

SocialFlow, Inc.



Confidential Private Placement Offering Memorandum

***Purchase Rights for SocialFlow Tokens pursuant to
Simple Agreement for Future Equity***

This Confidential Private Placement Offering Memorandum (this "**Memorandum**") has been prepared by SocialFlow, Inc. ("**SocialFlow**," "**the Company**," "**we**," "**us**" and "**our**") for use by certain qualified prospective investors to whom SocialFlow, Inc. is offering (the "**Offering**") the opportunity to purchase the right to acquire in the future, pursuant to a Simple Agreement for Future Equity, in substantially the form attached hereto as Exhibit A (as may be amended, restated and/or otherwise modified from time to time, the "**SAFE**" and, together with the SocialFlow Tokens, the "**Securities**"), shares of Series C-1 Preferred Stock ("**Series C-1**") of SocialFlow, Inc., par value \$0.0001 per share, or SocialFlow Tokens, which are digital securities accounted for on a blockchain-based computer network (the "**SocialFlow Tokens**").

None of the Securities and Exchange Commission (the "SEC"), any state securities commission, any foreign securities authority or any other federal, state or foreign regulatory authority has approved or disapproved of these Securities or determined if this Memorandum is truthful or complete. Any representation to the contrary is unlawful and may be a criminal offense.

No action has been taken in any jurisdiction to permit a public offering of the Securities.

Investing in the Securities involves a high degree of risk. You should carefully consider the risks summarized under "Risk Factors" of this Memorandum for a discussion of important factors you should consider before purchasing Securities.

Sales of these Securities will commence on approximately [August 21, 2018] and will expire and terminate upon the earlier to occur of (i) the date on which the maximum placement amount has been subscribed for and accepted by the Company and a final closing is conducted or (ii) at the sole discretion of the Company.

This Memorandum has been prepared by the Company solely for use by the prospective investors of the SAFEs and all information contained herein, including in the SAFE, shall be maintained in strict confidence. Each recipient hereof acknowledges and agrees that (i) the contents of this Memorandum and the SAFE constitute proprietary and confidential information, (ii) the Company and its affiliates derive independent economic value from such confidential information not being generally known, and (iii) such confidential information is the subject of reasonable efforts to maintain its secrecy. The recipient further agrees that the contents of this Memorandum and the SAFE contain trade secret information, the disclosure of which is likely to cause substantial and irreparable competitive harm to the Company. Any reproduction or distribution of this Memorandum and/or the SAFE, in whole or in part, or the disclosure of their contents, without the prior written consent of the Company, is prohibited. Each person who has received this Memorandum and/or the SAFE is deemed to agree to return this Memorandum and/or the SAFE to the Company upon request. The existence and nature of all conversations regarding the Company and this offering must be kept confidential.

This Memorandum has been prepared in connection with the Offering. To purchase Securities, each investor will, among other things, be required to execute a SAFE and qualify as an accredited investor, which, for natural persons, means investors who meet certain minimum annual income or net worth thresholds as set forth in Regulation D promulgated under Section 4(a)(2) of the United States Securities Act of 1933, as amended (the "**Securities Act**"). Certain information, financial and otherwise, of prospective investors must be disclosed in order for the Company to, among other things, verify that such investors are accredited investors, for purposes of the Offering to comply with the exemption under Rule 506(c) of Regulation D.

This Memorandum contains a summary of the SAFE, the SocialFlow Tokens, the Series C-1 and certain other documents referred to herein. However, the summaries in this Memorandum do not purport to be complete and are subject to and qualified in their entirety by reference to the actual text of the relevant document, copies of which will be provided to each prospective investor upon request. Each prospective investor should review this Memorandum, the SAFE, and any related documents for complete information concerning the rights, privileges and obligations of SAFE investors. If any of the terms, conditions or other provisions of the SAFE or such other documents are inconsistent with or contrary to the descriptions or terms in this Memorandum, the SAFE or such other documents shall control. The Company reserves the right to modify the terms of the Offering, the SAFE and the SocialFlow Tokens described in this Memorandum, and the SAFEs are offered subject to the Company's ability to reject any commitment in whole or in part.

The SAFEs have not been and will not be registered under the Securities Act or any United States state securities laws or the laws of any foreign jurisdiction. The SAFEs will be offered and sold under the exemption provided by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder and other exemptions of similar import in the laws of the states and other jurisdictions where the offering will be made. The Company will not be registered as an investment company under the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"). Consequently, investors will not be afforded the protections of the Investment Company Act.

WARNING: The contents of this Memorandum and/or the SAFE have not been reviewed by any regulatory authority in the United States or any other jurisdiction. You are advised to exercise caution in relation to the offer. The restrictions listed in this Memorandum and/or the SAFE must not be taken as definitive guidance as to whether the SAFE can be offered in a jurisdiction. Additional restrictions on offering, selling or holding of the SAFE may apply in other jurisdictions. If you are in any doubt about the contents of this document, you should obtain independent professional advice.

The SAFEs described in this Memorandum are subject to restrictions on transferability and resale and may not be transferred or resold. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

An investment in the SAFE involves a high degree of risk, volatility, and illiquidity. A prospective investor should thoroughly review the information contained herein and the terms of the SAFE, and carefully consider whether an investment in the SAFE is suitable to the investor's financial situation and goals.

No person has been authorized to make any statement concerning the Company or the sale of the SAFEs discussed herein other than as set forth in this Memorandum, and any such statements, if made, must not be relied as having been authorized by the Company. Moreover, purchasers are advised that they should rely solely on the information contained in this Memorandum in considering whether to invest in the Securities. The Company takes no responsibility for, and can provide no assurance as to the reliability of, any information that has been provided to potential purchasers outside of this Memorandum.

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

This Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, an interest in any jurisdiction in which it is unlawful to make such an offer or solicitation. Neither the United States Securities and Exchange Commission (the "**SEC**") nor any other federal, state, or foreign regulatory authority has approved an investment in the SAFE. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Memorandum, nor is it intended that the foregoing authorities will do so. Any representation to the contrary is a criminal offense. By their participation in the Offering, purchasers will be deemed to have agreed that their participation will constitute their representation, warranty, acknowledgement and agreement to all of the statements about purchasers under the section titled "Notice to Purchasers." Potential purchasers should carefully read that section of this Memorandum.

Investments in the SAFE are denominated in U.S. dollars (\$), and investors may tender U.S. dollars, Bitcoin, Ether and any other currencies or digital assets specifically authorized by us in exchange for the SAFE. Such currencies and digital assets are subject to any fluctuation in the rate of exchange and, in the case of digital assets, the exchange valuations. Such fluctuations may have an adverse effect on the value, price or income of an investor's investment.

Cautionary Statements Regarding Forward-Looking Statements

Certain statements in this Memorandum constitute forward-looking statements. In some cases, you can identify forward-looking statements by words such as “may,” “will,” “should,” “project,” “anticipate,” “believe,” “estimate,” “intend,” “expect,” “continue,” “potential,” “predict,” “plan,” and similar expressions or the negatives thereof.

Any forward-looking statements in this Memorandum, including the intended actions and performance objectives of the Company, reflect our views as of the date hereof with respect to future events or our future financial performance and involve known and unknown risks, uncertainties, and other important factors that could cause the actual results, performance, or achievements of the Company in its development of the Token System (as such term is defined below) to differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed in the section of this Memorandum titled “Risk Factors.” Given these uncertainties, you should not place undue reliance on these forward-looking statements. No representation or warranty is made as to future performance or such forward-looking statements. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions, or circumstances on which any such statement is based, even if new information becomes available in the future. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Memorandum.

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

Further, investors are cautioned that certain terms and phrases of common usage within the blockchain industry may appear to be confusing to those unfamiliar with such usage.

TABLE OF CONTENTS

COMPANY OVERVIEW..... 1
DIRECTORS AND MANAGEMENT 3
TERMS OF THE PURCHASE RIGHTS AND THE SAFES 5
RISK FACTORS 9
USE OF PROCEEDS.....22
PLAN OF DISTRIBUTION.....23
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR U.S.
TAXPAYERS27

THIS OFFERING IS LIMITED SOLELY TO ACCREDITED INVESTORS AS SUCH TERM IS DEFINED IN REGULATION D UNDER THE SECURITIES ACT. ONLY PERSONS OF ADEQUATE FINANCIAL MEANS WHO HAVE NO NEED FOR PRESENT LIQUIDITY WITH RESPECT TO THIS INVESTMENT SHOULD CONSIDER PURCHASING THE PURCHASE RIGHTS SET FORTH IN THE SAFE OFFERED HEREBY BECAUSE: (I) AN INVESTMENT IN THE SAFES INVOLVES A NUMBER OF SIGNIFICANT RISKS (SEE “RISK FACTORS”); AND (II) NO MARKET FOR THE SAFES OR THE PURCHASE RIGHTS CONTAINED THEREIN CURRENTLY EXISTS, AND NO SUCH MARKET IS LIKELY TO DEVELOP IN THE REASONABLY FORESEEABLE FUTURE. THIS OFFERING IS INTENDED TO BE A PRIVATE OFFERING THAT IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

COMPANY OVERVIEW

Overview of SocialFlow

The Company is a Delaware corporation, incorporated on October 14, 2009. SocialFlow provides social media distribution and monetization for top media companies and publishers. SocialFlow is exploring opportunities for novel applications of blockchain technology in the media space.

Summary of SocialFlow Tokens

SocialFlow Tokens are shares of non-voting preferred stock of the Company which are digital securities accounted for on a blockchain-based network in accordance with the provisions of the Delaware General Corporation Law. The Company intends to develop and maintain a technology platform on which the SocialFlow Tokens are to be created and maintained (the “**Token System**”).

Summary of UATs and the SocialFlow UAT System

The Universal Attention Token (the “UAT”) is intended to be designed for use within the SocialFlow ecosystem (the “SocialFlow UAT System”), which is intended to be a platform to track user attention as it flows to publishers of creative content within the SocialFlow ecosystem. The UAT creates a new advertising paradigm that will deliver a better user experience and deliver greater value to publishers—while preserving the ability of advertisers to reach prospective customers.

Potential Future Competitive Landscape

The interactive advertising space has a growing list of proposed solutions that will leverage blockchain technology, and it is reasonable to assume that many others will be announced.

