

## MATE, a product of AUGMATE CORPORATION

### SAFT (Simple Agreement for Future Token)

#### SAFT Series: S-4

THIS CERTIFIES THAT in exchange for the payment by the undersigned investor (the “Investor” or “you”) of \$[ ] (the “Purchase Amount”) on or about \_\_\_\_\_, 2018 (the “Effective Time”), Augmate Corporation, a Delaware corporation (the “Company”), hereby issues to the Investor the right to certain units of MATE (the “Token” or “MATE”), subject to the terms set forth below.

This SAFT is issued as one of a series of SAFTs designated as set forth above across from “SAFT Series:” and issued in a series of multiple closings to certain persons. The sale, transfer, pledge, hypothecation, spending, exchange or other use of the MATEs acquired pursuant to this SAFT, on the Augmate Connect Infrastructure Platform (the “Augmate Platform”) or otherwise (“transfer”), shall be restricted, and the Company may withhold delivery thereof, until the MATEs vest under the Vesting Schedule. This SAFT will convert into MATEs (the “Initial MATEs”) upon the date that is the later of: (a) the first anniversary of the date hereof, or such earlier date as announced by the Company, and (b) the date of the bona fide public release of the Augmate Platform, as announced by the Company (the “Platform Launch”). You shall be issued additional MATEs if you do not transfer the Initial MATEs for specific periods of time after the Platform Launch (see Exhibit A). You will be able to view your vested Tokens at any time in the manner provided by the Company. All investors should be sure to review the notices in allcaps at the end of this Agreement prior to making an investment in this SAFT.

The “Discount Multiple” shall mean the percentage set forth across from the time period during which the Initial MATEs have not been transferred.

The “SAFT Price” is the product of (A) the last price in U.S. dollars at which MATEs were sold by the Company upon or prior to the date of the Platform Launch (the “Platform Launch Price”) and (ii) the Discount Multiple.

The “Vesting Schedule” shall mean 1/6<sup>th</sup> of the Tokens issuable upon conversion of this SAFT shall become vested on the same day of the month as the Platform Launch in each of the first six months after the month in which the Platform Launch occurs.

See **Section 2** for certain additional defined terms.

#### 1. *Events*

(a) **Platform Launch.** If there is a Platform Launch before the expiration or termination of this instrument, the Company will automatically issue to the Investor a number of MATEs equal to the Purchase Amount divided by the SAFT Price at the 6 month Discount Multiple (the “Initial MATEs”). If the Investor does not transfer the Initial MATEs for a period equal to or longer than one of the periods set forth on Exhibit A, the Company will issue to the Investor a number of MATEs equal to: (i) the Purchase Amount, or the Adjusted Purchase Amount, as the case may be, divided by the SAFT Price at the Discount Multiple set forth on Exhibit A for such holding period, less (ii) the Initial MATEs and any other MATEs previously issued pursuant to this provision, upon the date that is the last day of such period after the Platform Launch.

In connection with the issuance of Tokens by the Company to the Investor pursuant to this Section 1(a):

(i) The Investor will execute and deliver to the Company all transaction documents related to this SAFT as are reasonably requested by the Company, including verification of accredited investor status or non-U.S. person status under the applicable securities laws; and

(ii) The Investor will provide to the Company a network address to which Investor's Tokens will be sent after the Platform Launch.

(b) **Dissolution Event**. If there is a Dissolution Event before this instrument expires or terminates, the Company will pay an amount equal to the Purchase Amount, 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 of any of the assets of the Company to holders of outstanding Capital Stock by reason of their ownership thereof. If immediately prior to the consummation of the Dissolution Event, the assets of the Company legally available for distribution to the Investor and all holders of all other SAFTs (the "**Dissolving Investors**"), as determined in good faith by the Company's board of directors, are insufficient to permit the payment to the Dissolving Investors of their respective Purchase Amounts, then the entire assets of the Company legally available for distribution will be distributed with equal priority and *pro rata* among the Dissolving Investors in proportion to the Purchase Amounts they would otherwise be entitled to receive pursuant to this Section 1(c). Any distributed amounts shall be in U.S. Dollars.

(d) **Termination**. This instrument will expire and terminate upon the earlier of (i) the issuance of MATes to the Investor pursuant to Section 1(a); (ii) the payment, or setting aside for payment, of amounts due the Investor pursuant to Section 1(b); or (iii) September 30, 2019 (the "**Deadline Date**"), if the Platform Launch has not occurred as of such date; provided that, the Company shall have the right to extend the Deadline Date by sixty (60) days, in its sole discretion; provided, that in the case of (iii), the Company shall have the obligation to repay to the Investors the aggregate amount of all Purchase Amounts.

## 2. Definitions

"**Capital Stock**" means the capital stock of the Company.

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

"**Dissolution Event**" means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Company's creditors or (iii) any other liquidation, dissolution or

winding up of the Company (**excluding** a Change of Control), whether voluntary or involuntary.

**“Governmental Authority”** means any nation or government, any state or other political subdivision thereof, any entity exercising legislative, judicial or administrative functions of or pertaining to government, including, without limitation, any government authority, agency, department, board, commission or instrumentality, and any court, tribunal or arbitrator(s) of competent jurisdiction, and any self-regulatory organization.

**“Laws”** means laws, statutes, ordinances, rules, regulations, judgments, injunctions, orders and decrees.

**“Person”** means individual or legal entity or person, including a government or political subdivision or an agency or instrumentality thereof.

**“Platform Launch”** shall be deemed to have occurred upon the date that is the later of: (a) the first anniversary of the date hereof, or such earlier date as announced by the Company, and (b) the date of the bona fide public release of the Augmate Platform as confirmed by Augmate Corporation

**“SAFT”** means this and any other instrument containing a future right to units of MATEs purchased by Investors, similar in form and content to this agreement, a significant portion of proceeds from the sale of which will be used by the Company to fund the Company’s development of the Augmate Platform.

### 3. ***Company Representations***

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

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

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

(d) To the knowledge of the Company, no consents or approvals are required in connection with the performance of this instrument, other than: (i) the Company's corporate approvals; and (ii) any qualifications or filings under applicable securities laws.

(e) THE COMPANY MAKES NO WARRANTY WHATSOEVER WITH RESPECT TO THE TOKENS, INCLUDING ANY (i) WARRANTY OF MERCHANTABILITY; (ii) WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (c) WARRANTY OF TITLE; OR (iii) WARRANTY AGAINST INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY; WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE. EXCEPT AS EXPRESSLY SET FORTH HEREIN, INVESTOR ACKNOWLEDGES THAT IT HAS NOT RELIED UPON ANY REPRESENTATION OR WARRANTY MADE BY THE COMPANY, OR ANY OTHER PERSON ON THE COMPANY'S BEHALF.

#### 4. *Investor Representations*

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

(b) The Investor is an accredited investor as such term is defined in Rule 501 of Regulation D under the Securities Act, or the Purchaser is not a United States person (as defined by Section 7701(a)(30) of the Code, a "**Non-U.S. Person**"). The Investor has been advised that this instrument is a security and that the offers and sales of this instrument have not been registered under any country's securities laws and, therefore, cannot be resold except in compliance with the applicable country's laws. The Investor is purchasing this instrument and the securities to be acquired by the Investor hereunder for its own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. The Investor has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing the Investor's financial condition and is able to bear the economic risk of such investment for an indefinite period of time.

(c) If the Investor is a Non-U.S. Person, the Investor hereby represents that such Purchaser has satisfied itself, himself or herself as to the full observance of the laws of its, his or her jurisdiction in connection with any invitation to purchase this SAFT, including (i) the legal requirements within such jurisdiction for the purchase of this SAFT, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the SAFT and the MATEs issuable upon conversion thereof. If the Investor is a Non-U.S. Person, the Investor's subscription and payment for and continued beneficial ownership of the SAFT and the MATEs issuable upon conversion thereof will not violate any applicable securities or other laws of the Investor's jurisdiction, and the Investor hereby agrees to make such additional representations and warranties relating to such Investor's status as a non-United States resident as reasonably may be requested by the Company and to execute and deliver such documents or agreements as reasonably may be requested by the Company relating thereto as a condition to the purchase and sale of the SAFT and the MATEs issuable upon conversion

thereof by such Investor. If the Investor is a Non-U.S. Person, the Investor represents, warrants and undertakes that neither it, its affiliates (as defined in Regulation 501 under the Securities Act), nor any persons acting on its or their behalf has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the SAFT and the MATEs issuable upon conversion thereof.

(c) The Investor enters into this SAFT with the predominant expectation that (i) he, she or it, as the case may be, will profit upon the successful development and Platform Launch arising from the efforts of the Company and its employees to develop and market the Augmate Platform, the Platform Launch and related sale of the MATEs; and (ii) the Company will make actual delivery of MATEs to the Investor upon the Platform Launch.

(d) The Investor is aware of Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire this SAFT. The Investor has received a copy of the Confidential Private Placement Memorandum, dated on or about the date hereof, attached hereto as Exhibit B, regarding the Company's offering of this SAFT, and has carefully read and understood it in its entirety. The Investor understands that the MATEs involve risks, all of which the Investor fully and completely assumes, including, but not limited to, the risk that (i) the technology associated with the Platform will not function as intended; (ii) the Platform and Platform Launch will not be completed; (iii) the Platform will fail to attract sufficient interest from key stakeholders; (iv) the Company and/or the Platform may be subject to investigation and punitive actions from Governmental Authorities; (v) the MATEs may never be listed on any cryptocurrency exchange; and (vi) the Investor will need to comply with the anti-money-laundering and know-your-customer requirements of any exchange upon which MATEs are listed before the Investor will be able to sell any MATEs using that exchange. The Investor understands and expressly accepts that the MATEs will be created and delivered to the Investor at the sole risk of the Investor on an "AS IS" and "UNDER DEVELOPMENT" basis. The Investor understands and expressly accepts that the Investor has not relied on any representations or warranties made by the Company outside of this instrument, including, but not limited to, conversations of any kind, whether through oral or electronic communication, or any white paper. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE PURCHASER ASSUMES ALL RISK AND LIABILITY FOR THE RESULTS OBTAINED BY THE USE OF ANY TOKENS AND REGARDLESS OF ANY ORAL OR WRITTEN STATEMENTS MADE BY THE COMPANY, BY WAY OF TECHNICAL ADVICE OR OTHERWISE, RELATED TO THE USE OF THE TOKENS.

(e) The Investor understands that Investor has no right against the Company or any other Person except in the event of the Company's breach of this instrument or intentional fraud. THE COMPANY'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS INSTRUMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT OR OTHERWISE, SHALL NOT EXCEED THE TOTAL OF THE AMOUNTS PAID TO THE COMPANY PURSUANT TO THIS INSTRUMENT. NEITHER THE COMPANY NOR ITS REPRESENTATIVES SHALL BE LIABLE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR ENHANCED DAMAGES, LOST PROFITS OR REVENUES OR DIMINUTION IN VALUE, ARISING OUT OF OR RELATING TO ANY BREACH OF THIS INSTRUMENT.

