REPRESENTATION OR WARRANTY TO ANY PROSPECTIVE PURCHASE REGARDING THE LEGALITY OF AN INVESTMENT IN THE TIAS OR TOKENS BY SUCH PERSON UNDER APPROPRIATE SECURITIES OR SIMILAR LAWS. INVESTING IN THE TOKENS INVOLVES CERTAIN RISKS. IN PARTICULAR, EACH PROSPECTIVE INVESTOR IN THE TIAS OR TOKENS SHOULD PROCEED ON THE ASSUMPTION THAT A SUBSCRIBER OF THE TIAS OR TOKENS MUST BEAR ECONOMIC RISKS OF SUCH AN INVESTMENT. YOU SHOULD NOT TREAT THE CONTENT OF THESE DOCUMENTS AS ADVICE RELATING TO LEGAL, TAXATION OR INVESTMENT MATTERS AND ARE ADVISED TO CONSULT THEIR OWN PROFESSIONAL ADVISERS CONCERNING THE SUBSCRIPTION OF THE TIAS OR TOKENS OR BOTH AND CONSEQUENCES THEREOF. ACCORDINGLY, YOU SHOULD INFORM YOURSELF AS TO (A) THE POSSIBLE TAX CONSEQUENCES, (B) THE LEGAL REQUIREMENTS, AND (C) ANY FOREIGN EXCHANGE RESTRICTIONS OR EXCHANGE CONTROL REQUIREMENTS, WHICH THEY MIGHT ENCOUNTER UNDER THE LAWS OF THE COUNTRIES OF THEIR CITIZENSHIP, RESIDENCE OR DOMICILE AND WHICH MIGHT BE RELEVANT TO THE SUBSCRIPTION, HOLDING OR DISPOSAL OF TIAS OR TOKENS.

#### **NOTICE TO RESIDENTS OF HONG KONG**

THE TIAS OR TOKENS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32 OF THE LAWS OF HONG KONG) (“**COMPANIES ORDINANCE**”) OR WHICH DO NOT CONSTITUTE AN INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG) (“**SECURITIES AND FUTURES ORDINANCE**”), OR (II) TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER, OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A “PROSPECTUS” AS DEFINED IN THE COMPANIES ORDINANCE, AND NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE TIAS OR TOKENS MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUANCE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE



CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO INSTRUMENTS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" IN HONG KONG AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER. THE CONTENTS OF THIS DOCUMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THIS OFFERING. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS TIA, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

#### **NOTICE TO RESIDENTS OF ISRAEL**

THIS TIA DOES NOT CONSTITUTE A PROSPECTUS UNDER THE ISRAELI SECURITIES LAW, 5728-1968, AND HAS NOT BEEN FILED WITH OR APPROVED BY THE ISRAEL SECURITIES AUTHORITY. THIS TIA HAS NOT BEEN APPROVED FOR PUBLIC OFFERING BY THE ISRAELI SECURITIES AUTHORITY AND IS BEING OFFERED TO A LIMITED NUMBER OF INVESTORS WHO QUALIFY FOR THE OFFERING. THIS TIA MAY BE DISTRIBUTED TO ISRAELI RESIDENTS ONLY IN A MANNER THAT WILL NOT CONSTITUTE AN "OFFER TO THE PUBLIC" IN ACCORDANCE WITH SECTIONS 15 AND 15A OF THE SECURITIES LAW 1968 AND REGULATIONS PURSUANT THERETO. THIS TIA MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE. ANY QUALIFIED INVESTOR AS DEFINED UNDER THE ISRAEL SECURITIES LAW WHO SUBSCRIBES TO PURCHASE A TIA IS SUBSCRIBING TO SUCH AN INTEREST FOR HIS OWN BENEFIT AND ACCOUNT AND NOT WITH THE AIM OR INTENTION OF DISTRIBUTING OR OFFERING SUCH AN INTEREST TO OTHER PARTIES.