Multiple solutions that have been announced recently, including AdChain, AdEx, AdShares, Basic Attention Token (Brave), Invisibly, and Tern.io. We believe these solutions validate the importance of the space.

SocialFlow plans to differentiate itself based on our knowledge of publishing economics, our relationship with existing publishers, and the referral traffic from almost 1 billion clicks per month, and more than 2.6 billion unique devices.

Prior SAFE and Stock Sales

The Company intends to reserve up to 500,000,000 SocialFlow Tokens (out of an expected 1,000,000,000 SocialFlow Tokens anticipated to be available) for issuance to existing investors, employees, and partners, pursuant to warrants, options, or other rights. Since incorporation in 2009, SocialFlow has raised a total of \$31,675,000 in three rounds of equity financing.

Legal Proceedings

From time to time, we may be involved in legal proceedings and claims that arise in the course of our business activities. The results of such legal proceedings and claims cannot be predicted with certainty, and, regardless of the outcome, legal proceedings could have an adverse impact on our business or the development of the Token System or the SocialFlow UAT System due to defense and settlement costs, diversion of resources and other factors.

Intellectual Property Matters

From time to time, the Company may be the target of patent infringement suits, typically brought by so-called non-practicing entities (commonly known as patent trolls). Although these suits must be taken seriously, and the Company intends to defend itself vigorously, suits involving non-practicing entities often involve non-material monetary settlements.

At this time, the Company is not aware of any patent infringement suits against it, or contemplated to be brought against it, which could have significant effects on its financial position.

DIRECTORS AND MANAGEMENT

MANAGEMENT:

Jim Anderson – Chief Executive Officer

Jim has more than 20 years of experience developing, productizing and selling both B2B and B2C technology solutions. Prior to SocialFlow, Jim was the Chief Operating Officer of Virtue, where he was instrumental in building the team, products and customer relationships that led to the acquisition of Oracle. Prior to that he spent 10 years leading the development of consumer-facing experiences for EarthLink/MindSpring.

Frank Speiser – Chief Product Officer and Co-Founder

Frank is a visionary technologist who uses applied mathematics, language analysis, and technology to develop SocialFlow algorithms. His understanding of social media data led to a new perception of the value of attention on social networks. Prior to SocialFlow, Frank was the Managing Director of Spectrum Data Technologies, a New York-based consulting firm, and served as the CTO of HEAVY and later, TAKKLE. He has been an advisor to companies who have exited successfully to AOL, Airbnb and Zynga.

Sam Kaufman – Chief Technology Officer

Sam leads the technology team to develop innovative software products that maximize ROI in social media marketing. Previously, he was responsible for launching interactive apps at Dow Jones, UrbanDaddy and NextNewNetworks.

Michann Thompson – Chief Financial Officer

Michann leads finance and key operational processes across the Company, including HR, performance metrics, compliance, and contract management. Prior to joining SocialFlow, she spent over 15 years managing finance and operations in a diverse variety of sectors, including healthcare and banking.

Stephanie Fossan – Senior Vice President, Strategy

Stephanie has 18 years of experience developing consumer and business-related technologies and products. At SocialFlow, she is building out the strategic growth plan around our blockchain capabilities and our unique AttentionStream product offering.

Michael Henry – Senior Vice President, Sales

Michael manages the sales team. His experience includes 10 years at ON24, leading North America sales of cloud-based solutions for webcasting and virtual communications. He also co-founded a retail tech start-up that attracted over \$1M in angel funding.

Maura Daily – Vice President, Marketing

With over a decade of digital marketing experience, Maura loves the pace and innovation of being a part of the digital revolution. Prior to SocialFlow, Maura was director of marketing for PointRoll (now Sizmek) and held both agency & brand side roles. Maura is a past board member of the Philadelphia Interactive Marketing Association.

Gururaj Hathwar – Vice President, Engineering

Guru manages the development and release of software for SocialFlow, leading the team of developers as well as being a senior software engineer himself. He has been a software professional for over 10 years, having previously worked in Citigroup, Bowker and VWR, building solutions for enterprises and consumers.

Joe Paperello – Vice President, Engineering

Joe leads engineering of new product efforts at SocialFlow, from research and development to early stage architecting, development, and release. Previously, Joe worked in FinTech at an algorithm block trading company.

Shannon Smith – Vice President, Sales

Shannon leverages a diversified background in sales, marketing and business development to enhance business performance, grow revenues and gain market share. Previously he ran the U.S. office for RedEye, a UK based behavioral data and remarketing company. Shannon holds an MBA from Babson.

DIRECTORS:

Jim Anderson – Chief Executive Officer

Jim has more than 20 years of experience developing, productizing and selling both B2B and B2C technology solutions. Prior to SocialFlow, Jim was the Chief Operating Officer of Virtue, where he was instrumental in the building the team, products and customer relationships that led to the acquisition of Oracle. Prior to that he spent 10 years leading the development of consumer-facing experiences for EarthLink/MindSpring.

Josh Auerbach — On Behalf of Betaworks Studios

Mr. Auerbach is a Startup Advisor with Auerbach Digital Ventures, LLC and a Venture Partner with Betaworks Studio. He previously served in roles with SpokenLayer, Digg, and Quantcast.

Chris Davis – Partner, Gefinor Capital

Mr. Davis has over 18 years of professional experience in the investment banking, private equity and venture capital industries. Since March 2003, Mr. Davis has worked in the private equity and venture capital operations of the Gefinor Group

Sarah Fay – Independent Director

Sarah is Managing Director of Glasswing Ventures, an early stage venture capital firm. She has served as Independent Director on the Boards of public and private technology and digital media companies such as J2 Global, Celtra, SocialFlow, The Street (Nasdaq:TST), Women's Marketing, Inc. (acquired by Stephens Inc.), and [X+1] (acquired by Rocket Fuel).

Jordan Levy — On Behalf of SoftBank Capital

Mr. Levy has built successful technology companies from the beginning with specific emphasis on development of sales, marketing and human resources. Specialties: Building and growing profitable companies and assisting management in building strong teams.

Rudina Seseri — On Behalf of Fairhaven Capital Partners

Ms. Seseri is Founder and Managing Partner of Glasswing Ventures, an early stage venture capital firm. In her prior role as Partner at Fairhaven Capital, she made investments in Artificial Intelligence powered solutions in enterprise SaaS, marketing and sales technologies and IoT/Robotics platforms. She also serves as an Entrepreneur-In-Residence at the Harvard Business School.

TERMS OF THE PURCHASE RIGHTS AND THE SAFES

The summary below describes the principal terms of the SAFEs and the rights to purchase SocialFlow Tokens contained therein. Certain of the terms and conditions described below are subject to important limitations and exceptions. Prospective investors should review the SAFE in its entirety, attached hereto as Exhibit A. The summary below is qualified in its entirety by reference to the actual text of the form of SAFE.

<i>Company:</i>	SocialFlow, Inc. (the " Company ")
<i>Securities:</i>	A SAFE providing its holder the right to acquire in the future certain number of SocialFlow Tokens, if so issued pursuant to a Digital Token Offering (as defined below) or Series C-1 Preferred Stock pursuant to an Equity Financing (as defined below). Each investor must be an accredited investor, as defined in Regulation D under the Securities Act of 1933, as amended (the " Securities Act ").
<i>Offering Size:</i>	Up to \$5,000,000.00 in SAFES.
<i>Form of Payment for SAFE:</i>	U.S. dollars, bitcoin, ether
<i>Use of Proceeds:</i>	At present, the net proceeds of the Offering are expected to be used to fund the maintenance and development of the SocialFlow UAT System and the Token System, with the remainder to be used for general and administrative expenses (including personnel-related costs), capital expenditures and working capital and other general corporate purposes. The failure by the Company's management to apply these funds effectively could have a material adverse effect on the Company and the value of the Securities.
<i>Conversion:</i>	Upon a Digital Token Financing, which is a bona fide transaction or series of transactions with the principal purpose of raising capital, pursuant to which the Company issues and sells SocialFlow Tokens with an aggregate sale of not less than \$1,000,000 (a " Digital Token Financing "). If the Company does not consummate a Digital Token Financing within one year from the date of the first closing, the Company will instead automatically issue Series C-1 Preferred Stock, par value \$0.0001 per share (the " Series C-1 Financing ").
<i>Conversion Price:</i>	Each SAFE will convert into (i) SocialFlow Tokens at 80% of the price per share of the SocialFlow Tokens sold in the Digital Token Financing or (ii) shares of Series C-1 at \$0.7709 per share, the price per share of the Series C-1, subject to appropriate adjustments in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series C-1.
<i>Tender Offer</i>	To the extent approved by the board of directors of the Company, the Company may conduct a Token buy-back at least once per calendar year, which shall only apply to the holders of the SocialFlow Tokens.

The SAFE shall terminate upon the earlier of (i) a Digital

Termination: Token Financing, Series C-1 Financing or a Liquidation Event (as defined in the SAFE); or (ii) the payment or setting aside of payment of amounts due to the Investor upon a Liquidity Event or a Dissolution Event (as defined in the SAFE), which shall include (a) a voluntary termination of operations of the Company, (b) a general assignment for the benefit of the Company's creditors or (c) any other liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

Priority of Payment: If there is a Dissolution Event before the SAFE expires or terminates, the Company will pay an amount equal to the Purchase Amount (as defined in the SAFE), due and payable to the investor immediately prior to, or concurrent with, the consummation of the Dissolution Event. The Purchase Amount will be paid prior and in preference to any Distribution (as defined in the SAFE) of any of the assets of the Company to holders of outstanding Capital Stock (as defined in the SAFE) by reason of their ownership thereof.

If, immediately prior to the consummation of the Dissolution Event, the assets of the Company that remain legally available for distribution to the investors, as determined in good faith by the Company's Board of Directors, are insufficient to permit the return to the Investors of their respective Purchase Amounts, then the remaining assets of the Company legally available for distribution will be distributed with equal priority and pro rata among the investors in proportion to the Purchase Amounts they would otherwise be entitled to receive.

Amendments: The Company reserves the right to amend the terms of the Securities at any time during the Offering prior to the closing of the Offering. Amendments to the SAFE after such time shall be made upon the mutual written consent of the Company and holders of a majority of the purchased amounts under all outstanding SAFEs at the time of such amendment.