(f) The Investor understands that Investor bears sole responsibility for any taxes as a result of the matters and transactions the subject of this instrument, and any future acquisition, ownership, use, sale or other disposition of MATEs held by the Investor. To the extent permitted by law, the Investor agrees to indemnify, defend and hold the Company or any of its affiliates,

employees or agents (including developers, auditors, contractors or founders) harmless for any claim, liability, assessment or penalty with respect to any taxes (other than any net income taxes of the Company that result from the issuance of MATEs to the Investor pursuant to Section 1(a) of the instrument) associated with or arising from the Investor's purchase of MATEs hereunder, or the use or ownership of MATEs.

5. ***Procedures for Purchase of Rights and Valuation of Purchase Amount.***

(a) The Company will accept payment for the right purchased under this SAFT in U.S. dollars, Bitcoin or Ether, or such other cryptocurrency deemed acceptable in the sole discretion of the Company. Investor shall make the required payment to the Company in consideration for Investor's purchase of the right pursuant to the SAFT through the procedures set forth on Augmate.io.

(b) For purposes of this instrument, the value of the Purchase Amount shall be deemed in U.S. dollars, whether or not the Purchaser pays in Bitcoin, Ether or another currency the Company agrees to accept in writing, valued at the Applicable Exchange Rate for Bitcoin, Ether and such currency. The term "***Applicable Exchange Rate***" shall mean the volume-weighted average hourly price of Bitcoin, Ether, or such other cryptocurrency (the "***Crypto Price***") across exchanges in the one hour preceding the Effective Time; *provided, however*, that in the event that such exchanges experience technical issues in such period that affect the accuracy of the volume-weighted average price, the Company will use its reasonable best efforts to determine the volume-weighted average price of Bitcoin, Ether and such other cryptocurrency for such period.

6. ***Miscellaneous***

(a) This instrument sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior or contemporaneous disclosures, discussions, understandings and agreements, whether oral or written, between them. This instrument is one of a series of similar instruments entered into by the Company from time to time. Any provision of this instrument may be amended, waived or modified only upon the written consent of the Company and the holders of a majority, in the aggregate, of the Purchase Amounts paid to the Company with respect to all Series S-4 SAFTs outstanding at the time of such amendment, waiver or modification.

(b) Any notice required or permitted by this instrument will be deemed sufficient when sent by email to the relevant address listed on the signature page, as subsequently modified by written notice received by the appropriate party.

(c) The Investor is not entitled, as a holder of this instrument, to vote or receive dividends or be deemed the holder of Capital Stock of the Company for any purpose, nor will anything contained herein be construed to confer on the Investor, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise.

(d) Neither this instrument nor the rights contained herein may be assigned, by operation of law or otherwise, by either party without the prior written consent of the other; *provided, however*, that this instrument and/or the rights contained herein may be assigned without the Company's consent by the Investor to any other entity who directly or indirectly, controls, is controlled by or is under common control with the Investor, including, without limitation, any general

partner, managing member, officer or director of the Investor, or any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or units the same management company with, the Investor; and *provided, further*, that the Company may assign this instrument in whole, without the consent of the Investor, in connection with a reincorporation to change the Company's domicile.

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

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

(g) Each of the Company and the Investor agree to treat this instrument as a forward contract for U.S. federal, state and local income tax purposes, and will not take any position on any tax return, report, statement or other tax document that is inconsistent with such treatment, unless otherwise required by a change in law occurring after the date hereof, a closing agreement with an applicable tax authority or a final non-appealable judgment of a court of competent jurisdiction.

(h) The Investor shall, and shall cause its affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably requested by Company to carry out the provisions of this instrument and give effect to the transactions contemplated by this instrument, including, without limitation, to enable the Company or the transactions contemplated by this instrument to comply with applicable laws.

(i) The Company shall not be liable or responsible to the Investor, nor be deemed to have defaulted under or breached this instrument, for any failure or delay in fulfilling or performing any term of this instrument, including without limitation, launching the Platform or consummating the Platform Launch, when and to the extent such failure or delay is caused by or results from acts beyond the affected party's reasonable control, including, without limitation: (a) acts of God; (b) flood, fire, earthquake or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, or other civil unrest; (d) Law; or (e) action by any Governmental Authority.

(i) Each party to this SAFT acknowledges that McCarter & English LLP ("**McCarter**"), outside general counsel to the Company, has in the past performed and is or may now or in the future represent one or more Investors or their affiliates in matters unrelated to the transactions contemplated by this SAFT, including representation of such Investors or their affiliates in matters of a similar nature to this financing. The applicable rules of professional conduct require that McCarter inform the parties hereunder of this representation and obtain their consent. McCarter has served as outside general counsel to the Company and has negotiated the terms of the SAFT solely on behalf of the Company. The Company and each Investor hereby (a) acknowledge that they have had an opportunity to ask for and have obtained information relevant to such representation, including disclosure of the reasonably foreseeable adverse consequences of such representation; (b) acknowledge that with respect to the financing, McCarter has represented solely the Company, and not any Investor or any stockholder, director or employee of the Company or any Investor; and (c)

gives its informed consent to McCarter's representation of the Company in the financing.

*(Signature page follows)*

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

**AUGMATE CORPORATION**

By: \_\_\_\_\_  
Pete Wassell  
Chief Executive Officer

Address: Augmate Corporation  
335 Madison Avenue  
New York, NY 10017  
email: pete@augmate.com

**[INVESTOR]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Email: \_\_\_\_\_



EXHIBIT A  
Vesting Schedule

<u>Period of Time Not Transferred* After Platform Launch</u>	<u>Discount Multiple</u>
Six months (minimum)	82%
One year	80%
Two years	78%
Three years	76%

EXHIBIT B  
CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM



**Confidential Private Placement Offering Memorandum**

***Purchase Rights for MATE tokens pursuant to***

***a Simple Agreement for Future Tokens***

**December 15, 2017**

**THE OFFERING PERIOD OF THE PLACEMENT WILL EXPIRE ON 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) JUNE 30, 2018, UNLESS EXTENDED BY UP TO 60 DAYS IN THE DISCRETION OF THE COMPANY.**

This Confidential Private Placement Offering Memorandum (this “**Memorandum**”) has been prepared by Augmate Corporation for use by accredited investors to whom Augmate Corporation is offering (the “**Offering**”) the opportunity to purchase the right to acquire in the future pursuant to a Simple Agreement for Future Tokens (the “**SAFT**”) digital utility tokens for a platform, to be developed, produced and offered by Augmate Corporation (“**MATE tokens**”, “**MATEs**”, “**Augmate Tokens**” or the “**Tokens**”). Unless the context requires otherwise, in this Memorandum the terms “**Augmate**,” “**the Company**,” “**we**,” “**us**” and “**our**” refer to Augmate Corporation and its subsidiaries.

This confidential Private Offering Memorandum (the “**Memorandum**”) has been prepared solely for use by the prospective purchasers of MATE tokens pursuant to a Simple Agreement for Future Tokens (“**SAFT**”) to be issued by Augmate Corporation (“**Augmate**” or the “**Company**”) with respect to MATE tokens of the Company and shall be maintained in strict confidence. Each recipient hereof acknowledges and agrees that (i) the contents of this Memorandum constitute proprietary and confidential information, (ii) Augmate 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 are a trade secret, the disclosure of which is likely to cause substantial and irreparable competitive harm to the Company. Any reproduction or distribution of this Memorandum, in whole or in part, or the disclosure of its contents, without the prior written consent of the Company, is prohibited. Each person who has received this Memorandum is deemed to agree to return this Memorandum 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 a private offering to accredited investors in the SAFT. Each investor will be required to execute a SAFT (as amended, restated and/or otherwise modified from time to time), and deliver a evidence of or certificates of appropriate third parties regarding their accredited status and/or such other documents reasonably required by the Company to effect such investor’s future investment in the Tokens. This Memorandum contains a summary of the SAFT, the Tokens and certain other documents referred to herein. However, the summaries in this Memorandum do not purport to be complete and are subject to and qualified in their entirety by reference to the actual text of the relevant document, copies of which will be provided to each prospective investor upon request. Each prospective investor should review the SAFT and such other documents for complete information concerning the rights, privileges and obligations of SAFT investors. If any of the terms, conditions or other provisions of the SAFT or such other documents are inconsistent with or contrary to the descriptions or terms in this Memorandum, the SAFT or such other documents shall control. The Company reserves the right to modify the terms of the offering and the SAFTs and the Tokens described in this Memorandum, and the SAFTs are offered subject to the Company’s ability to reject any commitment in whole or in part.

The SAFTs and the Tokens have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any United States state securities laws or the laws of any foreign jurisdiction. The SAFTs will be offered and sold under the exemption provided by Section 4(A)(2) of the Securities Act and Regulation D promulgated thereunder, or to non-U.S. Persons who are not purchasing for the account or benefit of a U.S. Person as defined under Regulation S under the Securities Act, 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.

The SAFTs 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 SAFT and the Tokens involves a high degree of risk, volatility and illiquidity. A prospective purchaser should thoroughly review the confidential information contained herein and the terms of the SAFT, and carefully consider whether an investment in the SAFT 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 SAFTs discussed herein other than as set forth in this Memorandum, and any such statements, if made, must not be relied upon.

Investors should make their own investigations and evaluations of the SAFT and the Tokens that will be delivered pursuant thereto, including the merits and risks involved in an investment therein. 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 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 SAFTs and the 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 nor any other federal, state or foreign regulatory authority has approved an investment in the SAFT. 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.

Investments in the SAFT are denominated in U.S. dollars (\$) and purchasers may tender U.S. dollars, Bitcoin, or Ether in exchange for the SAFT. Bitcoin and Ether are cryptocurrencies, and such cryptocurrencies 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. All statements contained in this Memorandum, statements made in press releases or in any place accessible by the public and oral statements that may be made by Augmate's respective directors, executive officers, employees or other representatives acting on behalf of Augmate that are not statements of historical fact, constitute "forward- looking statements". Some of these statements can be identified by forward-looking terms such as "aim", "target", "anticipate", "believe", "could", "estimate", "expect", "if", "intend", "may", "plan", "possible", "probable", "project", "should", "would", "will" or other similar terms. However, these terms are not the exclusive means of identifying forward-looking statements. All statements regarding Augmate's financial position, business strategies, plans and prospects and the future prospects of the industry which Augmate is in are forward-looking statements. These forward-looking statements, including but not limited to statements as to Augmate's revenue and profitability, prospects, future plans, other expected industry trends and other matters discussed in this Memorandum regarding Augmate are matters that are not historical facts, but only predictions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual future results, performance or achievements of Augmate to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These factors include, amongst others:

- (a) the risk of the failure to complete, and so use the proceeds from, the sale of the SAFTs;
- (b) the risk that Augmate may be unable to execute or implement its business strategies and future plans, including for the launch of a functional platform, and the related creation and issuance of MATE tokens and the associated economic value thereof;
- (c) changes in political, social, economic and stock or cryptocurrency market conditions, and the regulatory environment in the countries in which Augmate conducts its respective businesses and operations;
- (d) changes in interest rates and exchange rates of fiat currencies and cryptocurrencies;
- (e) changes in the anticipated growth strategies and expected internal growth of Augmate;
- (f) changes in the availability and fees payable to Augmate in connection with its respective businesses and operations;
- (g) changes in the availability and salaries of employees who are required by Augmate to operate their respective businesses and operations;

- (h) changes in competitive conditions under which Augmate operates, and the ability of Augmate to compete under such conditions;
- (i) changes in the future capital needs of Augmate and the availability of financing and capital to fund such needs;
- (j) war or acts of international or domestic terrorism;
- (k) occurrences of catastrophic events, natural disasters and acts of God that affect the business and/or operations of Augmate;
- (l) any other risk or uncertainties associated with Augmate and its businesses and operations and the MATE tokens; and
- (m) other factors beyond the control of Augmate.