#### **NOTICE TO RESIDENTS OF JAPAN**

THE TIAS ARE BEING OFFERED TO A LIMITED NUMBER OF QUALIFIED INSTITUTIONAL INVESTORS (TEKIKAKU KIKAN TOSHIBA, AS DEFINED IN THE SECURITIES EXCHANGE LAW OF JAPAN (LAW NO. 25 OF 1948, AS AMENDED)) AND/OR A SMALL NUMBER OF INVESTORS, IN ALL CASES UNDER CIRCUMSTANCES THAT WILL FALL WITHIN THE PRIVATE PLACEMENT EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES EXCHANGE LAW AND OTHER RELEVANT LAWS AND REGULATIONS OF JAPAN. AS SUCH, THE TIAS OR TOKENS HAVE NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE SECURITIES EXCHANGE LAW OF JAPAN. ANY PURCHASER OF THE TIAS AGREES NOT TO RE-TRANSFER OR RE-ASSIGN THE TIAS TO ANYONE OTHER THAN NON-RESIDENTS OF JAPAN EXCEPT PURSUANT TO A PRIVATE PLACEMENT EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE SECURITIES EXCHANGE LAW AND OTHER RELEVANT LAWS AND REGULATIONS OF JAPAN.

#### **NOTICE TO RESIDENTS OF TAIWAN**

THIS OFFERING AND THE TIAS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS OF TAIWAN AND WILL NOT BE OFFERED OR SOLD WITHIN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE A PUBLIC OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE LAW OF TAIWAN THAT REQUIRES A REGISTRATION OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. NO PERSON OR ENTITY IN TAIWAN HAS BEEN AUTHORIZED TO



OFFER OR SELL TIAS IN TAIWAN. THE OFFER OF TIAS HAS NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS OF TAIWAN AND WILL NOT BE OFFERED OR SOLD WITHIN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE A PUBLIC OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE LAW OF TAIWAN THAT REQUIRES A REGISTRATION OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. NO PERSON OR ENTITY IN TAIWAN HAS BEEN AUTHORIZED TO OFFER OR SELL TPS OR TOKENS IN TAIWAN.

#### **NOTICE TO RESIDENTS OF UNITED ARAB EMIRATES**

THIS TIA IS NOT INTENDED, AND DOES NOT, CONSTITUTE A FINANCIAL PROMOTION, AN OFFER, SALE OR DELIVERY OF SHARES OR OTHER SECURITIES UNDER THE LAWS OF THE UAE. THE TIAS OR TOKENS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE LAWS OF THE UNITED ARAB EMIRATES ("UAE"). BY RECEIVING THIS TIA, THE PERSON OR ENTITY TO WHOM IT HAS BEEN ISSUED UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT NONE OF THE SECURITIES OR THIS TIA HAS BEEN APPROVED BY OR FILED WITH THE UAE CENTRAL BANK, THE UAE SECURITIES AND COMMODITIES AUTHORITY ("SCA") OR ANY OTHER FEDERAL OR EMIRATE-LEVEL AUTHORITY IN THE UAE OR THE REGULATORY AUTHORITIES IN ANY OF THE FREE ZONES ESTABLISHED IN THE UAE, NOR HAS SELLER RECEIVED AUTHORIZATION OR LICENSING FROM THE UAE CENTRAL BANK, THE SCA OR ANY OTHER FEDERAL OR EMIRATE LEVEL AUTHORITY IN THE UAE OR THE REGULATORY AUTHORITIES IN ANY OF THE FREE ZONES ESTABLISHED IN THE UAE TO MARKET OR SELL SECURITIES OR OTHER INVESTMENTS WITHIN THE UAE. NO MARKETING OF ANY FINANCIAL PRODUCTS OR SERVICES HAS BEEN OR WILL BE MADE FROM WITHIN THE UAE OTHER THAN IN COMPLIANCE WITH THE LAWS OF THE UAE AND NO SUBSCRIPTION TO ANY SECURITIES OR OTHER INVESTMENTS MAY OR WILL BE CONSUMMATED WITHIN THE UAE. THE TIAS MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY TO THE PUBLIC IN THE UAE. THIS TIA DOES NOT CONSTITUTE A PUBLIC OFFER OF SECURITIES IN THE UAE IN ACCORDANCE WITH THE COMMERCIAL COMPANIES LAW, FEDERAL LAW NO. 2 OF 2015 (AS AMENDED) OR OTHERWISE.