Documentation: Purchase and sale of the rights shall be on the terms and conditions set forth in the SAFE, which will contain certain representations, warranties and covenants of the Company and the Investors, closing conditions and other provisions. In order to receive the SocialFlow Tokens or shares of Series C-1 issuable upon conversion of the SAFE, the investors must execute financing documents related to the respective financing.

Transferability: The SAFEs and our SocialFlow Tokens will be "Restricted Securities" under Rule 144 under the Securities Act ("Rule 144") and subject to legal, as well as contractual, transfer restrictions. In any case, holders of our SocialFlow Tokens will not be able to transfer such SocialFlow Token until such Company has registered such SocialFlow Token under the Securities Act or such SocialFlow Token has qualified for an exemption, which may include designation or creation by the Company of a trading market or explicitly authorization of peer-to-peer transfers. Peer-to-peer transfers will not be permitted unless and until holders of our SocialFlow Tokens are notified

otherwise by the Company and informed of the requirements and conditions to do so.

Affiliates of a company, including persons who were affiliates of such company at any time during the 90 days prior to the sale of that company's securities (collectively, "Affiliates") often rely on Rule 144 in order to publicly resell securities of that company.

The Company does not expect Rule 144 to ever be available for resales of the SocialFlow Tokens by Affiliates of the Company. As a result, Affiliates of the Company that acquire our SocialFlow Tokens should expect to hold the same indefinitely.

Governing Law:

The SAFEs will be governed by the law of the State of Delaware. The SocialFlow Tokens will be governed by the law of the State of Delaware.

Series C-1 Preferred Stock

The Series C-1 Preferred Stock rank *pari passu* with the shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred stock (collectively with the Series C-1 Preferred Stock, the "Preferred Stock") and senior to the Common Stock of the Company ("Common Stock") with respect to dividends and payment upon Liquidation Events (as defined in the Company's Sixth Amended and Restated Certificate of Incorporation). The original issue price of the Series C-1 Preferred Stock is \$0.7709 per share. The Series C-1 Preferred Stock has a 1x liquidation preference and is non-participating preferred stock.

The Series C-1 Preferred Stock are convertible into shares of Common Stock at the option of the holder or automatically upon (i) an initial public offering pursuant to a registration statement on Form S-1 or Form SB-2 under the Securities Act with gross proceeds in excess of \$3.483 per share or (ii) upon the written consent or agreement of at least 75% of the outstanding shares of Preferred Stock (the "Requisite Holders"). Each share of Series C-1 Preferred Stock is convertible into one share of Common Stock, but the conversion ratio is subject to adjustment for certain dilutive issuances, splits and combinations.

The holders of Series C-1 Preferred Stock are entitled, together with the holders of Series C Preferred Stock, to elect one director to the Board of Directors. The holders of each share of Series C-1 Preferred Stock have the right to one vote for each share of Common Stock into which the Series C-1 Preferred Stock would then be converted.

The Series C-1 Preferred Stock are redeemable in three annual installments at a price per share of \$0.7709 (subject to adjustment for stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like) at

any time after July 1, 2020 upon the written request of the Requisite Holders.

RISK FACTORS

An investment in the Simple Agreement for Future Equity (“SAFE”) of SocialFlow Inc. (the “Company,” “we,” “us,” “our”) and the purchase of SocialFlow Tokens pursuant to the SAFE (the “Offering”) involves a high degree of risk. You should consider carefully the risks described below before making an investment decision. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Risks associated with an investment in the SocialFlow Tokens.

There is no assurance that purchasers of the SAFE will receive a return on their investment.

The investment in the SAFE is highly speculative and any return on an investment in the SAFE or the SocialFlow Tokens pursuant to the SAFE is contingent upon numerous circumstances, many of which (including legal and regulatory conditions) are beyond the Company’s control. There is no assurance that you will realize any return on your investment or that your entire investment will not be lost. For this reason, you should carefully read these risk factors and the SAFE and should consult with your own attorney, financial and tax advisors prior to making any investment decision with respect to the SAFE. You should only make an investment in the SAFE if you are prepared to lose the entirety of such investment.

We are a development stage company and have limited operating history in the blockchain space.

Your investment in the SocialFlow Tokens pursuant to this SAFE should be evaluated on the basis that our or any third party’s assessment of the prospects of the SocialFlow ecosystem may not prove accurate, and that we will not achieve our investment objectives. To date, we have focused on developing our business in social media distribution and monetization for publishers and exploring opportunities for novel applications of blockchain technology. As a result of the Company’s early stage development in this space, we have not yet generated revenue from any commercially available blockchain-based applications.

There can be no assurance that a buy back of the SocialFlow Tokens will ever occur and, if it fails to occur, you have no right to a refund or return on any portion of your investment.

While we currently intend to undertake a buy back, to the extent approved by the board of directors, at least once per calendar year, there can be no assurance that we will do so. Should we fail to conduct a buy back, either because (i) the UAT which are intended to be designed for use within the SocialFlow UAT System, which is intended to be a platform to track user attention as it flows to publishers of creative content within the SocialFlow ecosystem, does not generate sufficient funds to enable us to do so; or (ii) for any other reason, you will be left with only the SocialFlow Tokens. Consequently, you will have no right to have the Company repurchase such SocialFlow Tokens or to receive a refund or return on any portion of your investment.

The SocialFlow UAT System has not yet been developed and may never be developed.

The SocialFlow UAT System has not yet been developed by the Company, and there is no guarantee that it will be able to develop an operational platform. Significant funding, expertise of the Company’s management, time and effort will be required in order to develop and successfully launch the SocialFlow UAT System. The Company may have to make changes to the specifications of the SocialFlow UAT System for any number of reasons or the Company may be unable to develop the SocialFlow UAT System in a way that meets those specifications or any form of a functioning platform. It is possible that the SocialFlow UAT System will never be released. Furthermore, despite best efforts to develop and launch the SocialFlow UAT System and subsequently to develop and maintain the SocialFlow UAT System, it is possible that the SocialFlow UAT System will experience malfunctions or otherwise fail to be adequately developed or maintained. Consequently, your SocialFlow Tokens may not have any value.

If the Company is unable to issue SocialFlow Tokens, you may receive the Company’s Series C-1 Preferred Stock or you may also lose the entirety of your investment.

If the Company is unable to develop and maintain the technology and platform on which the SocialFlow Tokens are to be created and maintained (the “**Token System**”), the Company will not be able to issue SocialFlow Tokens. Similarly, if the Company is unable to consummate a Digital Token Financing (as defined in the SAFE) by within the first year from the date of the first close of this Offering, the Company will not issue SocialFlow Tokens. Instead, you will receive the Company’s Series C-1 Preferred Stock. However, as further described in the SAFE, if the Company has a Dissolution Event (as defined in the SAFE) prior to the expiration of the instrument, your investment amount will be returned to you with legally available funds. There is a risk that the Company will not have any available funds at the time of such distribution. You should only make an investment in the SAFE if you are prepared to lose the entirety of such investment.

The SocialFlow UAT System may not be widely adopted and may have limited users, and the Company may not successfully develop and market the SocialFlow UAT System.

It is possible that the SocialFlow UAT System will not be used by a large number of individuals, companies and other entities and/or that there will be limited public interest in the use of UAT on the SocialFlow UAT System. Such a lack of use and/or interest could materially and adversely impact the development of the SocialFlow UAT System and therefore the potential value of the Company’s SocialFlow Tokens.

We may need to secure additional funding and may be unable to raise additional capital on favorable terms, if at all.

We may need to secure additional funding to develop the SocialFlow Tokens and the Token System, to develop and maintain the SocialFlow UAT System and to market and sell our products and services related thereto, for working capital and in order to carry out our business plan. There are no assurances that we will be able to obtain such financing on commercially reasonable terms, or at all. If adequate funds are not available, then we may need to reduce or suspend our activities, including product development, marketing, planned expenditures and sales activities. If these risks occur, they could materially adversely impact our business, our financial condition, and our results of operation.

The SAFE may not be transferred and SocialFlow Tokens may not be resold, other than pursuant to an exemption under applicable securities laws.

The terms of the SAFE prohibit transfer of the SAFE. As a result, you will be required to hold your SAFE until the earlier of an offering of our SocialFlow Tokens, of the conversion of the SAFE into our Series C-1 Preferred Stock or the termination of the SAFE pursuant to the provisions set forth therein. You will be required to comply with applicable securities laws with respect to resales of such SocialFlow Tokens or Series C-1 Preferred Stock, which includes a one-year holding period for resales pursuant to Rule 144 of the Securities Act. Securities acquired by affiliates become subject to additional requirements under Rule 144 as “control securities.” Consequently, you must be prepared to bear the risk of an investment in the SAFE until the termination of the SAFE pursuant to the terms set forth therein. We have not yet undertaken any actions to list our SocialFlow Tokens on an exchange or alternative trading system and, therefore, the transferability of the SocialFlow Tokens may be limited.

There is no existing trading market for the SocialFlow Tokens.

The SocialFlow Token is a new digital security for which there is no established public market. Even if the Company registers the SocialFlow Tokens under the Securities Act or under a comparable foreign regulatory regime, there can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide the holders of the SocialFlow Tokens with liquidity of investment or that it will continue for the life of the SocialFlow Tokens. The liquidity of any market for the SocialFlow Tokens will depend on a number of factors, including, but not limited to: (i) the number of holders of the SocialFlow Tokens; (ii) the performance of the SocialFlow UAT System; (iii) the market for similar crypto securities; (iv) the interest of traders in making a market in the SocialFlow Tokens; (v) regulatory developments in the digital token or cryptocurrency industries and (vi) legal restrictions on transfer.

We rely on our management team and other key employees, and the loss of one or more key employees could harm our business. The failure to attract and retain additional qualified personnel could prevent us from executing our business strategy.

To successfully execute our business strategy, we must attract and retain highly qualified personnel with the technical skills and expertise needed to successfully develop and maintain the SocialFlow UAT System as well as the Company's products and services. While we have sought and continue to seek to retain and continue to competitively recruit experts, we expect to experience difficulty in hiring and retaining management, technical, scientific, research and marketing personnel with the appropriate training to develop and maintain the SocialFlow UAT System and the Company's products and services.