All forward-looking statements made by or attributable to Augmate or persons acting on behalf of Augmate are expressly qualified in their entirety by the factors listed above. Given the risks and uncertainties that may cause the actual future results, performance or achievements of Augmate to be materially different from that expected, expressed or implied by the forward-looking statements in this Memorandum, undue reliance must not be placed on these statements. These forward-looking statements are applicable only as of the date of this Memorandum.

Neither Augmate, nor any other person represents, warrants and/or undertakes that the actual future results, performance or achievements of Augmate will be as discussed in those forward-looking statements. The actual results, performance or achievements of Augmate may differ materially from those anticipated in these forward-looking statements. Nothing contained in this Memorandum is or may be relied upon as a promise, representation or undertaking as to the future performance or policies of Augmate. Further, Augmate disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

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 a SAFT. Prior to acquiring a SAFT, 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.

**AUGMATE CORPORATION**  
**SIMPLE AGREEMENT FOR FUTURE TOKENS**  
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**THIS OFFERING IS LIMITED SOLELY TO ACCREDITED INVESTORS AS 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 SAFT OFFERED HEREBY BECAUSE: (I) AN INVESTMENT IN THE SAFTS INVOLVES A NUMBER OF SIGNIFICANT RISKS (SEE “RISK FACTORS”); AND (II) NO MARKET FOR THE SAFTS 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.**

## **COMPANY OVERVIEW**

### **Overview of Augmate**

Augmate Corporation (the “**Company**” or “**Augmate**”) is introducing the Augmate Connect Platform™ Platform (the “**Augmate Platform**”) to help enterprises and soon consumers manage the proliferation of devices on Internet of Things (“**IOT**”) networks so that their devices and data are secure, accessible and manageable using decentralized and centralized system interoperability.

Founded by Pete Wassell in 2013, Augmate is a Delaware corporation with headquarters in New York, New York. Augmate has raised seed equity financing from various companies, funds and individuals, including Tim Draper, UPS Ventures, Siemens Ventures, Bill Hickey and others. Augmate’s address is 335 Madison, 16th Floor, New York, NY 10017. Augmate’s website is <https://www.Augmate.io>. Information contained on our website or any other website referenced herein is not a part of this Memorandum and is an inactive textual reference only.

### **Summary of the Augmate Platform**

The The Augmate Platform™ Infrastructure Platform is expected to provide a new, distributed ledger device layer using smart contracts and an agnostic infrastructure for interoperability across blockchain and blockchain-less networks. Augmate™ has already developed an existing platform for enterprise device management as the first wearable environment system with over twenty-five security features, SaaS and on premise options for portal management, over-the-air updates of applications firmware and much more. This existing software resides as a trusted layer on top of the device’s operating system and is signed by the keys of the device to allow complete device management, creating an efficient and secure environment for IT managers to control their fleets of devices.

The Augmate Platform is expected to be activated and accessed using tokens called MATEs™ (Machine Access Token Exchange). Augmate plans to continuously offer additional services as part of the Augmate Platform on a DApp Store (decentralized application store) as well as a more traditional App Store that will allow application partners to manage their application updates through

the platform. We expect to develop the trusted layer of the Augmate Platform by vetting DApps or regular Apps prior to their release in these stores.

The Augmate Platform is agnostic and acts as the connective tissue for device and technology integration. We intend to initially focus on integrating the IOTA Tangle and follow with future build outs using new Ethereum technology, EOS and other protocols that bring advantage to an IOT ecosystem.

With the IOT markets for both enterprise and consumers in hyperexpansion, we believe there are immense business opportunities. Many market research firms project 30% growth achievable for industries that move to implement IOT. We believe Augmate's existing software and the new Augmate Platform are perfectly positioned to serve as time-tested platforms for the new age of device management. Augmate was first to the market with Wearable Environment Management (WEM) platform for enterprise, and we are extending our offerings to address IOT on blockchain networks. Our strategy is to focus on and further solidify our enterprise position, and follow that with a consumer offering that helps aggregate all consumer devices into a single management platform.

## **Our Strategy**

### **Enterprise First**

Augmate developed the first WEM platform and is moving upstream once again with a multi-prong approach:

- Fast forwarding IIOT with a blockchain/blockless strategy – this technology has the promise of significant security advances for data exchange between devices and Augmate will attempt to lead the charge for a unified endpoint management solution using IOTA's Tangle, EOS, new Ethereum technology and others key technologies.
- Starter Kits – pre-packaged pilot-in-a-box using gateways, devices, and Augmate and partner applications.
- APIs – Creating APIs that allow our application partners to plug us in, and bringing APIs into our system to develop the broader value of a central platform.

### **Enterprise Target Markets**

At the center of our customer strategy are larger enterprises that have significant infrastructure and employee bases. They are dominant globally or regionally in their industries. Some of the principal target markets that we expect will benefit from our offering include:

- Healthcare – Patient privacy and quality of care are of high importance. Interoperability and data security are essential to healthcare operations.

- Logistics – Faster, cheaper and greater reliability are key drivers of creating highly satisfied customers and operational optimization in the logistics market.
- Energy – Operational efficiency with high levels of risk awareness and adverse event prevention can be concurrently improved with interoperability and integration in this sector.
- Manufacturing and Additional Supply Chain – As in the logistics sector, the need for a better product created more cost effectively and delivered at need, and on time, are of vital importance in these markets.
- Finance – Security and risk mitigation for all levels of transactions and data exchange.

### Consumer Expansion

Augmate plans to start supporting the consumer ecosystem revolving around a direct customer in 2019 and help bring interoperability and aggregation management of IOT devices regardless of where that device sits in the chain. We expect this will add value to our offerings and create an ability to connect via the tokenization of data exchange.

### Token Economics

#### The Purpose and Characterization of MATEs:

The MATE cryptographic token is part of the core of the Augmate Platform since it provides a transactional tracking and exchange medium. We plan to integrate the MATE into the Augmate Platform so that it will ultimately be exchangeable for our services and software, as well as partner applications and products. The interoperability of the Augmate Platform with other ecosystem partners will be further facilitated with cryptographic token bridging and other integration methods. In character, MATEs are a token with fixed supply, since no more than 50 billion will be issued.

While we expect the MATE will be at the middle of a convergence of hardware and software platforms, it is part of the agnostic framework of the Augmate Platform, which recognizes that all systems should be supportive of the whole and not exclusive to the one.

#### MATEs are Either Purchased or Earned:

- Purchased MATEs
  - MATEs issuable upon conversion of SAFTs
  - From an exchange
  - Direct customer purchases from a planned MATEs Foundation, to facilitate market acceptance (modulated to account for market price)
- Earned MATEs

- Reward MATEs provided to customers and ecosystem partners
- Auditing of rewards by a planned MATE Foundation in order to ensure independent oversight and best practices

We are developing the Augmate Platform rewards engine to rationally reward users and partners for contributions they make to the ecosystem. We expect MATEs may be earned for providing anonymized data access, maintaining the distributed ledger, distributing data, running smart contracts or DApps, referring customers, and more. MATEs are intended to be traded or used directly for up to 50% of the cost of an Augmate Platform license or subscription. And MATEs are expected to be used in the Augmate Platform digital economy marketplace, through which third party providers will be able to offer solutions to Augmate customers.

We have determined the total MATE supply of 50 billion due to the expected number of IOT devices in the market by 2027, a reasonable market share of these devices and the yearly burn of tokens from using them in exchange for services and products. Augmate will burn, or retire all tokens exchanged for such products and services, decreasing their long term supply with an expected full burn based on market penetration. Through the MATE Foundation, the use of tokens for the services of the Augmate Platform and ecosystem partner services and products will be modulated to maintain a minimum float in the market for at least 10 years. It is expected that at some point, the float will decrease to where all existing MATEs will be retired.

#### Use of MATE Tokens and Integration with a Fat Protocol

The Augmate Platform is planned to include a variety of operational and maintenance transactions performed on IOT devices. These transactions will occur on the device itself, and may be initiated and logged locally, on an on-premise server, or centrally in the cloud. Further, these operations range from the very simple (e.g. a message displayed; an enable/disable command; etc.) to the complex (e.g. a software upgrade).

Augmate's challenge is to rationally tie together, facilitate machine-to-machine interactions and charge for a distributed network of operational transactions of varying costs. We plan to address this challenge with a combination of the MATE tokens, which will represent executable transaction permissions, and a technology such as IOTA which provides frictionless messaging and logging between locations, as well as value transfer between nodes.

Smart contracts will be used to manage permissioning to execute transactions.

#### Role of Fat Protocols and MATEs in the Combined Environment:

Augmate expects to have dynamic flexibility with regard to pricing its service for device vendors. Customers have different pricing arrangements and these may change over time. Our new architecture, combining the global fee-less or micro-transaction environments of fat protocols with local, variable-value MATE token stores and smart contracts, will allow Augmate to move to usage-based pricing from its current less flexible pricing scheme.

In a typical scenario, there are three types of nodes:

- Devices themselves running Augmate software via an SDK
- Controller nodes that issue commands or messages to devices and collect transaction data. These may be on-premise at a customer site, or centrally-located in the cloud in Augmate's multi-tenant environment.
- Augmate's central administrative environment.

Devices and controller nodes hold a store of MATEs, or tokens that represent permission to execute a usage function on the Augmate Platform, in some combination. In other words, Augmate plans to implement a point-based system like other point-based pricing models, such as credit card and restaurant loyalty programs, frequent-flyer miles, and the point-based immigration systems used by Australia and the UK for entry.

In our case, points are represented by distributed immutable cryptographic tokens called MATEs, which are staged at the locations where they need to be evaluated, i.e. at the controller and device nodes. There, smart contracts perform the calculations by which a device is authorized to perform a platform function such as installations, upgrades and custom messages to third party devices.

It's critical to note that while the MATEs may be cryptographically immutable, their contractual value may not be. As with any point based program, Augmate reserves the right to modify the meaning and value of MATE point accumulations as conditions change with customers of the service. These variations over time are transmitted as a business process from the Augmate administrative environment and executed via local parametrized smart contracts.