**Schedule E**

**Glossary of Defined Terms**

The following table lists the initial capitalized words that have been defined herein and the Section of this TIA where such definition is located. Unless otherwise cross-referenced to a specific Schedule, the below references are to a Section of the main body of the Agreement.

<b>Term</b>	<b>Section</b>
\$	11(i)
AAA	11(d)
Account	3(c)
Adjusted Release Schedule	3(d)
Amendment	11(g)
Australia Act	Schedule D
BTC	2(b)(iii)
Business Day	11(i)
BVI	Schedule D
CFTC	9 of Schedule C
Chainweaver	5(d) of Schedule C
Chainweb	5(a) of Schedule C
close associate	11(i)
Closing	1
Companies Ordinance	Schedule D
CoinList	2(b)(i)
CoinList Wallet	2(c)
D-Apps	6(c)
Disqualified Jurisdictions	Schedule D
Escrow	2(g)
Escrow Agent	2(g)
ETH	2(b)(iii)
Exchange Act	23 of Schedule B



Expiration Date	1
FinCEN	9 of Schedule C
Fork	14 of Schedule B
Founders	7 of Schedule C
Halving	4(c) of Schedule C
Halving Period	4(c) of Schedule C
Hybrid Blockchain Applications	2(g) of Schedule C
ICOs	9 of Schedule C
immediate family member	11(i)
Initial Closing	1
International Offering	1
International TPAs	1
IRS	9 of Schedule C
JP Morgan	7 of Schedule C
Kadena Group	9(a)
Kadena Parent	9(a)
Kadena Public	3(b)
Kuro	5(c) of Schedule C
KYC/AML Laws	2(b)(i)
Launch Failure	3(f)
Law(s)	3(c)
License Agreement	5 of Schedule C
Mainnet	2(c) of Schedule C
Miner Allocation	4(a)(i) of Schedule C
miners	2(b) of Schedule C
No Flowback Period	12 of Schedule B
Non-U.S. Bank	8(j)
Notional Subscription Amount	2(f)
OFAC	8(j)



OFAC Regulations	8(j)
Offering	1
Official Site	1
Our	Intro
Outside Date	3(f)
Pact	5(b) of Schedule C
Person	11(i)
Platform	1
Platform Reserve	4(a)(iii) of Schedule C
Platform Use Restriction	4(d) of Schedule C
Pre-Launch Allocation	4(a)(ii) of Schedule C
Public Launch	1
Public Launch Date	3(a)
Regulation S	23 of Schedule B
Regulatory Fix	27 of Schedule B
Regulatory Impediment	27 of Schedule B
Release Schedule	3(c)
Rule 144	3(e)
Rule 144 Information	3(e)
SAR	8(j)
SAFTs	6(b) of Schedule C
SCA	Schedule D
scaling	1
SEC	1
SEC Framework	24 of Schedule B
Securities Act	1
Securities and Futures Ordinance	Schedule D
Seller	Intro
Seller Indemnitees	10



senior foreign political figure	11(i)
Series A SAFTs	6(b) of Schedule C
Series B SAFTs	6(b) of Schedule C
SIBA	Schedule D
Stuart	7 of Schedule C
Subscribed Tokens	2(a)
Subscription Amount	2(a)
Telegram	24 of Schedule B
Telegram Enforcement Action	24 of Schedule B
Testnet	2(c) of Schedule C
TIA	Intro
Token	1
Token Purchase Price	2(a)
Transfer	8(h)
TTS	12 of Schedule B
UAE	Schedule D
U.S.	11(i)
us	Intro
USA Patriot Act	8(j)
USD	11(i)
USDC	2(b)(iii)
we	Intro
Will	7 of Schedule C
you	Intro