Investments in startups, including SocialFlow, involve a high degree of risk.

We face significant financial and operating risks typical of a startup. The startup market in which we compete is highly competitive, and the percentage of companies that survive and prosper is small. Startups often experience unexpected problems in the areas of product development, marketing, financing, and general management, among others, which frequently cannot be solved. In addition, startups may require substantial amounts of financing, which may not be available through institutional private placements, the public markets, or otherwise.

Further, if we undertake an equity financing or other issuance of capital stock in the future, you will experience immediate and substantial dilution, whether you hold SocialFlow Tokens or Series C-1 Preferred Stock. Because our decision to issue SocialFlow Tokens or other securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. As a result, the holders of our SocialFlow Tokens or Series C-1 Preferred Stock bear the risk of our future offerings reducing the value of the SocialFlow Tokens or Series C-1 Preferred Stock they hold and diluting their interest.

We may be forced to cease operations or take actions that result in our liquidation, dissolution or winding up.

It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of cryptographic and fiat currencies, our inability to maintain a viable SocialFlow UAT System, the failure of commercial relationships, or intellectual property ownership challenges, we may be forced to cease operations or take actions that result in a liquidation, dissolution or winding up.

We operate in an intensely competitive market that includes companies that have greater financial, technical and marketing resources than we do.

We face intense competition and are confronted by rapidly changing technology, evolving user needs and the frequent introduction by our competitors of new and enhanced services. We compete for digital advertising spending against a variety of competitors, including Google and Facebook. We also compete for supply of digital advertising inventory against a variety of competitors, including Google and Outbrain. Some of our existing and potential competitors are better established, benefit from greater name recognition, and have significantly more financial, technical, sales and marketing resources than we have. In addition, some competitors, particularly those with a more diversified revenue base, have greater flexibility than we have to compete aggressively on the basis of price and other contract terms. Our business may suffer to the extent that our customers purchase and sell digital advertising inventory through intermediaries other than us. In addition, as a result of services and offerings introduced by us or our competitors in the rapidly evolving and fluid digital advertising and eCommerce markets, our business will experience disruptions and changes in business models, which may result in our loss of customers. New competitors may emerge through acquisitions or through development of disruptive technologies. Strong and evolving competition could lead to a loss of our market share or compel us to reduce our pricing and could make it more difficult to grow our business profitably.

The market for digital advertising is changing and dependent on growth in various digital advertising channels and formats. If this market develops more slowly or differently than we expect, our business, growth prospects, results of operations and financial condition would be adversely affected.

While display advertising has been used successfully for many years, marketing online via brand direct focused messaging, is not as well established. The future growth of our business could be constrained by the level of acceptance and expansion of emerging digital advertising channels, as well as the continued use and growth of more established channels, such as desktop websites, and more established formats such as display advertising. In addition, as we push for the expansion and adoption of data science and blockchain technologies in the digital advertising industry, it will be important to the success of any such expansion for our customers' personnel to adopt our technology platform in lieu of today's standard programmatic digital advertising platforms. It is difficult to predict adoption rates, demand for our services, the future growth rate and size of the digital advertising services market or the entry of competitive services. Any expansion of the market for digital advertising services depends on a number of factors, including the growth of mobile, social media and video as advertising channels and the cost, performance and perceived value associated with digital advertising services. If the digital advertising market and the adoption of our current platform does not achieve or sustain widespread adoption, our competitive position will be weakened and our revenue and results of operations will decline.

We depend on sellers of advertising inventory for our customers that buy advertising inventory through our marketplace, and any decline in the supply of advertising inventory from these sellers could hurt our business.

We depend on sellers of advertising inventory to supply us with advertising inventory for our customers that buy advertising inventory through our marketplace. The sellers that supply advertising inventory to us typically do so on a non-exclusive basis and are not required to provide any minimum amounts of advertising inventory to us, or provide us with a consistent supply of advertising inventory. Sellers may seek to change the terms at which they offer inventory to us, or they may elect to make advertising inventory available to our competitors who are able to monetize their advertising inventory on more favorable terms. Supply of advertising inventory is also limited for some sellers, and sellers may request higher prices, fixed price arrangements or guarantees. In addition, sellers sometimes place significant restrictions on the sale of their advertising inventory. These restrictions may include security requirements, prohibitions on advertisements from specific advertisers or specific industries, or restrictions on the use of specified creative content or format.

If sellers do not make advertising inventory available to us, increase the price of inventory, or place significant restrictions on the sale of their advertising inventory, we may not be able to replace their inventory with inventory from other sellers that satisfies our requirements in a timely and cost-effective manner. In addition, significant sellers in the industry may enter into exclusivity arrangements with our competitors, which could limit our access to a meaningful supply of advertising inventory. Finally, some of our biggest competitors, such as Google and Facebook, own significant advertising inventory which is not or may not continue to be available to us on favorable terms, or at all. If any of this happens, the value of our technology platform, enterprise products and marketplace to buyers of advertising inventory could decrease and our revenue could decline or our cost of acquiring inventory could increase, lowering our operating margins.

We depend on demand for advertising inventory to allow our customers that sell advertising inventory to sell through our marketplace, and any decline in the demand for advertising inventory from these buyers could hurt the SocialFlow UAT System and our business, generally.

We depend on demand for advertising inventory to attract and allow customers that sell advertising inventory to sell through our marketplace. Our customers who buy advertising inventory through us typically do so on a non-exclusive basis and are not required to buy any minimum amounts of advertising inventory through us. Buyers may seek to change the terms at which they bid and purchase inventory through us, or they may elect to buy advertising inventory from our competitors who are able to provide them with advertising inventory on more favorable terms. Some buyers may have limited demand for advertising inventory. In addition, buyers sometimes place significant restrictions on their demand for advertising inventory. These restrictions may include restrictive security requirements, prohibitions on advertising on specific inventory or restrictions on the use of specified channels or formats.

If buyers do not purchase advertising inventory through us or place significant restrictions on their demand for advertising inventory, we may not be able to find other buyers that satisfy our sellers' requirements in a timely and cost-effective manner. In addition, significant buyers in the industry may enter into exclusivity arrangements with our competitors, which could limit our access to the demand for advertising inventory. Finally, some of our biggest

competitors, such as Google and Facebook, receive a significant demand for advertising inventory which may not be available to us on the same or favorable terms, or at all. If any of this happens, the value of our technology platform, enterprise products and marketplace to sellers of advertising inventory could decrease and our revenue could decline, lowering our operating margins.

The tax treatment of the SAFE, the purchase rights contained therein and the SocialFlow Tokens, is uncertain and there may be adverse tax consequences for you upon certain future events.

The tax characterization of the SAFE and the SocialFlow Tokens is uncertain. Transactions involving the SAFE or the SocialFlow Tokens that may be taxable to you include the purchase of the SAFE for consideration other than U.S. dollars, the issuance of SocialFlow Tokens pursuant to the SAFE, the use or other disposition of SocialFlow Tokens and the repayment of Purchase Amounts. Such tax consequences may include income taxes, withholding taxes and tax reporting requirements. In addition to carefully reviewing the discussion below “Certain United States Federal Income Tax Considerations,” you should consult with and must rely upon the advice of your own professional tax advisors with respect to the United States and non-U.S. tax treatment of an investment in the SAFE and the purchase rights contained therein. Even if the purchase of SocialFlow Tokens does not currently result in adverse tax consequences to you, future events may cause this change.

Accounting risks to the Company.

The accounting consequences related to the SAFE and the SocialFlow Tokens are uncertain, which could lead to incorrect reporting, classifications or liabilities. There is limited precedent for financial accounting of digital assets or securities. Furthermore, a change in regulatory or financial accounting standards could have negative consequences on the Company.

The SAFE does not confer any right of a shareholder of the Company. As a result, holders of the SAFE will not have any ability to influence corporate decisions.

Prior to conversion into SocialFlow Tokens or Series C-1 Preferred Stock, you will not be deemed a holder of shares of the Company for any purpose, nor will anything be construed to confer on you any of the rights of a shareholder of the Company. As a result, you will not be entitled to vote or receive dividends, or have the right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise.

The SocialFlow Tokens do not confer any voting or other governance rights. As a result, holders of SocialFlow Tokens will not have any ability to influence corporate decisions.

As a holder of SocialFlow Tokens, you will hold non-voting stock of the Company. As a result, except as otherwise required by law, you will not have the right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or otherwise.

Our management will have broad discretion over the use of the proceeds we receive in this Offering and might not apply the proceeds in ways that increase the value of your investment.

Our management will have broad discretion to use the net proceeds from this Offering, and you will be relying on the judgment of our management regarding the application of these proceeds. Our management might not apply the net proceeds in ways that increase the value of your investment. We intend to use the net proceeds for sales and marketing, research and development of the SocialFlow UAT System, the SocialFlow Tokens and the Token System and other general and administrative purposes. It is possible that the net proceeds from this Offering may be invested or applied in ways that will not enhance the value of the SocialFlow Tokens.

Repurchases of the SocialFlow Tokens may detract from the capital the Company could otherwise deploy to improve its business.

Following the issuance of the SocialFlow Tokens, if approved by the Board of Directors of the Company, the Company may repurchase the SocialFlow Tokens. Any capital used to repurchase the SocialFlow Tokens detracts from the capital available to the Company in developing its business. Diverting the funds from the Company's operations may put the Company at a significant disadvantage in comparison to its competitors who do not engage in repurchases. This disadvantage may have an adverse impact on the operations and financial conditions of the Company.

You should guard against third party access to wallets.

Any third party that gains access to or learns of your wallet login credentials or private keys may be able to dispose of your SocialFlow Tokens. Although the Company intends to utilize third party services to minimize this risk, you should still take measures to guard against unauthorized access to your electronic devices. Third party services use new technology and there is no guarantee that such technology will protect your wallet and your SocialFlow Tokens. Best practices dictate that you should safely store private keys in one or more backup locations geographically separated from the working location.

Risks associated with the SocialFlow UAT System

We may discover defects in the SocialFlow UAT System in the future that are currently unknown or currently do not exist, and we may not be able to detect or correct these defects before the SocialFlow UAT System is implemented.