### **Initial Launch of MATE Tokens and the Augmate Platform**

MATEs will be available for purchase via this pre-sale offering of SAFTs (**the "presale"**) and the concurrent SAFT and/or public token sale outside of the United States (**the "public sale"**), which are expected to occur between December 15, 2017 and June 30, 2018. The company will sell SAFTs convertible into, or MATE tokens at a conversion price equal to the last price in U.S. dollars at which MATEs were sold by the Company upon or prior to the date of the Platform Launch (as defined below), which represents approximately 30% of all the MATE tokens the Company anticipates it will issue.

### **Legal Proceedings**

From time to time, Augmate 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 Augmate's business or the development of the Augmate Platform because of defense and settlement costs, diversion of resources and other factors.

### **Complaints for Patent Infringement**

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

## DIRECTORS AND MANAGEMENT

### Management Team

**Pete Wassell, Chief Executive Officer and Director.** Pete is the visionary behind Augmate, starting the company in 2012 and leading it to become the first and premiere management platform for wearable devices. As a former IBM executive, Pete ran multimillion dollar programs and startup projects and knows the importance of a scalable environment. He is an active speaker and his recent AWE presentation on the Industry 4.0 and IOT illustrates the interconnected necessity of humans and machines. He is an officer of the AREA (Augmented Reality for Enterprise Alliance), runs the Augmented Reality New York Meetup (3000 members), and the AR Glasses Group on LinkedIn (7000+ members). <https://www.linkedin.com/in/petewassell>

**Dana Farbo, Chief Operating Officer.** Dana Farbo has been innovating in digital for over 20 years and is constantly looking at how the interoperability of things can lead to a better world. His early work in digital marketing led to breakthroughs in dynamic messaging and advanced personalization. His firm was an early mover in augmented reality and mobile location-based-services. As COO, Dana brings the knowledge of a marketer and customer experience to the role of operations where he ensures that the human is still an integral part of the system. He has built and sold companies, written a best-selling book on online marketing, is an Adjunct Professor at Fashion Institute of Technology in New York City, co-leads the world's largest augmented reality meetup and has spoken at many technology events around the globe. <https://www.linkedin.com/in/dfarbo>

**Bob Visnov, Chief Technology Officer.** Bob is Augmate's senior technology strategist and CTO. His proficiency in business planning and technical and operational services for startups and larger organizations helps guide Augmate to smart roadmaps and implementation plans. Bob has deep experience with virtual and cloud infrastructures, mobile applications, social network interactivity, large data environments, information security, and operational processes. He is the founder of Timegen Consulting which designs, develops and builds scalable Internet businesses, big data analytics and forward-looking interactive solutions. Bob has developed a blockchain-based mobile identity solution for organizations in the public sector. <https://www.linkedin.com/in/bobvisnov>

**Eddie Quiroz, Chief Information Officer and Director.** Eddie Quiroz is an Internet serial entrepreneur and digital media evangelist with extensive information technology experience. He has led multiple IT projects from start-up to completion, and is well-versed in web-based systems architecture and database design. Eddie has worked with leading venture NYC funds and promising start-ups from early stage conceptual ideas into early stage development strategies and product marketing campaigns to deliver customer-centric solutions. He is active across the investment community and is an adviser to both start-up and emerging companies. He is an active board member of the MIT Enterprise Forum of NYC and holds a masters degree from the Massachusetts Institute of Technology MIT. <https://www.linkedin.com/in/eaquiroz>

## **Other Directors**

**William Hickey, Director.** Bill is the former CEO and Chairman of Sealed Air and is an active investor in new technology. He graduated with a Bachelor's Degree in Mechanical Engineering from the United States Naval Academy and got his M.B.A. from Harvard Business School in Finance and International Business.

**Harv Lotko, Director.** Harv brings a high performance technology architect perspective with an extensive history of successful delivery of global projects in the securities industry and to Fortune 500 companies.

**Stephen Pelletier, Director.** Steve is the Founder and a Director of VIAcode, a leading software development company and provider of manageability solutions for web applications with offices in USA, Canada, Russia, and Belarus with 100+ employees and growing. He is also a Member of ARC Angel Fund which invests in seed and early-stage companies with high growth potential in the Software, IT, Internet, Tech-Enabled Services, Business Services, Digital Media, Mobile, and Healthcare IT sectors, among others.



## TERMS OF THE SAFTS

*The summary below describes the principal terms of the SAFTs and the rights to purchase Tokens contained therein. Certain of the terms and conditions described below are subject to important limitations and exceptions. Prospective investors should review the entirety of the form of SAFT, available from the Company. The summary below is qualified in its entirety by reference to the actual text of the form of SAFT.*

<i>Company:</i>	Augmate Corporation
<i>Instrument:</i>	Right to receive future MATE Tokens pursuant to a Simple Agreement for Future Tokens (“SAFT”) issued to Purchasers. Each purchaser: (a) if in the United States, or a U.S. Person (as defined in Regulation S under U.S. Securities Act of 1933, as amended (the “ <b>Securities Act</b> ”), must be an accredited investor (as defined in Regulation D under the Securities Act) or (b) if outside of the United States, must be a non-U.S. Person who is not purchasing for the account or benefit of a U.S. Person (as defined under Regulation S under the Securities Act) and who is eligible to purchase SAFTs under the applicable laws of the purchaser’s jurisdiction.
<i>Purchase Price:</i>	In the presale and any subsequent crowd sale, SAFTs will be sold at face value, and will have a conversion price equal to 10% to 94% of the last price in U.S. dollars at which MATEs were sold by the Company upon or prior to the date of the Platform Launch (generally, 10% through December 15, 2017, 70% from December 16, 2017 until February 15, 2018, 76% from February 16, 2018 until March 15, 2018, 82% from March 16, 2018 until April 15, 2018, 88% from April 16, 2018 until May 15, 2018, and 94% from May 16, 2018 until June 15, 2018, subject to modification by the Company, the “ <b>Conversion Price</b> ”). The minimum purchase amount in the presale will be \$50,000, although we reserve the right to reduce this amount in our sole discretion, and the Company will not close on the sale of any SAFTs until the purchase of at least \$100,000 have been funded by investors who have executed a SAFT and other documents to the satisfaction of the Company.
<i>Form of Payment for SAFT:</i>	U.S. Dollars, Bitcoin (BTC), or Ether (ETH). The value of the Purchase Amount shall be deemed in U.S. dollars even if the purchaser pays in Bitcoin or Ether, valued at the

	Applicable Exchange Rate for Bitcoin or Ether. “ <b>Applicable Exchange Rate</b> ” means the volume-weighted average hourly price of Bitcoin or Ether, or such other cryptocurrency (the “ <b>Crypto Price</b> ”) across exchanges in the one hour preceding the Effective Time.
<i>Use of Proceeds:</i>	The proceeds of the Offering will be used develop and launch the Augmate Platform and the MATE token, and for working capital and other general corporate purposes.
<i>Automatic Conversion:</i>	Each SAFT shall convert into MATE tokens upon the later of: (a) the first anniversary of the date hereof, or such earlier date as announced by the Company, and (b) the date of the bona fide public release of the Augmate Platform as announced by Augmate (the “ <b>Platform Launch</b> ”).
<i>Termination:</i>	The SAFTs shall terminate upon the earlier of (i) the issuance of MATE tokens pursuant to the Platform Launch; (ii) December 31, 2018, if the Platform Launch has not occurred by such date, provided that, the Company shall have the right to extend such deadline by sixty (60) days, in its sole discretion (the “ <b>Launch Deadline</b> ”), or (iii) the payment or setting aside of payment of amounts due to the Investor upon a Dissolution Event, 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 ( <u>excluding</u> a Change of Control), whether voluntary or involuntary. If the SAFTs terminate due to the Platform Launch not having occurred prior to the Launch Deadline, the Company will be obligated to repay Investors the aggregate of all Purchase Amounts.
<i>Priority of Payment:</i>	If, immediately prior to the consummation of the Dissolution Event, the assets of the Company that remain legally available for distribution to the Investors and all holders of all other SAFTs (the “ <b>Dissolving Investors</b> ”), as determined in good faith by the Company’s Board of Directors, are insufficient to permit the payment to the Dissolving Investors of their respective Purchase Amounts, then the entire assets of the Company legally available for distribution will be distributed with equal priority and pro rata among the Dissolving Investors in proportion to the Purchase Amounts they would otherwise be entitled to receive. Any distributed

	amounts will be in U.S. Dollars.
<i>Documentation:</i>	Purchase and sale of the rights shall be on the terms and conditions set forth in the SAFT, which shall be prepared by Augmate's counsel, and which will contain certain representations, warranties and covenants of Augmate and the purchasers, closing conditions, and other provisions.
<i>Token Distribution:</i>	<p>Total of 50,000,000,000 MATE Tokens will be issued. The MATE tokens are expected to be distributed to the four (4) major participating groups in the Augmate Platform. We believe these groups will be critical to the platform's creation, development, growth, and maintenance. This allocation is written into the protocol and the blockchain's genesis block.</p> <p>30% to SAFT purchasers (genesis) for funding network development, business development, partnerships and support, among other things.</p> <p>35% for rewards to the community of users and other members of the platform ecosystem (e.g., DApp providers) for providing anonymized data access, maintaining the distributed ledger, distributing data, running smart contracts or DApps, referring customers, and purchasing licenses, among other things.</p> <p>15% to a planned Augmate Foundation (genesis) for managing the MATE rewards algorithm, approving pricing of solutions provided by Augmate that include MATE usage, administering customer incentives for new business by Augmate and its partners which involve MATE usage, and maintaining a separate oversight function for the benefit of the MATE holders.</p> <p>20% to Augmate and early contributors (genesis) for past and future research, engineering, deployment, business development, marketing, and distribution, among other things.</p>
<i>SAFT Holding Period</i>	1/6 <sup>th</sup> of the Tokens issuable upon conversion of each SAFT will vest and be delivered to the holder of such SAFT on the same day of the month as the Platform Launch in each of the first six months after the month in which the Platform Launch occurs.

<i>Bonus Tokens for Agreeing to Longer Holding Periods:</i>	If the holder of each SAFT does not transfer the MATEs issuable upon conversion of such SAFT for 1, 2 or 3 years after the date of the Platform Launch, then such SAFT may entitle the holder to additional bonus MATEs equal to the amount invested (as adjusted for any price protection described below) divided by 8, 6 and 4% (or higher percentages in the Company's discretion) of the last price in U.S. dollars at which MATEs were sold by the Company upon or prior to the date of the Platform Launch, respectively, less any MATEs previously issued to such holder upon the initial conversion of the SAFT and bonus tokens issued for not transferring MATEs.
<i>Possible Cryptocurrency Protection:</i>	If a SAFT is purchased exclusively by payment of either Bitcoin or Ethereum, and the price of such cryptocurrency on Coindesk has exceeded the Crypto Price prior to the Platform Launch and before March 1, 2018 or a later date to be determined by the Company (the " <b>Protection Period</b> "), the Company may provide any that the initial MATEs issuable upon conversion of such SAFT shall equal: (i) the product of the amount of such cryptocurrency paid to the Company for the SAFT and the highest price in U.S. dollars quoted for such cryptocurrency on Coindesk during the Protection Period (the " <b>Adjusted Purchase Amount</b> "), divided by (ii) 10% of the Conversion Price.
<i>Security Audit:</i>	Coinspect or another respectable provider will perform an independent cybersecurity audit.