We may discover defects in the SocialFlow UAT System in the future. We may not be able to detect and correct defects or errors before customers begin to use it. Consequently, we or our customers may discover defects or errors after the platform has been implemented. These defects or errors could also cause inaccuracies in the data we collect and process for our customers, or even the loss, damage or inadvertent release of such confidential data. Even if we are able to identify and repair defects in a timely manner, any history of defects or inaccuracies in the data we collect and store for our customers, or the loss, damage or inadvertent release of confidential data could cause our reputation to be harmed, and customers may elect not to purchase or renew their agreements with us. The costs associated with any material defects or errors in the SocialFlow UAT System or other performance problems may be substantial and could materially adversely affect our operating results.

Alternative networks may be established that compete with or are more widely used than the SocialFlow UAT System.

It is possible that alternative networks could be established that utilize the same or similar protocol underlying the SocialFlow UAT System and attempt to facilitate services that are materially similar to the services offered on the system. The introduction of these alternative networks and the potential entry of new competitors into the market could harm our ability to increase sales, which could negatively impact the SocialFlow UAT System and the value of our SocialFlow Tokens.

Risk of unfavorable fluctuation of Bitcoin, Ether and other currency value.

The initial proceeds of the Offering will be denominated in USD, Bitcoin or Ether, and converted into other cryptographic and/or fiat currencies. If the value of Bitcoin, Ether or other currencies fluctuates unfavorably during or after the Offering, the Company team may not be able to fund continued development, or may not be able to develop or maintain the SocialFlow UAT System in the manner that it intended. The Applicable Exchange Rate may result in proceeds that are less than originally anticipated if the value of Bitcoin, Ether or other currencies fluctuates downward during the time when the Applicable Exchange Rate is calculated, however such calculation may be either higher or lower in U.S. Dollars than when you initially purchase the SAFE pursuant to this Offering.

We may be involved in legal proceedings.

From time to time, we may be involved in legal proceedings. The results of such legal proceedings and claims cannot be predicted with certainty and, regardless of the outcome, legal proceedings could have an adverse impact on our business or the development of the SocialFlow UAT System due to defense and settlement costs, diversion of its management's time and attention, diversion of its resources and other factors.

The development and operation of the SocialFlow UAT System will require us to protect our intellectual property, whether developed or otherwise acquired.

The ability of the Company to develop and operate the SocialFlow UAT System may depend on its proprietary technology and/or intellectual property licensed from unaffiliated third parties. If the Company fails to protect such intellectual property rights adequately, its business could never develop. Consequently, this will have a material adverse effect on the Company's operations and financial condition and its ability to develop, enhance, and maintain the SocialFlow UAT System.

We rely on our intellectual property and proprietary rights, which provide only limited protection against potential infringers; we face a risk of litigation related to these rights.

The Company considers any technology that it develops to be proprietary. Our ability to compete depends in part upon our ability to protect our rights to the technology that we develop. The Company will also rely on trademark, copyright and trade secret law to protect its rights. However, these laws offer only limited protection. In addition, the laws of some countries do not protect proprietary rights to the same extent as the laws of the United States. As the number of blockchain products and services available to consumers increase and the uses of such products and services overlap, companies in the industry may become subject to additional intellectual property disputes. We may be required to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Such litigation could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation, could delay further sales or the implementation of our platform and offerings, impair the functionality of our platform and offerings, delay introductions of new features or enhancements, result in our substituting inferior or more costly technologies into our platform and offerings, or injure our reputation.

We may be accused of infringing intellectual property rights of third parties.

We have not evaluated whether our technology does not or will not infringe upon the intellectual property rights of any third party, and may be subject to claims of alleged infringement of the intellectual property rights of third parties. Such claims, even if not meritorious, may result in significant expenditure of financial and managerial resources, payment of damages or settlement amounts, and reduced confidence in the viability of the SocialFlow UAT System. We may receive notices that claim the Company has misappropriated, misused, or infringed other parties' intellectual property rights, and, to the extent the Company gains greater market visibility, the Company faces a higher risk of being the subject of intellectual property infringement claims. Companies in the technology industries, including some of the Company's current and potential competitors, own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. In addition, many of these companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. There may be third-party intellectual property rights that cover significant aspects of the Company's technologies or business methods. Any intellectual property claims could potentially subject the Company to significant liability for damages, potentially including treble damages if the Company is found to have willfully infringed patents or copyrights. These claims could also result in the Company having to stop using technology found to be in violation of a third party's rights. The Company might be required to seek a license of the intellectual property, which may not be available on reasonable terms or at all. Even if a license were available, the Company could be required to pay significant royalties, which would increase the Company's operating expenses. As a result, the Company may be required to develop alternative non-infringing technology, which could require significant effort and expense. If the Company cannot license or develop technology for any infringing aspect of the

Company's business, the Company would be forced to limit the continued development, growth or maintenance of the SocialFlow UAT System and may be unable to compete effectively.

The Company may be subject to increased cybersecurity risk.

The Company utilizes a substantial amount of electronic information. This includes transaction information and sensitive personal information of the investors and users of the SocialFlow UAT System. The service providers used by the Company, may also use, store, and transmit such information. The Company intends to implement detailed cybersecurity policies and procedures and an incident response plan designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. Breach of the Company's information system may cause information relating to the transactions of the Company and sensitive investor and user information be compromised to unauthorized third-parties.

The Company may be subject to increased data privacy risk.

The Company may be compelled to disclose personal information about an investor or multiple investors, or users of the SocialFlow UAT System, to federal and state government regulators or taxation authorities. Accordingly, certain information concerning investors or users of the SocialFlow UAT System may be shared outside of the Company.

Some of our code and protocols rely on open source code publicly available. The open-source structure of some of the SocialFlow UAT System protocols means that the SocialFlow UAT System may be susceptible to developments by users or contributors that could damage the SocialFlow UAT System and our reputation and could affect the utilization of the SocialFlow UAT System.

It is our intention that the SocialFlow UAT System will operate partially based on an open-source code maintained by the Company and other public contributors. The open-source nature of the SocialFlow UAT System will mean that it may be difficult for the Company or contributors to maintain or develop the SocialFlow UAT System and the Company may not have adequate resources to address emerging issues or malicious programs that develop within the SocialFlow UAT System adequately or in a timely manner. Third parties not affiliated with the Company may introduce weaknesses or bugs into the core infrastructure elements of the SocialFlow UAT System and open-source code which may negatively impact the SocialFlow UAT System. Such events may result in a loss of trust in the security and operation of the SocialFlow UAT System and a decline in user activity and could negatively impact the SocialFlow UAT System.

Our use of "open source" software could negatively affect our ability to offer the SocialFlow UAT System and subject us to possible litigation.

A substantial portion of the SocialFlow UAT System incorporates so-called "open source" software, and we may incorporate additional open source software in the future. Open source software is generally freely accessible, usable and modifiable. Certain open source licenses may, in certain circumstances, require us to offer the components of our platform that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of the particular open source license. If an author or other third party that distributes open source software we use were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, including being enjoined from the offering of the components of our platform that contained the open source software and being required to comply with the foregoing conditions, which could disrupt our ability to offer the affected software. We could also be subject to suits by parties claiming ownership of what we believe to be open source software. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition and require us to devote additional research and development resources to change our products.

Risks related to blockchain technology and digital assets.

The Company's business may be subject to complex and evolving U.S. and foreign laws and regulations regarding privacy, technology, data protection, blockchain technology, cryptocurrency, alternative trading

systems, and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to the Company's business practices, increased cost of operations or otherwise harm the Company's business.

The Company may be subject to a variety of laws and regulations in the United States and abroad that involve matters related to its business, including user privacy, blockchain technology, software, broker dealer, data protection and intellectual property, among others. These U.S. federal and state and foreign laws and regulations are constantly evolving and can be subject to significant change. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which the Company operates. The blockchain industry evolves quickly because of constant developments in technology, new products, and changes in customer demands. In this environment, other companies may modify their products or develop new technology which competes with the Company's technology. These modifications or developments may make the Company's products unmarketable or obsolete. This competition could damage the Company's business. There is no assurance that the Company can effectively counter this competition. Advances in the techniques of people utilizing blockchain technologies or creating new similar platforms and business models could require us to respond to new market situations. These changes and uncertain interpretation could result in claims, changes to the Company's business practices, and may require the Company to engage in expensive and complex research to rapidly develop new or improved technology or business models.

International operations may subject us to further challenges and risks, which could negatively impact our ability to develop, enhance and maintain the SocialFlow UAT System.

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

The regulatory regime governing blockchain technologies, cryptocurrencies, tokens, and token offerings is uncertain, and new regulations or policies may materially and adversely affect the development of the SocialFlow UAT System and the value of the SocialFlow Tokens.

Regulation of tokens (including the SocialFlow Tokens and UATs), token offerings, cryptocurrencies, blockchain technologies, and cryptocurrency exchanges is currently undeveloped and is likely to rapidly evolve, varies significantly among international, federal, state and local jurisdictions, and is subject to significant uncertainty. Various legislative and executive bodies in the United States and in other countries may in the future adopt laws, regulations, guidance, or other actions, which may severely impact the development and growth of the SocialFlow UAT System and the value of the SocialFlow Tokens. Failure by the Company to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines. As blockchain networks and blockchain assets have grown in popularity and in market size, federal and state agencies have begun to take an interest in and, in some cases, regulate their use and operation.

In the case of virtual currencies, state regulators like the New York Department of Financial Services, or NYDFS, have created new regulatory frameworks. For example, the NYDFS requires most businesses involved in digital currency business activity in or involving New York, excluding merchants and consumers, to apply for a license, commonly known as a “BitLicense,” from the NYDFS and to comply with anti-money laundering, cyber security, consumer protection, and financial and reporting requirements, among others. As an alternative to the BitLicense in New York, firms can apply for a charter to become limited purpose trust companies qualified to engage in digital currency business activity. Others, as in Texas, have published guidance on how their existing regulatory regimes apply to virtual currencies. Some states, like New Hampshire, North Carolina, and Washington, have amended their respective state statutes to include virtual currencies into existing licensing regimes. The process of ascertaining the applicability of state laws in all or most states will be expensive and time consuming. If applicable, the process of obtaining requisite licenses in each state will also be expensive and time consuming. There are very significant penalties for operating without a required license or otherwise violating applicable law in some states. Failure to obtain a state license in states where a license is required can be a crime. Accordingly, compliance with or failure to comply with the above requirements may have a material and adverse impact on the Company and the value of Investor’s investment.

Treatment of virtual currencies continues to evolve under federal law as well. The Department of the Treasury, the SEC, the U.S. Financial Crimes Enforcement Network, or FinCEN, and the Commodity Futures Trading Commission, or CFTC, for example, have published guidance on the treatment of virtual currencies. The IRS released guidance treating virtual currency as property that is not currency for U.S. federal income tax purposes, although there is no indication yet whether other courts or federal or state regulators will follow this classification for other (non-tax) purposes. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of existing laws. The regulation of the non-currency use of blockchain assets is also uncertain. The CFTC has publicly taken the position that certain blockchain assets are commodities, and the SEC has issued a public report stating federal securities laws require treating some blockchain assets as securities. FinCEN has taken the position that entities that exchange virtual currency for real currency, and “administrators” who engage in the business of issuing and putting into circulation a virtual currency and who have the authority to redeem or withdraw such virtual currency from circulation are “money transmitters” that must register with the agency as a money services business, or MSB. FinCEN requires that exchangers and administrators of virtual currencies must comply with regulations requiring MSBs to adopt an anti-money laundering program that satisfies the requirements of the Bank Secrecy Act and its implementing regulations, described in further detail below in the section of this Memorandum titled “Plan of Distribution—Other Requirements”. MSBs that are money transmitters are also required to file reports when a transaction is conducted by, at, or through the MSB that is suspicious and has a dollar value of \$2,000 or more. Civil and criminal penalties may be imposed for violations of FinCEN rules. Regardless of whether the Company is an MSB, there is a risk that convertible virtual currencies and the platforms on which they operate and are traded can be used to facilitate money laundering or terrorism financing. Company resources may be diverted to address anti-money laundering and anti-terrorism financing risks, and comply with applicable legal requirements to adopt an anti-money laundering program (or to defend lawsuits stemming from money laundering or terrorism financing). To the extent that a domestic government or quasi-governmental agency, including the CFTC and FinCEN, exerts regulatory authority over a blockchain network or asset, the SocialFlow UAT System and the SocialFlow Tokens and UATs may be materially and adversely affected.

Blockchain networks also face an uncertain regulatory landscape in many foreign jurisdictions such as the European Union, China and Russia. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect the SocialFlow UAT System. Such laws, regulations or directives may conflict with those of the United States or may directly and negatively impact the Company’s business. The effect of any future regulatory change is impossible to predict, but such change could be substantial and materially adverse to the development and growth of the SocialFlow UAT System and the value of the SocialFlow Tokens.

New or changing laws and regulations or interpretations of existing laws and regulations in the United States and in other jurisdictions may materially and adversely impact the liquidity of the SocialFlow Tokens, the ability to access marketplaces or exchanges on which to trade the SocialFlow Tokens, and the structure, rights and transferability of the SocialFlow Tokens.

If the Company is classified as a “money transmitter,” which is a type of money services business (“MSB”) under the Financial Crimes Enforcement Network (“FinCEN”) rules, the Company may be subject to the anti-money

laundering requirements (“AML”) and combating the financing of terrorism (“CFT”) requirements that apply to MSBs under the Bank Secrecy Act of 1970 (“BSA”).

Pursuant to a letter publicly released on March 6, 2018 from FinCEN to Senator Ron Wyden (D-OR), FinCEN states that, generally, a developer that sells convertible virtual currency, including in the form of initial coin offering coins or tokens, in exchange for another type of value that substitutes for currency, is a money transmitter and must comply with AML and CFT requirements. The letter indicates that coin and token offerings may vary and whether these requirements apply is a matter of the facts and circumstances of each case.

If the Company is classified as an MSB, it will need to register with FinCEN and comply with AML/CFT requirements of the BSA and its implementing regulations issued by FinCEN that apply to MSBs. If applicable, such registration and compliance by the Company may result in significant expense and delay in the issuance of SocialFlow Tokens and may materially and adversely affect the potential functionality of and demand for the UAT and the SocialFlow UAT System.

You may lack information necessary for monitoring your investment.

You may not be able to obtain all information you would want regarding the Company or the SocialFlow UAT System on a timely basis or at all. It is possible that you may not be aware on a timely basis of material adverse changes that have occurred with respect to your investment. While the Company has made efforts to use open-source development, this information may be highly technical by nature. As a result of these difficulties or other uncertainties, you may not receive accurate, accessible or timely information about the Company or the SocialFlow UAT System.

If the Company is unable to develop the SocialFlow UAT System in a way that satisfies data protection, security, privacy, and other government- and industry-specific requirements, its growth could be harmed.

There are a number of data protection, security, privacy and other government- and industry-specific requirements that may apply to the Company and the SocialFlow UAT System, including those that require companies to notify individuals of data security incidents involving certain types of personal data. Security compromises could harm the SocialFlow UAT System’s reputation, erode client confidence in the effectiveness of its security measures, negatively impact its ability to attract new clients, or cause existing clients to stop using the SocialFlow UAT System, any of which could negatively impact the development and functionality of the SocialFlow UAT System.

The further development and acceptance of blockchain platforms, including the SocialFlow UAT System, which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain networks and blockchain assets would have an adverse material effect on the successful development and adoption of the SocialFlow UAT System and the value of the SocialFlow Tokens.

The growth of the blockchain industry in general, as well as the blockchain networks on which the SocialFlow UAT System will rely, and with which it interacts, are subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency industry and of blockchain networks, include, without limitation:

- Worldwide growth in the adoption and use of Bitcoin, Ethereum and other blockchain technologies;
- Government and quasi-government regulation of Bitcoin, Ethereum, and other blockchain assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- The maintenance and development of the open-source software protocol of Ethereum-based or other cryptocurrency-based networks;
- Changes in investor tastes and preferences;

- The availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using fiat currencies or existing networks;
- General economic conditions and the regulatory environment relating to cryptocurrencies; or
- A decline in the popularity or acceptance of Bitcoin, Ether, or other blockchain-based tokens would adversely affect the Company's results of operations.

The slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of the SocialFlow UAT System or the value of the SocialFlow Tokens.

The prices of blockchain assets are extremely volatile. Fluctuations in the price of digital assets and/or waning interest of investors in the cryptocurrency industry could materially and adversely affect the Company's business.

The prices of blockchain assets such as Bitcoin and Ether have historically been subject to dramatic fluctuations and are highly volatile. Several factors may influence the interest in cryptocurrency and blockchain asset investments, including, but not limited to:

- Global blockchain asset supply;
- Global blockchain asset demand, which can be influenced by the growth of retail merchants' and commercial businesses' acceptance of blockchain assets like cryptocurrencies as payment for goods and services, the security of online blockchain asset exchanges and digital wallets that hold blockchain assets, the perception that the use and holding of blockchain assets is safe and secure, and the regulatory restrictions on their use;
- Investors' expectations with respect to the rate of inflation;
- Changes in the software, software requirements or hardware requirements underlying the SocialFlow UAT System;
- Changes in the rights, obligations, incentives, or rewards for the various participants in the SocialFlow UAT System;
- Interest rates;
- Currency exchange rates, including the rates at which digital assets may be exchanged for fiat currencies;
- Fiat currency withdrawal and deposit policies of blockchain asset exchanges on which users may trade cryptocurrency and blockchain assets and liquidity on such exchanges;
- Interruptions in service from or failures of major blockchain asset exchanges on which users may be trade cryptocurrency and blockchain assets;

- Investment and trading activities of large investors, including private and registered funds, that may directly or indirectly invest in the SocialFlow Tokens or other blockchain assets;
- Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
- Regulatory measures that may affect the use of blockchain assets such as SocialFlow Tokens;
- The maintenance and development of the open-source software protocol of certain blockchain assets;
- Global or regional political, economic or financial events and situations; or
- Expectations among the SocialFlow UAT System or other blockchain assets participants that the value and/or utility of other blockchain assets will soon change.

USE OF PROCEEDS

The Company's management will have broad discretion in the application of the net proceeds of this Offering and investors will have to rely upon their judgment.

At present, the net proceeds of the Offering are expected to be used to fund the maintenance and development of the SocialFlow UAT System and Token System, with the remainder to be used for general and administrative expenses (including personnel-related costs), capital expenditures and working capital and other general corporate purposes including:

- User acquisition marketing and advertising campaigns to drive consumer adoption of our SocialFlow UAT System and usage of the UATs;
- Salaries of employees and the fees associated with professional service providers and/or advisors;
- Server and technology costs associated with the operation of our technology platforms; and
- Buying advertising from Publishers to seed the advertising system until no longer needed.

The failure by the Company's management to apply these funds effectively could have a material adverse effect on the Company and the value of the Securities.

PLAN OF DISTRIBUTION

Investor Qualifications

Evidence of accreditation status pursuant to Section 506(c) of the Securities Act standards is required to invest. Additionally, investors will need to provide prospective investment entity information such as address and social security number or tax ID number to pass KYC and AML checks. The Company will be utilizing products and services provided by third parties to complete the verification and certification processes. See “How to Subscribe.”

The Company is entitled to rely upon the accuracy of your representations. The Company may, but under no circumstances will it be obligated to require additional evidence that a prospective investor meets the standard for investing at any time prior to its acceptance of a prospective investor’s subscription. You are not obligated to supply any information so requested by the Company, but the Company may reject a subscription form you or any person who fails to supply such information.

Accredited Investor Verification

Only persons of adequate financial means who have no need for present liquidity with respect to this investment should consider purchasing the purchase rights set forth in the SAFE offered hereby because: (i) an investment in the SAFEs involves a number of significant risks (See “Risk Factors” above); and (ii) no market for the SAFEs or the purchase rights contained therein, and none is likely to develop in the reasonably foreseeable future. This Offering is intended to be a private offering that is exempt from registration under the Securities Act and applicable state securities laws.