## **RISK FACTORS**

*An investment in the SAFT involves a high degree of risk. You should consider carefully the risks described below, together with all of the other information contained in this Memorandum and the SAFT, before making an investment decision. The following risks entail circumstances under which, our business, financial condition, results of operations and prospects could suffer.*

### **Risks associated with an investment in the SAFT**

***Augmate may not successfully develop, market and launch the Minimum Viable Product and Investors may not receive Tokens.***

The Augmate Platform has not yet been fully developed or tested by the Company and will require significant capital funding, expertise of the Company's management, time and effort in order to develop and successfully launch the Augmate Platform. The Company may have to make changes to the specifications of the Augmate Platform or Tokens for any number of reasons or the Company may be unable to develop the Augmate Platform in a way that realizes those specifications or any form of a functioning network. It is possible that the Tokens and the Augmate Platform may not ever be released and there may never be an operational Token or that the Platform Launch will not occur. The Augmate Platform or Tokens, if successfully developed and maintained, may not meet investor expectations at the time of purchase. Furthermore, despite good faith efforts to develop and launch the Augmate Platform and subsequently to develop and maintain the Augmate Platform, it is still possible that the Augmate Platform will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the Augmate Platform and Tokens.

The Company will use the proceeds of this Offering to make significant investments to develop and launch a viable Augmate Platform and subsequently to build a fulsome network upon which users can realize utility and value. The Company may not have or may not be able to obtain the technical skills and expertise needed to successfully develop the Augmate Platform and progress it to a successful Platform Launch. While the Company has sought to retain and continue to competitively recruit experts, there is a general scarcity of management, technical, scientific, research and marketing personnel with appropriate training to develop and maintain Augmate and the Augmate Platform. If the Company is not successful in its efforts to demonstrate to users the utility and value of the Augmate Platform, there may not be sufficient demand for the Tokens for the Company to proceed with the Platform Launch. As a result, or if the Platform Launch does not occur, Investors may lose all of their investment. "Platform Launch" means the later of: (a) the first anniversary of the date hereof, or such earlier date as announced by the Company, and (b) the date of the bona fide public release of the Augmate Platform as announced by the Company.

***Investments in startups including Augmate involve a high degree of risk. Investments in SAFTs, including the Augmate SAFT may involve an even higher degree of risk.***

Financial and operating risks confronting startups are significant and Augmate is not immune to these. The startup market in which the Company competes 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 often require substantial amounts of financing, which may not be available through institutional private placements, the public markets or otherwise. If Augmate has unsolvable problems achieving the Platform Launch, whether due to an inability to raise financing or otherwise, or does not survive until the Platform Launch, the value of your SAFT will be materially harmed.

***Augmate may be forced to cease operations or take actions that result in a Dissolution Event.***

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, the inability by the Company to achieve the Platform Launch or the Tokens' utility, the failure of commercial relationships, or intellectual property ownership challenges, the Company may no longer be viable to operate and the Company may dissolve or take actions that result in a Dissolution Event.

***The SAFTs may not be transferred.***

The terms of the SAFT prohibit a transfer of any SAFT. As a result, Investors will be required to hold their SAFT until the earlier of the Platform Launch and the delivery of all of the Tokens into which the SAFTs convert, or the termination of the SAFT pursuant to the provisions set forth therein. Consequently, Investors must be prepared to bear the risk of an investment in the SAFT until the conversion or termination of the SAFT pursuant to the terms set forth therein.

***The tax treatment of the SAFT, the purchase rights contained therein and the Token distribution is uncertain and there may be adverse tax consequences for Investors upon certain future events.***

The tax characterization of the SAFT and the Tokens is uncertain, and each Investor must seek its own tax advice in connection with an investment in the SAFT. An investment pursuant to the SAFT and the receipt of Tokens upon conversion thereof may result in adverse tax consequences to Investors, including withholding taxes, income taxes and tax reporting requirements. Each Investor should consult with and must rely upon the advice of its own professional tax advisors with respect to the United States and non-U.S. tax treatment of an investment in the SAFT and the purchase rights contained therein.

**Risks associated with MATE tokens and the Augmate Platform**

***The Augmate Platform may not be widely adopted and may have limited users and the MATE tokens may be valueless.***

It is possible that the Augmate Platform will not be used by a large number of individuals, companies and other entities or that there will be limited public interest in the creation and development of distributed ecosystems (such as the Augmate Platform) more generally or distributed applications to be used on the Augmate Platform. Such a lack of use or interest could negatively

impact the development of the Augmate Platform. These or other unforeseen factors may significantly decrease or eliminate the value of MATE tokens. Augmate does not guarantee any specific value of MATE tokens and cautions purchasers of MATE tokens that there is a significant likelihood their value may decrease.

***MATE tokens will be entirely uninsured.***

MATE tokens are not like bank accounts or other similar accounts. MATE tokens are entirely uninsured and any value they may hold at any time may decrease or be eliminated in the future.

***MATE tokens and the Augmate Platform, as may be developed, may not meet your expectations.***

The Augmate Platform is currently under development and may undergo significant changes before release. Your expectations and market expectations regarding the form and functionality of the Augmate Platform and MATE tokens may not be met upon the deployment, if at all. If the Augmate Platform does not meet market expectations then the value of any MATE tokens issuable upon conversion of your SAFT could be adversely affected.

***Augmate, MATE tokens, and the Augmate Platform may be subject to security weaknesses, hackers and theft.***

Hackers or other groups or organizations may attempt to interfere with Augmate, MATE tokens, the Augmate Platform and your digital wallet in any number of ways, including denial of service attacks, Sybil attacks, spoofing, smurfing, malware attacks, or consensus-based attacks. There is a risk that MATE tokens and the Augmate Platform and technology infrastructure may include security weaknesses or bugs, which may interfere with the use, or cause the complete loss, of MATE tokens. Advances in cryptography may present risks to cryptocurrencies, digital tokens, Ethereum, MATE tokens, the Augmate Platform and Augmate's technology infrastructure, which may result in the theft or complete loss of MATE tokens.

***Smart contracts are subject to limitations.***

Smart contract technology is still in its early stages of development, and its application is experimental in nature. This carries significant operational, technological, regulatory, reputational, and financial risks. Smart contracts may not be fit for the purpose intended by Augmate and may contain flaws, vulnerabilities, or other issues, which may cause technical problems or the complete loss of MATE tokens.

***Augmate may require additional capital to support operations or growth and may need to create and sell additional MATE tokens in the future.***

From time to time, Augmate may need additional capital to operate or grow its business. Augmate's ability to obtain additional capital will depend on investor and lender demand, operating performance, the condition of the capital markets, and other factors. Additional capital may not be

available on favorable terms when required, or at all, which could materially harm Augmate's business or result in a Dissolution Event. If Augmate issues additional MATE tokens in the future to raise additional capital, this may decrease the value of the MATE tokens issuable upon conversion of your SAFT.

***There is and will be limited information related to the business of Augmate and the development of the Augmate Platform.***

You may not be able to obtain all information you would want regarding Augmate, MATE tokens, or the Augmate Platform, on a timely basis or at all. It is possible that you may not be aware on a timely basis of changes in facts or circumstances that could materially harm Augmate or the Augmate Platform, which could materially reduce the value of the MATE tokens issuable upon conversion of your SAFT. While Augmate has made efforts to use open-source development for MATE tokens, this information may be highly technical by nature. Augmate is not obliged, and does not intend, to keep users, purchasers, and holders of SAFTs or MATE tokens updated on its business and the development of the Augmate Platform (including progress and expected milestones). As a result of these difficulties, as well as other uncertainties, you may not have accurate or accessible information about the Augmate Platform.

***You will have no control of Augmate and the Augmate Platform, and Augmate may only have limited control of the Augmate Platform if the Platform Launch occurs.***

The Augmate Platform will be reliant on open-source technologies that depend on a network of computers to run certain software programs to process transactions. Because of this less centralized model, Augmate will have limited control over MATE tokens and the Augmate Platform once launched. In addition, you are not, and will not be, entitled to vote or receive dividends or be deemed the holder of capital stock of Augmate for any purpose, nor will anything be construed to confer on you any of the rights of a stockholder of Augmate or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise.

***Intellectual property rights claims may impede Augmate's business.***

Third parties may assert intellectual property claims against Augmate. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in Augmate's long-term viability may adversely affect the value of MATE tokens.

***Alternative networks may be established that compete with or are more widely used than the Augmate Platform.***

It is possible that alternative networks could be established that utilize the same or similar open source code supporting the Augmate Platform and attempt to facilitate services that are materially



similar to the Augmate Platform's services. The Augmate Platform may compete with these alternative networks, which could negatively impact the Augmate Platform and the Tokens.

***The open-source components of the Augmate Platform protocol means that the Augmate Platform may be susceptible to developments by users or contributors that could damage the Augmate Platform and Augmate's reputation and could affect the utilization of the Augmate Platform and the MATE tokens.***

The Augmate Platform will utilize an open-source protocol maintained by Augmate and other contributors. As an open source project, the Augmate Platform will not be represented, maintained or monitored by an official organization or authority. The open-source components of the Augmate Platform means that it may be difficult for the Company or contributors maintain or develop the Augmate Platform and the Company may not have adequate resources to address emerging issues or malicious programs that develop within the Augmate Platform adequately or in a timely manner. Third parties not affiliated with the Company may introduce weaknesses or bugs into the supporting infrastructure elements of the Augmate Platform and open-source code which may negatively impact the Augmate Platform. Such events may result in a loss of trust in the security and operation of the Augmate Platform and a decline in user activity and could negatively impact the market price of the Tokens.

***The Augmate Platform may be the target of malicious cyberattacks or may contain exploitable flaws in its underlying code, which may result in security breaches and the loss or theft of Tokens. If the Augmate Platform's security is compromised or if the Augmate Platform is subjected to attacks that frustrate or thwart our users' ability to access the Augmate Platform, their Tokens or the Augmate Platform products and services, users may cut back on or stop using the Augmate Platform altogether, which could seriously curtail the utilization of the MATE tokens and cause a decline in the market price of the MATE tokens.***

The Augmate Platform structural foundation, the open-source components, the software application and other interfaces or applications built upon the Augmate Platform are still in an early development stage and are unproven, and there can be no assurances that the Augmate Platform and the creating, transfer or storage of the Tokens will be uninterrupted or fully secure which may result in a complete loss of users' Tokens or an unwillingness of users to access, adopt and utilize the Augmate Platform. Further, the Augmate Platform may also be the target of malicious attacks seeking to identify and exploit weaknesses in the software or the Augmate Platform which may result in the loss or theft of Tokens. For example, if Augmate and the Augmate Network are subject to unknown and known security attacks (such as double-spend attacks, 51% attacks, or other malicious attacks), this may materially and adversely affect the Augmate Platform. In any such event, if the Platform Launch does not occur or if the Augmate Platform is not widely adopted, Investors may lose all of their investment.