This Offering is limited solely to accredited investors as defined in Regulation D under the Securities Act, meaning only those persons or entities coming within any one or more of the following categories:

- (i) Any bank, as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; any broker-dealer registered pursuant to Section 15 of the Exchange Act; any insurance company, as defined in Section 2(13) of the Securities Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; and any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, that is either a bank, savings and loan association, insurance company or registered investment advisor, if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by person(s) that are accredited investor(s);
- (ii) Any private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940;
- (iii) Any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, any corporation, Massachusetts or similar business trust, or company, not formed for the specific purpose of acquiring the Common Stock, with total assets in excess of \$5,000,000;
- (iv) Any director or executive officer of the Company;
- (v) Any natural person whose individual net worth, or joint net worth with that person’s spouse, exceeds \$1,000,000, exclusive of the value of the person’s primary residence net of any mortgage debt and other liens;
- (vi) Any natural person who had an individual income in excess of \$200,000, or joint income with that person’s spouse in excess of \$300,000, in each of the two most recent years and who reasonably expects to reach the same income level in the current year;

- (vii) Any trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Common Stock, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; or
- (viii) Any entity all of whose equity owners are accredited investors.

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

You will be required to represent to the Company in writing that you are an accredited investor under Regulation D, as described above, and may also be required to provide certain documentation in support of such representation. In addition to the foregoing requirement, you must also represent in writing that you are acquiring the SAFE for your own account and not for the account of others and not with a view to resell or distribute such securities.

KYC/AML Certification

Investors will need to provide prospective investment entity information such as address and social security number or tax ID number to pass KYC and AML checks. Set forth below is information regarding the need to obtain KYC and AML information from prospective investors.

Other Requirements

The USA PATRIOT Act	What is money laundering?	How big is the problem and why is it important?
<p>The USA PATRIOT Act is designed to detect, deter and punish terrorists in the United States and abroad. The Act imposes new anti-money laundering requirements on brokerage firms and financial institutions. Since April 24, 2002, all United States brokerage firms have been required to have comprehensive anti-money laundering programs in effect. To help you understand these efforts, the Company wants to provide you with some information about money laundering and the Company's efforts to help implement the USA PATRIOT Act.</p>	<p>Money laundering is the process of disguising illegally obtained money so that the funds appear to come from legitimate sources or activities. Money laundering occurs in connection with a wide variety of crimes, including illegal arms sales, drug trafficking, robbery, fraud, racketeering and terrorism.</p>	<p>The use of the United States financial system by criminals to facilitate terrorism or other crimes could taint our financial markets. According to the United States State Department, one recent estimate puts the amount of worldwide money laundering activity at \$1 trillion a year.</p>

What the Company is required to do to help eliminate money laundering?	
<p>Under new rules required by the USA PATRIOT Act, the Company's anti- money laundering program must designate a special compliance officer, set up employee training, conduct independent audits and establish policies and procedures designed to detect and report suspicious transaction and ensure compliance with the new laws and rules.</p>	<p>As part of the Company's required program, it may ask you to provide various identification documents or other information. Until you provide the information or documents that the Company needs, it may not be able to effect any transactions for you.</p>

You should check the Office of Foreign Assets Control (the “OFAC”) website at <http://www.treas.gov/ofac> before making the following representations: You represent that the amounts invested by you in this Offering were not and are not directly or indirectly derived from any activities that contravene Federal, state or international

laws and regulations, including anti-money laundering laws and regulations. Federal regulations and Executive Orders administered by the OFAC prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. The lists of the OFAC-prohibited countries, territories, individuals and entities can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, the programs administered by the OFAC (the "OFAC Programs") prohibit dealing with individuals¹ or entities in certain countries, regardless of whether such individuals or entities appear on any OFAC list;

- (i) you represent and warrant that none of: (1) you; (2) any person controlling or controlled by you; (3) if you are a privately-held entity, any person having a beneficial interest in you; or (4) any person for whom you are acting as agent or nominee in connection with this investment is a country, territory, entity or individual named on an OFAC list, or a person or entity prohibited under the OFAC Programs. Please be advised that the Company may not accept any subscription amounts from a prospective investor if such investors cannot make the representation set forth in the preceding sentence. You agree to promptly notify the Company and the Company should you become aware of any change in the information set forth in any of these representations. You are advised that, by law, the Company may be obligated to "freeze the account" of any investor, either by prohibiting additional subscriptions from it, declining any redemption requests and/or segregating the assets in the account in compliance with governmental regulations, and that the Company may also be required to report such action and to disclose such investor's identity to the OFAC;
- (ii) you represent and warrant that none of: (1) you; (2) any person controlling or controlled by you; (3) if you are a privately-held entity, any person having a beneficial interest in you; or (4) any person for whom you are acting as agent or nominee in connection with this investment is a senior foreign political figure², or any immediate family³ member or close associate⁴ of a senior foreign political figure, as such terms are defined in the footnotes below; and
- (iii) if you are affiliated with a non-U.S. banking institution (a "**Foreign Bank**"), or if you receive deposits from, make payments on behalf of, or handle other financial transactions related to a Foreign Bank, you represent and warrant to the Company and the Company that: (1) the Foreign Bank has a fixed address, and not solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities; (2) the Foreign Bank maintains operating records related to its banking activities; (3) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct its banking activities; and (4) the Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate.

¹ These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs.

² A "senior foreign political figure" is defined as a senior official in the executive, legislative, administrative, military or judicial branch of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

³ "Immediate family" of a senior foreign political figure typically includes such figure's parents, siblings, spouse, children and in-laws.

⁴ A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with such senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of such senior foreign political figure.

How to Subscribe

Prospective investors who wish to subscribe for the Securities must go through our security token platform partner, StartEngine, in order to complete their subscription. Investors must first be verified as accredited investors and satisfy KYC and AML requirements. Once such requirements are satisfied, investors will then be directed to submit payment information and execute the SAFE agreement.

Investors will have the option to indicate how they would like to pay (via ACH, wire transfer, BTC or ETH) and will receive instructions on submitting payment. Once payment has been received by the Company, the investor will receive their countersigned subscription agreement as confirmation of their investment.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain U.S. federal income tax considerations that may be relevant to U.S. Holders (as defined below) and Non-U.S. Holders (as defined below) who invest in a SAFE or acquire, own or dispose of SocialFlow Tokens issued pursuant to a SAFE. This summary is based on laws, including the Internal Revenue Code of 1986, as amended (the “Code”), the Treasury Regulations promulgated thereunder and administrative, judicial and other authorities all as in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. The following summary assumes that each prospective investor will acquire and hold SAFEs and SocialFlow Tokens as capital assets (generally, property held for investment), and that any Bitcoin or Ether exchanged by a prospective investor for a SAFE are held by such prospective investor as a capital asset.

The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in a SAFE or the acquisition, ownership and disposition of SocialFlow Tokens issued pursuant to a SAFE. This summary also does not address the tax consequences that may be relevant to any investors that are subject to special tax rules, such as governmental entities, banks, financial institutions, insurance companies, entities classified as partnerships (or other pass-through entities) for U.S. federal income tax purposes and any investors in such partnerships or other pass-through entities, regulated investment companies, real estate investment trusts, tax-exempt entities (including retirement accounts), S corporations, investors whose “functional currency” is not the U.S. dollar, any persons who acquired a SAFE or SocialFlow Tokens pursuant to any compensatory arrangement, any investors holding the SAFE or SocialFlow Tokens as part of a hedge, straddle, “constructive sale,” “conversion” or other integrated transaction, brokers, dealers or traders in securities, currencies, SAFEs, SocialFlow Tokens or other similar property or a person required under Section 451(b) of the Code to conform to the timing of income accruals with respect to a SAFE or SocialFlow Tokens to their financial statements. Finally, this summary does not address the tax consequences under United States federal alternative minimum, estate and gift tax laws, or state, local or non-United States tax laws.

If an entity classified as a partnership or other pass-through invests in a SAFE or acquires SocialFlow Tokens, the U.S. federal income tax considerations applicable to a partner or member of such entity generally will depend on the tax status of the partner or member and the activities of such entity. Such a partner or member should consult its own tax advisor as to the tax consequences of any such entity investing in a SAFE or acquiring SocialFlow Tokens.

The discussion herein is intended to provide only a general summary of certain potential material tax consequences that prospective investors should consider in making an investment in SAFEs and/or SocialFlow Tokens.

This discussion is not intended to be, and should not be construed to be, legal or tax advice to any particular investor. All prospective investors are urged to consult their own tax advisors about the federal, state, local, non-U.S. and other tax considerations relevant to the acquisition, ownership and disposition of a SAFE or any SocialFlow Tokens.

For purposes of this summary, the term “U.S. Holder” means a beneficial owner of a SAFE or SocialFlow Tokens that is, for United States federal income tax purposes:

- An individual who is a citizen or resident of the United States;
- A corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized under the laws of the United States or any state thereof or the District of Columbia;
- A trust, the substantial decisions of which are controlled by one or more United States persons and which is subject to the primary supervision of a United States court, or a trust that has validly elected under applicable Treasury regulations to be treated as a United States person; or
- An estate that is subject to United States federal income tax on its income regardless of source.

For purposes of this discussion, a “Non-U.S. Holder” is a beneficial owner of a SAFE or SocialFlow Tokens that is, for United States federal income tax purposes (i) a foreign corporation, (ii) a nonresident alien individual, or (iii) a foreign estate or trust that in each case is not subject to U.S. federal income tax on a net-income basis on income or gain a SAFE or SocialFlow Tokens. Special rules may apply to certain Non-U.S. Holders such as “controlled foreign corporations,” or, in certain circumstances, individuals who are U.S. expatriates. Such entities and individuals should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

Tax Treatment of a SAFE and SocialFlow Tokens

The tax treatment of a SAFE and SocialFlow Tokens is not entirely clear. However, the Company intends to treat a SAFE and SocialFlow Tokens as common stock for U.S. federal income tax purposes. Alternative tax treatment of a SAFE and/or SocialFlow Tokens is possible. For example, a SAFE may be treated as the execution of a contract for the purchase of stock or other property, and SocialFlow Tokens may be treated as property for U.S. federal income tax purposes consistent with the principles of IRS Notice 2014-21 relating to “convertible virtual currencies.” This discussion does not address any of the tax considerations of such alternative tax treatments, which could materially and adversely impact both U.S. Holders and Non-U.S. Holders. Accordingly, U.S. Holders and Non-U.S. Holders should consult their tax advisors regarding the tax treatment of a SAFE and SocialFlow Tokens as common stock or any other alternative tax treatment.