## **Risks related to blockchain technologies and digital assets**

***The regulatory regime governing blockchain technologies, cryptocurrencies, SAFTs, tokens and token offerings such as Augmate Platform, the SAFT and the Tokens is uncertain, and new***

***regulations or policies may materially adversely affect the development of the Augmate Network, the value of the SAFTs and the utility and value of the Tokens.***

Regulation of tokens (including MATE tokens), token offerings, and SAFT offerings such as this, cryptocurrencies, blockchain technologies, and cryptocurrency exchanges is currently undeveloped and 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 Augmate Platform and the adoption and utility of the MATE tokens. Failure by the Company or certain users of the Augmate Platform 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 interest in, and in some cases regulate, their use and operation.

In the case of virtual currencies, state regulators like the New York Department of Financial Services have created new regulatory frameworks. Others, as in Texas, have published guidance on how their existing regulatory regimes apply to virtual currencies. Some states, like New Hampshire, North Carolina, and Washington, have amended their state's statutes to include virtual currencies into existing licensing regimes. Treatment of virtual currencies continues to evolve under federal law as well. The Department of the Treasury, the Securities Exchange Commission, and the Commodity Futures Trading Commission, 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 US federal income tax purposes, although there is no indication yet whether other courts or federal or state regulators will follow this classification. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of existing laws.

The regulation of non-currency use of blockchain assets is also uncertain. The CFTC has publicly taken the position that certain blockchain assets are commodities, and the SEC has issued a public report stating federal securities laws require treating some blockchain assets as securities, and has recently taken enforcement action with respect to companies conducting pre-functional token sale (taking the position they are securities). To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, the Augmate Platform and the MATE tokens 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 Augmate Platform. Such laws, regulations or directives may conflict with those of the United States or may directly and negatively impact our 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 Augmate Platform and the adoption and utility of the MATE tokens.

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

***This Issuance of MATE tokens May Constitute the Issuance of a “Security” Under U.S. Federal Securities Laws***

A MATE token is a utility token that will have a specific consumptive use, that is, it will allow users to have access to the services and products on the Augmate Platform, from which customers and ecosystem partners will receive MATE tokens as rewards for using the platform, or by providing anonymized data access, maintaining the distributed ledger, distributing data, running smart contracts or DApps, and referring customers, among other things. Due to the nature of MATE tokens, Augmate does not think they should be considered a “security”, as that term is defined in the Act, once they become fully functional.

On July 25, 2017, the United States Securities and Exchange Commission (the “Commission”) issued a Report of Investigation under Section 21(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) describing an SEC investigation of The DAO, a virtual organization, and its use of distributed ledger or blockchain technology to facilitate the offer and sale of DAO Tokens to raise capital. The Commission applied existing U.S. federal securities laws to this new paradigm, determining that DAO Tokens were securities. The Commission stressed that those who offer and sell securities in the U.S. are required to comply with federal securities laws, regardless of whether those securities are purchased with virtual currencies or distributed with blockchain technology. The Commission’s announcement, and the related Report, may be found here: <https://www.sec.gov/news/press-release/2017-131>.

After reviewing the Report, we believe that MATE tokens are substantially different from DAO Tokens, and should not be considered a “security” under U.S. federal securities laws. Nevertheless, as noted by the Commission, the issuance of tokens represents a new paradigm and the application of the federal securities laws to this new paradigm is very fact specific. If MATE tokens were deemed to be a security under U.S. federal securities laws then, prior to the issuance of MATE tokens pursuant to the SAFT, we may be required to register, or comply with an appropriate exemption from registration for such issuance under the Securities Act. The registration of MATE tokens under the Securities Act would result in significant delay in the issuance of MATE tokens and would require us to incur substantial additional expense. If we instead seek to comply with such an exemption, this would result in additional delays and higher expenses and may limit our ability to raise the planned amount of funds from the sale of MATE tokens.

***The Offering may be subject to registration under the Securities Exchange Act of 1934 if the Company has assets above \$10 million and more than 2,000 Investors participate in the Offering***

Companies with total assets above \$10 million and more than 2,000 holders of record of its equity securities, or 500 holders of record of its equity securities who are not accredited investors, must

register that class of equity securities with the SEC under the Exchange Act. With the capital raised from the Offering, Augmate may surpass \$10 million in assets as it builds out the Augmate Network. Furthermore, the SAFTs are likely considered a security under U.S. securities law and because there is the possibility that this Offering may surpass 2,000 Investors, Augmate may have more than 2,000 holders of record of its equity securities following the Offering. And the SAFT may be deemed an equity security rather than another type of security. If these two conditions are met then Augmate will have to register the SAFT and possibly this offering with the SEC, which will be a laborious and expensive process. If such registration takes place, much of the information regarding this offering will be available to the public. Augmate would have the ability to avoid registration in such a scenario if the SAFTs convert into the Tokens prior to the last day of Augmate's fiscal year, but, due to the unpredictable nature of complex software development such as the Augmate Platform, there is no guarantee that the Augmate Platform will have launched by such a date.

***The Investors will have no control and the Company may only have limited control once the Platform Launch occurs.***

The Augmate Platform is comprised of proprietary and open-source technologies that depend on a network of computers to run certain software programs to process transactions. Because of this less centralized model, the Company has limited control over MATE tokens and the Augmate Platform once launched. In addition, the Investors are not and will not be entitled, to vote or receive dividends or be deemed the holder of capital stock of the Company for any purpose, nor will anything be construed to confer on the Investors any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise.

***There may be occasions when certain individuals involved in the development and launch of the Augmate Platform may encounter potential conflicts of interest in connection with the Platform Launch, such that said party may avoid a loss, or even realize a gain, when other Investors in the Pre-sale or in Augmate are suffering losses.***

There may be occasions when certain individuals involved in the development and launch of the Augmate Platform or Augmate may encounter potential conflicts of interest in connection with this Offering and the Platform Launch, such that said party may avoid a loss, or even realize a gain, when other Investors are suffering losses. Investors in SAFTs may also have conflicting investment, tax, and other interests with respect to SAFT investments, which may arise from the terms of the SAFT, the Augmate Platform, the timing of the Platform Launch or other token pre-sales, or other factors. Decisions made by the key employees of Augmate on such matters may be more beneficial for some Investors than for others.

***Investors may lack information for monitoring their investment.***

The Investor may not be able to obtain all information it would want regarding Augmate, MATE tokens, or the Augmate Platform, on a timely basis or at all. It is possible that the Investor may not

be aware on a timely basis of material adverse changes that have occurred with respect to certain of its investments. While Augmate has made efforts to use open-source development for MATE tokens, this information may be highly technical by nature. As a result of these difficulties, as well as other uncertainties, an Investor may not have accurate or accessible information about the Augmate Network.

***MATE tokens have no history.***

A MATE token will be a newly formed token and has no operating history. Each SAFT should be evaluated on the basis that Augmate or any third party's assessment of the prospects of the Augmate Platform may not prove accurate, and that Augmate will not achieve its investment objective. Past performance of Augmate, or any similar token or SAFT, is not predictive of future results.

***The Ethereum blockchain, which will be used for the initial MATE tokens, is susceptible to mining attacks.***

The Ethereum blockchain, which will be used for MATE tokens, is susceptible to mining attacks, including double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and race condition attacks, as well as other new forms of attack that may be created. Any successful attacks present a risk to MATE tokens and the Augmate Platform.

***Tokens, and expected proper execution and sequencing of Ethereum contract computations in general.***

Mining attacks may also target other blockchain networks with which MATE tokens interact, which may consequently significantly impact MATE tokens.

***A lack of a central regulatory authority and structure and the global nature of digital assets and blockchain technologies limit legal remedies and recourses.***

Because there is a lack of a central regulatory authority and structure and due to the global nature of digital assets and blockchain technologies, you may have no legal remedies or recourse against Augmate, other users, holders, purchasers or sellers of MATE tokens, and any other person or entity that may interfere with Augmate, the Augmate Platform, MATE tokens, or your digital wallet.

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

There are a number of data protection, security, security audits, privacy and other government- and industry-specific requirements, including those that require companies to notify individuals of data security incidents involving certain types of personal data. Security compromises could harm the Augmate Platform's reputation, erode user confidence in the effectiveness of its security measures, negatively impact its ability to attract new users, or cause existing users to stop using the Augmate Platform.

***The further development and acceptance of blockchain networks, including the Augmate Platform, 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 materially harm the successful development and adoption of the Augmate Platform and the MATE tokens.***

The growth of the blockchain industry in general, as well as the blockchain networks with which the Augmate Platform will rely and interact, is subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency industry, as well as blockchain networks, include, without limitation:

- Worldwide growth in the adoption and use of Ether, and other blockchain technologies;
- Government and quasi-government regulation of Ether, 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 the Ether networks;
- Changes in consumer demographics and public tastes and preferences;
- The availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using fiat currencies or existing networks;
- General economic conditions and the regulatory environment relating to cryptocurrencies; or
- A decline in the popularity or acceptance of Ether or other blockchain-based tokens would adversely affect our 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 Augmate Network and the MATE tokens.

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

The prices of blockchain assets such as Ether have historically been subject to dramatic fluctuations and are highly volatile, and the market price of the Tokens may also be highly volatile. Several factors may influence the market price of the Tokens, 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 Augmate Platform;
- Changes in the rights, obligations, incentives, or rewards for the various participants in the Augmate Platform;
- Interest rates;
- Currency exchange rates, including the rates at which digital assets may be exchanged for fiat currencies;
- Fiat currency withdrawal and deposit policies of blockchain asset exchanges on which the Tokens may be traded and liquidity on such exchanges;
- Interruptions in service from or failures of major blockchain asset exchanges on which the Tokens may be traded;
- Investment and trading activities of large investors, including private and registered funds, that may directly or indirectly invest in the Augmate Platform or Tokens or other blockchain assets;
- Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
- Regulatory measures, if any, that affect the use of blockchain assets such as MATE tokens;
- The maintenance and development of the open-source software protocol of the Augmate Platform;
- Global or regional political, economic or financial events and situations; or
- Expectations among Augmate Platform or other blockchain assets participants that the value of MATE tokens or other blockchain assets will soon change.

A decrease in the price of a single blockchain asset may cause volatility in the entire blockchain asset industry and may affect other blockchain assets including the Tokens. For example, a security breach that affects investor or user confidence in Ether

may affect the industry as a whole and may also cause the price of the Tokens and other blockchain assets to fluctuate.



## **USE OF PROCEEDS**

The proceeds of the Offering will be used to cover operational expenses associated with building out the Augmate Platform and other general corporate purposes.