This foregoing discussion assumes that both a SAFE and SocialFlow Tokens are treated as common stock for U.S. federal income tax purposes.

U.S. Holders

Acquisition and Taxable Sale or Exchange of a SAFE

While not entirely clear, the Company expects that a U.S. Holder who acquires a SAFE using Bitcoin or Ether likely will recognize capital gain or loss equal to the fair market value of such Bitcoin or Ether surrendered in exchange for the SAFE less the U.S. Holder's tax basis in such Bitcoin or Ether. As a result, it is expected that the U.S. Holder generally would have a tax basis in the SAFE equal to the fair market value of Bitcoin or Ether exchanged for such SAFE, and the U.S. Holder's holding period in the SAFE would begin on the day after the SAFE is issued to the U.S. Holder. An exchange of Bitcoin or Ether for a SAFE will not qualify as a like-kind exchange of property eligible for deferral under Code Section 1031.

A U.S. Holder who acquires a SAFE using U.S. dollars generally should not have a taxable event at the time of making the investment in the SAFE. The U.S. Holder generally will have a tax basis in the SAFE equal to the amount of U.S. dollars exchanged for such SAFE, and the U.S. Holder's holding period in the SAFE will begin on the day after the SAFE is issued to the U.S. Holder.

Any sale, conversion, exchange or other disposition of a SAFE by a U.S. Holder generally will be a taxable event and will produce long-term or short-term capital gain or loss depending on the U.S. Holder's holding period in such SAFE.

Treatment of SocialFlow Token Issuance

The Company expects to take the position that the issuance of SocialFlow Tokens to a U.S. Holder pursuant to a SAFE will not be treated as a taxable exchange for the U.S. Holder. Accordingly, a U.S. Holder generally will have a tax basis in the SocialFlow Tokens equal to their tax basis in the SAFE, and the U.S. Holder's holding period in the SocialFlow Tokens will include their holding period in the SAFE. However, this position is not free from doubt and U.S. Holders should consult their tax advisors regarding the tax treatment of the issuance of SocialFlow Tokens pursuant to a SAFE.

Distributions on SocialFlow Tokens

Distributions made on our SocialFlow Tokens, if any, generally will be included in a U.S. Holder's income as ordinary dividend income to the extent of our current or accumulated earnings and profits. However, for individual U.S. Holders, such dividends currently are generally taxed at the lower applicable long-term capital gains rates, provided certain holding period and other requirements are satisfied. Distributions in excess of our current and accumulated earnings and profits will be treated as a return of capital to the extent of a U.S. Holder's tax basis in the SocialFlow Tokens and thereafter as capital gain from the sale or exchange of such SocialFlow Tokens. For corporate U.S. Holders, dividends received may be eligible for the dividends-received deduction, subject to applicable limitations.

Taxable Sale or Exchange of SocialFlow Tokens

Upon the sale, exchange, or other taxable disposition of our SocialFlow Tokens, a U.S. Holder generally will recognize capital gain or loss equal to the difference between (i) the amount of cash and the fair market value of any property received upon such taxable disposition and (ii) the U.S. Holder's tax basis in the SocialFlow Tokens. Such capital gain or loss will be long-term capital gain or loss if a U.S. Holder's holding period in the SocialFlow Tokens is more than one year at the time of the taxable disposition. Long-term capital gains recognized by certain non-corporate U.S. Holders (including individuals) are generally subject to a reduced rate of U.S. federal income tax. The deductibility of capital losses is subject to certain limits under the Code.

Unearned Income Medicare Contribution Tax

Certain U.S. Holders who are individuals, estates or trusts will be required to pay an additional 3.8% tax on, among other things, interest and dividends and capital gains from the sale, exchange, redemption, retirement or other taxable disposition of a SAFE or SocialFlow Tokens.

Information Reporting and Backup Withholding

Information reporting requirements generally will apply to distributions on any SAFE or shares of SocialFlow Tokens and, in certain circumstances, to the proceeds of a sale of a SAFE or SocialFlow Tokens. Backup withholding will apply to those payments if a U.S. Holder fails to provide its correct taxpayer identification number and certification of exempt status. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against U.S. federal income tax liability, provided the required information is timely furnished to IRS.

Non U.S. Holders

Acquisition and Taxable Sale or Exchange of a SAFE or SocialFlow Tokens

The acquisition of a SAFE or SocialFlow Tokens by a Non U.S. Holder is not expected to be subject to U.S. federal income tax.

Distributions on SocialFlow Tokens

Distributions on SocialFlow Tokens will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, they will constitute a return of capital and will first reduce a Non-U.S. Holder's basis in our SocialFlow Tokens, but not below zero, and then will be treated as gain from the sale of SocialFlow Tokens, subject to the tax treatment described in the discussion below regarding taxable dispositions of our SocialFlow Tokens. Any such distributions would also be subject to the discussions below regarding backup withholding and FATCA.

Subject to the discussion below regarding a dividend received by a Non-U.S. Holder that is effectively connected with the conduct of a U.S. trade or business, a dividend paid to a Non-U.S. Holder generally will be subject to U.S. withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. In order to receive a reduced treaty rate, a Non-U.S. Holder must provide us with an IRS Form W-8BEN (generally including a U.S. taxpayer identification number), IRS Form W-8-BEN-E or another appropriate version of IRS Form W-8 (or a successor form), in each case, certifying qualification for the reduced rate.

Dividends received by a Non-U.S. Holder that are effectively connected with the conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, are attributable to a permanent establishment maintained by you in the United States) generally are exempt from such withholding tax. In order to obtain this exemption, a Non-U.S. Holder must provide us with an IRS Form W-8ECI or successor form or other applicable IRS Form W-8 properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits, subject to an applicable income tax treaty providing otherwise. In addition, a corporate Non-U.S. Holder may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty on such Non-U.S. Holder's earnings and profits in respect of such effectively connected dividend income.

A Non-U.S. Holder that is eligible for a reduced rate of withholding tax pursuant to a tax treaty may be able to obtain a refund of any excess amounts currently withheld if such Non-U.S. Holder files an appropriate claim for refund with the IRS.

Taxable Sale or Exchange of a SAFE or SocialFlow Tokens

Subject to the discussion below regarding backup withholding and FATCA, a Non-U.S. Holder generally will not be required to pay U.S. federal income tax on any gain realized upon the sale or other taxable disposition of a SAFE or SocialFlow Tokens unless:

- the gain is effectively connected with the conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, the gain is attributable to a permanent establishment maintained by you in the U.S.), in which case a Non-U.S. Holder will be required to pay tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates, and for a Non-U.S. Holder that is a corporation, such Non-U.S. Holder may be subject to the branch profits tax on any earnings and profits attributable to such gains at a 30% rate or such lower rate as may be specified by an applicable income tax treaty;
- the Non-U.S. Holder is an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other

conditions are met, in which case the Non-U.S. Holder will be required to pay a flat 30% tax on the gain derived from the sale, which tax may be offset by U.S. source capital losses in the taxable year of disposition (even though such Non-U.S. Holder is not considered a resident of the United States) (subject to applicable income tax or other treaties); or

- the SAFE or SocialFlow Tokens constitutes a U.S. real property interest by reason of our status as a “U.S. real property holding corporation” for U.S. federal income tax purposes, a USRPHC, at any time within the shorter of the five-year period preceding the disposition or the Non-U.S. Holder’s holding period for the SAFE or SocialFlow Tokens. We believe that we are not currently and will not become a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future.

Backup Withholding and Information Reporting

Generally, we must report annually to the IRS the amount of dividends paid to a Non-U.S. Holder, the Non-U.S. Holder’s name and address, and the amount of tax withheld, if any. A similar report will generally be sent to the Non-U.S. Holder. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in the Non-U.S. Holder’s country of residence.

Payments of dividends or of proceeds on the disposition of a SAFE or SocialFlow Tokens made to a Non-U.S. Holder may be subject to additional information reporting and backup withholding at the then applicable rate unless the Non-U.S. Holder establishes an exemption, for example by properly certifying non-U.S. status on an IRS Form W-8BEN, IRS Form W-8BEN-E or another appropriate version of IRS Form W-8 (or a successor form). Notwithstanding the foregoing, backup withholding and information reporting may apply if either we (or our paying agent) has actual knowledge, or reason to know, that the Non-U.S. Holder is a U.S. person.

Backup withholding is not an additional tax; rather, the U.S. income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may generally be obtained from the IRS, provided that the required information is furnished to the IRS in a timely manner.

Foreign Account Tax Compliance Act (“FATCA”)

Provisions commonly referred to as “FATCA” may impose withholding tax on certain types of payments made to “foreign financial institutions” and certain other non-U.S. entities. The legislation imposes a 30% withholding tax on dividends on, or gross proceeds from the sale or other disposition of, a SAFE or SocialFlow Tokens paid to a foreign financial institution or to certain non-financial foreign entities, unless (i) the foreign financial institution undertakes certain diligence and reporting obligations, (ii) the non-financial foreign entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner and such entity meets certain other specified requirements, or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the requirements in (i) above, it must enter into an agreement with the U.S. Treasury requiring, among other things, that it undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. If the country in which a payee is resident has entered into an “intergovernmental agreement” with the United States regarding FATCA, that agreement may permit the payee to report to that country rather than to the U.S. Treasury. Under final regulations and published guidance, the obligation to withhold from payments made to a foreign financial institution or a foreign non-financial entity under the new legislation with respect to dividends on our SocialFlow Tokens are currently in effect, but with respect to the gross proceeds of a sale or other disposition of a SAFE or SocialFlow Tokens will not begin until January 1, 2019. Prospective investors should consult their tax advisors regarding FATCA.

The preceding discussion of U.S. federal income tax considerations is for general information only. It is not tax advice. Each prospective investor should consult its own tax advisor regarding the particular U.S. federal, state and local and non-U.S. tax consequences of purchasing, holding and disposing of a SAFE or SocialFlow Tokens, including the consequences of any proposed change in applicable laws.