## PLAN OF DISTRIBUTION

### Purchaser Qualifications

Only persons of adequate financial means who have no need for present liquidity should consider purchasing the purchase rights set forth in the SAFT offered hereby because: (i) purchasing a SAFT involves a number of significant risks (see “*Risk Factors*”); and (ii) no market exists for the SAFTs 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.

### U.S. Purchaser Suitability Requirements

For U.S. Persons (as defined below), 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 Augmate;

- (v) Any natural person whose individual net worth, or joint net worth with that person's spouse, exclusive of the value of the person's primary residence net of any mortgage debt and other liens, at the time of his or her purchase exceeds \$1,000,000;
- (vi) Any natural person who had an individual income in excess of \$200,000, or joint income with that person's spouse in excess of \$300,000, in each of the two most recent years and who reasonably expects to reach the same income level in the current year;
- (vii) Any trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Common Stock, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; 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 Augmate 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 SAFT for your own account and not for the account of others and not with a view to resell or distribute such securities.

The term "**U.S. Person**" (as defined in Regulation S under the Securities Act) means:

- A natural person resident in the United States;
- A partnership or corporation organized or incorporated under the laws of the United States;
- An estate of which any executor or administrator is a U.S. Person;
- A trust of which any trustee is a U.S. Person;
- A agency or branch of a foreign entity located in the United States;
- A nondiscretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person;
- A discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated and (if an individual) resident in the United States; and

- A corporation or partnership organized under the laws of any foreign jurisdiction and formed by a U.S. Person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.

**“United States” or “U.S.”** means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

### **Non-U.S. Purchaser Eligibility Requirements**

Each purchaser who is a Non-U.S. Person (as defined below) must represent in writing that he, she, or it has satisfied and is in full observance of the laws of such purchaser’s jurisdiction in connection with any invitation to purchase a SAFT, including (i) the legal requirements within such purchaser’s jurisdiction for the purchase of SAFT and the subsequent conversion into MATE Tokens, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale or transfer of the SAFT. The purchaser’s subscription and payment for, and the purchaser’s continued beneficial ownership of, the SAFT and MATE Tokens will not violate any applicable securities or other laws of such purchaser’s jurisdiction.

The term **“Non-U.S. Person”** (as defined in Rule 902(k)(2) of the Securities Act) means:

- A discretionary account or similar account (other than an estate or trust) held for the benefit or account of a Non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States;
- A estate of which any professional fiduciary acting as executor or administrator is a U.S. Person if:
  - o An executor or administrator of the estate who is not a U.S. Person has sole or shared investment discretion with respect to the assets of the estate; and
  - o The estate is governed by foreign law;
- Any trust of which any professional fiduciary acting as trustee is a U.S. Person, if a trustee who is not a U.S. Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. Person;
- An employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
  - o An agency or branch operates for valid business reasons; and

- o The agency or branch is engaged in the business of insurance or banking and is subject to sub or branch of a U.S. Person located outside the United States if:
- The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

## Other Requirements

Each purchaser should check the Office of Foreign Assets Control (the “OFAC”) website at <http://www.treas.gov/ofac> before making the below representations in the SAFT. Each purchaser will be required to represent in writing that the amounts invested by such purchaser 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 individuals<sup>1</sup> or entities in certain countries, regardless of whether such individuals or entities appear on any OFAC list, and as a result, each purchaser will be required to represent and warrant in writing that:

- (i) none of: (1) such purchaser; (2) any person controlling or controlled by such purchaser; (3) if such purchaser is a privately-held entity, any person having a beneficial interest in such purchaser; or (4) any person for whom such purchaser is 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;
- (ii) none of: (1) such purchaser; (2) any person controlling or controlled by such purchaser; (3) if such purchaser is a privately-held entity, any person having a beneficial interest in such purchaser; or (4) any person for whom such purchaser is acting as agent or nominee in connection with this investment is a senior foreign political figure<sup>2</sup>, or any immediate family<sup>3</sup> member or close associate<sup>4</sup> of a senior foreign political figure, as such terms are defined in the footnotes below; and

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

<sup>2</sup>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.

- (iii) if such purchaser is affiliated with a non-U.S. banking institution (a “Foreign Bank”), or if such purchaser receives deposits from, make payments on behalf of, or handle other financial transactions related to a Foreign Bank, such purchaser represents and warrants to the Company and the Placement Agent 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.

Please be advised that the Company may not accept any investment from a prospective investor if such investor cannot make the representations set forth above. Each purchaser agrees to promptly notify the Company should you become aware of any change in the information set forth in any of these representations. The Company is entitled to rely upon the accuracy of each purchaser’s representations regarding the above. The Company may, but under no circumstances shall it be obligated to, require additional evidence that a prospective investor meets the standards set forth above at any time prior to its acceptance of a prospective investor’s subscription. Each purchaser is not obligated to supply any information so requested by the Company, but the Company may reject a subscription from such purchaser or any person who fails to supply such information.

## **How to Subscribe**

To participate in the Offering, purchasers will need to first register using CompyAPI by CoinList at <https://complyapi.coinlist.co/augmate/> or other approved platforms, which are not incorporated by reference. This process requires, for U.S. Persons, verification of accredited status in accordance with Section 506(c) of the Securities Act. This can be satisfied in one of two ways: submitting evidence proving certain net worth, or net income over the last two years, or providing certification of these facts by the purchaser’s lawyer, CPA, broker or registered investment adviser. Additionally, purchasers will need to provide information about themselves such as their address and social security number or tax ID number to pass a KYC (Know Your Customer) and AML (Anti Money Laundering) checks.

Once accreditation and KYC/AML steps are complete, Purchasers will follow the remaining prompts on our website, which is not incorporated by to specify their purchase amount, confirm their purchase, and make payment to finalize the transaction.

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<sup>3</sup>“Immediate family” of a senior foreign political figure typically includes such figure’s parents, siblings, spouse, children and in-laws.

<sup>4</sup>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.

## NOTICES TO PURCHASERS

This Offering has not been registered or qualified under the securities laws of any jurisdiction anywhere in the world. It is being offered and sold only in jurisdictions where such registration or qualification is not required, including pursuant to applicable exemptions that generally limit the purchasers who are eligible to purchase a SAFT and that restrict its resale. The SAFTs may not be offered, sold or otherwise transferred, pledged or hypothecated except as permitted under applicable securities laws.

### Notice To Residents of the United States

The offer and sale of the SAFT has not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or under the securities laws of certain states and is only be sold to “accredited investors.” The SAFT may not be offered, sold or otherwise transferred, pledged or hypothecated except as permitted under the act and applicable state securities laws pursuant to an effective registration statement or an exemption therefrom.

### Notice to Residents of Canada

The SAFT may be sold only to purchasers purchasing as principal that are both “accredited investors” as defined in National Instrument 45-106 prospectus and registration exemptions and “permitted clients” as defined in National Instrument 31-103 registration requirements, exemptions and ongoing registrant obligations. Any resale of the securities must be made in accordance with an exemption from the prospectus requirements and in compliance with the registration requirements of applicable securities laws.

### Notice to Residents of China

The SAFTs are not being, and may not be, offered or sold, directly or indirectly, within the People’s Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities and other laws and regulations of the People’s Republic of China. The SAFTs may only be offered or sold to PRC purchasers that are authorized to engage in the purchase of instruments of the type being offered or sold. PRC purchasers are responsible for obtaining all relevant government regulatory approvals/licenses, verification and/or registration themselves, and complying with all relevant PRC regulations, including any relevant foreign exchange and overseas investment regulations.

### Notice to Residents of Hong Kong

SAFTs may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute any offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (cap. 32 of the laws of Hong Kong) (the “**CWUMP Ordinance**”) or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (cap. 571 of the laws of Hong Kong) (“**Securities and Futures Ordinance**”), or (ii) to “professional investors” as defined in the Securities and Futures Ordinance

and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the CWUMP Ordinance, and no advertisement, invitation or document relating to the SAFT may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to instruments which are or are intended to be disposed of only to persons outside of Hong Kong or only to “professional investors” in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

### **Notice to Residents of the European Economic Area**

In relation to each member state of the European Economic Area which has implemented the prospectus directive (each, a “**relevant member state**”), the SAFT and any related documents are being distributed only to, and directed only at (and any related purchase activity will be engaged only with): (a) a legal entity that is a qualified investor as defined in the prospectus directive, (b) fewer than 150 natural or legal persons (other than qualified investors as defined in the prospectus directive), subject to obtaining the prior consent of any representative for any such offer; or (c) person the sales to whom would be in any other circumstance falling within article 3(2) of the prospectus directive; *provided* that no such transaction may result in a requirement for the publication by us of a prospectus pursuant to article 3 of the prospectus directive. The expression “prospectus directive” means directive 2003/71/ec (as amended), including by directive 2010/73/eu, and includes any relevant implementing measure in the relevant member state. This European Economic Area selling restriction is in addition to any other applicable selling restrictions set out below.

### **Notice to Residents of the United Kingdom**

In the United Kingdom the SAFT is being distributed only to, and is directed only at (and any purchase activity to which it relates will be engaged only with): (i) investment professionals (within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the “**FPO**”)); (ii) persons or entities of a kind described in Article 49 of the FPO; (iii) certified sophisticated investors (within the meaning of Article 50(1) of the FPO); and (iv) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**relevant persons**”). Persons who are not relevant persons should not take any action in connection with the SAFT or based upon any documents used in connection therewith. It is a condition of your acquisition of the SAFT that you warrant to Augmate, its directors, and its officers that you are a relevant person. The SAFT and any documents used in connection therewith have not been approved by any authorized person.

### **Notice to Residents of Japan**

The SAFT is being offered to a limited number of qualified institutional investors (tekikaku kikan toshika, as defined in the Securities Exchange Law of Japan (law no. 25 of 1948, as amended)) and/or a small number of investors, in all cases under circumstances that will fall within



the private placement exemption from the registration requirements of the securities exchange law and other relevant laws and regulations of Japan. As such, the SAFT has not been registered and will not be registered under the Securities Exchange Law of Japan. The purchaser of the SAFT agrees not to re-transfer or re-assign the SAFT to anyone other than non-residents of Japan except pursuant to a private placement exemption from the registration requirements of, and otherwise in compliance with, the securities exchange law and other relevant laws and regulations of Japan.

### **Notice to the Residents of the Russian Federation**

The SAFT and any related documents are not an offer, or an invitation to make offers, to sell, purchase, exchange or otherwise transfer securities or foreign financial instruments to or for the benefit of any person or entity resident, incorporated, established or having their usual residence in the in the Russian Federation, except “qualified investors” (as defined under Russian securities laws) to the extent permitted under Russian securities laws. The SAFT and any documents used in connection therewith are not an advertisement in connection with the “placement” or a “public circulation” (as both terms are defined under Russian securities law) of any securities, and the SAFT is not intended for “placement” or “public circulation” in the Russian Federation, in each case unless otherwise permitted under Russian securities laws. Neither the SAFT nor a prospectus relating hereto has been or will be registered with the central bank of the Russian Federation.

### **Notice to Residents of Singapore**

The SAFT and any documents used in connection therewith have not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, chapter 289 of Singapore (“SFA”). Accordingly, the SAFT and any other document in connection with the offer or sale, or invitation for subscription or purchase, thereof may not be circulated or distributed, nor may it be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under section 274 of the SFA, (ii) to a relevant person pursuant to section 275(1), or any person pursuant to section 275(1a), and in accordance with the conditions specified in section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the SAFT is subscribed for or purchased under section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in section 4a of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under section 275 of the SFA except: (1) to an institutional investor under section 274 of the SFA or to a relevant person (as defined in section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than s\$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in section 276(7) of the SFA, or (6) as specified in regulation 32.

### **Notice to Residents of South Korea**

The SAFT and any documents used in connection therewith are not, and under no circumstances may be construed as, a public offering of securities in South Korea. Neither Augmate nor any placement agent may make any representation with respect to the eligibility of any person to acquire the SAFT under the laws of South Korea, including, without limitation, Indirect Investment Asset Management Business Law, the Securities and Exchange Act and the Foreign Exchange Transaction Act and regulations thereunder. The SAFT has not been registered under the Securities and Exchange Act, Securities Investment Trust Business Act or the Securities Investment Company Act of South Korea and the SAFT may not be offered, sold or delivered, directly or indirectly, or offered or sold to any person for reoffering or resale, directly or indirectly, in South Korea or to any resident of South Korea, except pursuant to the applicable laws and regulations of South Korea.

### **Notice to Residents of Switzerland**

SAFTs may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“**SIX**”) or on any other stock exchange or regulated trading facility in Switzerland. SAFTs and any related documents have been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither SAFTs nor any related marketing material may be publicly distributed or otherwise made publicly available in Switzerland.

SAFTs and any related marketing materials have not been and will not be filed with or approved by any Swiss regulatory authority, particularly including the Swiss Financial Market Supervisory Authority (“**FINMA**”), and it has not been authorized under the Swiss Federal Act on Collective Investment Schemes (“**CISA**”). The protections afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of SAFTs.

### **Notice to Residents of Israel**

Augmate does not intend to offer the SAFT to the public in Israel within the meaning of the Israeli Securities Law, 1968, or offer SAFTs, within any specific year, to more than 35 offerees resident in Israel. Each offeree must and hereby does warrant to Augmate that it is purchasing SAFTs for investment purposes only and not for purposes of resale.

### **Ukraine**

The SAFTs and any documents used in connection therewith do not constitute an offer of the SAFTs or MATE Tokens in the Ukraine. The SAFTs or MATE Tokens have not been offered or sold, and will not be offered or sold, directly or indirectly, in the Ukraine, except as may be permitted by law.

### **Cayman Islands**

The SAFTs and any documents used in connection therewith do not constitute a public offer of the SAFTs or MATE Tokens, whether by way of sale or subscription, in the Cayman Islands. Augmate

will not carry on business in the Cayman Islands. The SAFTs or MATE Tokens have not been offered or sold, and will not be offered or sold, directly or indirectly, in the

Cayman Islands, except as may be permitted by law without creating an obligation for Augmate to register in the Cayman Islands.

## **India**

The SAFTs and any documents used in connection therewith and any related documents do not constitute an offer to sell to or an offer to buy interest from any person other than the person to whom this document has been sent by Augmate or its authorized agents. The SAFTs and any documents used in connection therewith should not be construed as a prospectus. The SAFTs and any documents used in connection therewith are not being offered for sale or subscription but are being privately placed with a limited number of sophisticated investors, and prospective investors must obtain legal advice that they are entitled to subscribe for these instruments and must comply with all relevant Indian laws in this respect.

## **Australia**

No SAFTs, placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission (ASIC), in relation to this offering. The SAFTs and any documents used in connection therewith and any related documents do not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (or the Corporations Act) and do not purport to include the information required therefor.

Any offer in Australia of The SAFTs and any documents used in connection therewith may only be made to “sophisticated investors” (within the meaning of Section 708(8) of the Corporations Act), “professional investors” (within the meaning of Section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in Section 708 of the Corporations Act so that it is lawful to offer the SAFTs and any documents used in connection therewith without disclosure to investors under Chapter 6D of the Corporations Act.

The SAFTs and any documents used in connection therewith must not be offered for sale in Australia in the period of 12 months after the date of allotment under this offering, except in circumstances (i) where disclosure to purchasers under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under Section 708 of the Corporations Act or otherwise or (ii) where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring The SAFTs and any documents used in connection therewith must observe such Australian on-sale restrictions.

## **Thailand**

The SAFTs and any documents used in connection therewith have not be approved by the Office of the Thai Securities Exchange Commission (“**TSEC**”), and no registration statement and draft prospectus have been filed with the TSEC and have become effective, in reliance on applicable

exemptions from such requirements, including for offers to “institutional investors” under the Securities and Exchange Act and any related act or rules.

**Notice to Residents of all Other Jurisdictions**

No action has been taken to permit the offer, sale, possession or distribution of the SAFT or any related documents in any jurisdiction where action for that purpose is required. You are required to inform yourself about, and to observe any restrictions relating to, the SAFT and any related documents in your jurisdiction.

## **CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

Set forth below is a summary discussion of certain U.S. federal income tax consequences relating to a purchase of a SAFT and the acquisition, ownership and disposition of MATE Tokens issued pursuant to a SAFT by Purchasers. This summary does not attempt to present all aspects of the U.S. federal income tax laws or any state, local or foreign laws that may affect the purchase of a SAFT or MATE Tokens. In addition, this summary does not consider the circumstances of particular Purchasers, some of which (such as financial institutions, insurance companies, regulated investment companies, tax-exempt organizations, dealers, traders who elect to mark their investment to market, persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar and persons subject to the alternative minimum tax) are subject to special tax regimes. Furthermore, unless otherwise noted below, this summary does not address the U.S. federal income tax issues relevant to Augmate or to members of our Community. This summary is general in nature and should not be construed as tax advice to any prospective Purchaser. No ruling has been or will be requested from the Internal Revenue Service (the “**IRS**”) and no assurance can be given that the IRS will agree with the tax consequences described in this summary. The following discussion assumes that each prospective Purchaser will acquire MATE Tokens as a capital asset for U.S. federal income tax purposes (generally, property held for investment).

This description is based on the U.S. Internal Revenue Code of 1986, as amended, (the “**Code**”), existing, proposed and temporary U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as available on the date hereof. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below. The following discussion is limited to prospective Purchasers who are “United States persons” within the meaning of the Code.

**Each prospective Purchaser should consult with its own tax advisor in order to fully understand the United States federal, state, local and foreign income tax consequences of purchasing a SAFT or MATE Tokens. No legal or tax advice is hereby given to any prospective Purchaser.**

**Transactions involving a SAFT and similar instruments, as well as Initial Coin Offerings (“ICOs”) and token transactions, are relatively new and it is more than likely that the IRS will issue guidance, possibly with retroactive effect, impacting the taxation of Purchasers of a SAFT, participants in an ICO, and holders of MATE Tokens. Future tax guidance from the IRS (or guidance resulting from future judicial decisions) could negatively impact Purchasers of the SAFT and holders of MATE Tokens.**

### **Tax Treatment of SAFT**

Augmate intends to treat the execution of the SAFT as the execution of a contract for the purchase of MATE Tokens, to be delivered to a Purchaser upon Network Launch, as more fully described in the SAFT. Augmate intends to treat the SAFT neither as an equity interest nor as a debt interest in

Augmate for U.S. federal income tax purposes. The amount paid by a Purchaser upon entering into the SAFT should be a nondeductible capital expense for U.S. federal income tax purposes.

The tax treatment of a SAFT is not entirely clear. It is possible that the IRS may challenge Augmate's intended treatment of the SAFT, for example, treating amounts paid by a Purchaser upon entering into the SAFT as a prepayment for services to be rendered, or treating the SAFT as a form of equity interest in the assets of Augmate, in which case the U.S. federal income tax consequences to a Purchaser and Augmate of the execution of a SAFT could differ from those described above.

### **Treatment of Token Sale**

Upon Platform Launch, Augmate shall issue MATE Tokens to each holder of a SAFT pursuant to the terms of the applicable SAFT. Augmate will treat the issuance of MATE Tokens to a Purchaser under a SAFT as a purchase of property (that is, the MATE Tokens) by the Purchaser. Augmate intends to treat MATE Tokens neither as equity interests nor as debt interests in Augmate for U.S. federal income tax purposes. A Purchaser should generally have a tax basis for U.S. federal income tax purposes in the MATE Tokens it acquires from Augmate equal to the amount of U.S. dollars such Purchaser advanced under the SAFT or, if such Purchaser invested in a SAFT using Bitcoin or Ether, the value thereof in U.S. dollars at the Applicable Exchange Rate on the date of such exchange. The Purchaser's holding period in the MATE Tokens should begin on the day the MATE Tokens are issued to the Purchaser. Under this treatment, Augmate would have income upon issuance of the MATE Tokens to a Purchaser generally equal to the amount of U.S. dollars such Purchaser advanced under the SAFT or, if such Purchaser invested in a SAFT using Bitcoin or Ether, the value thereof in U.S. dollars at the Applicable Exchange Rate on the date of such exchange.

While a purchase of property, such as MATE Tokens, generally is not taxable to the buyer (in this case, the Purchaser) for U.S. federal income tax purposes, a Purchaser that uses Bitcoin or Ether as its form of payment for the SAFT may have taxable gain or loss on such exchange to the extent the Purchaser's adjusted tax basis in Bitcoin or Ether used to purchase the SAFT (expressed in U.S. dollars) is less than or greater than, respectively, the Applicable Exchange Rate for Bitcoin or Ether (expressed in U.S. dollars) upon the acquisition of MATE Tokens pursuant to the SAFT.

However, the tax treatment of MATE Tokens is not entirely clear. It is possible that the IRS may challenge Augmate's intended treatment of the issuance of MATE Tokens under a SAFT, in which case the U.S. federal income tax consequences to a Purchaser and Augmate of an issuance of MATE Tokens under a SAFT could differ from those described above. The remainder of this summary assumes that Augmate's intended treatment of the SAFT and the MATE Tokens will be respected.

### **Disposition of MATE Tokens**

A Purchaser who sells, exchanges, or otherwise disposes of the MATE Tokens for U.S. dollars or other property (including pursuant to an exchange of such MATE Tokens for other convertible virtual currencies such as Bitcoin and Ether) should, pursuant to IRS Notice 2014-21, recognize capital gain or loss in an amount equal to the difference between the fair market value of the property received in exchange for such MATE Tokens and the Purchaser's adjusted tax basis in the

MATE Tokens, as described above. This capital gain may be long-term if the Purchaser has held its MATE Tokens for more than one year prior to disposition.

### **Treatment of Conversion of SAFT upon failure of Platform Launch**

In the event of a Platform Launch failure, Augmate may wind up its operations and distribute its assets to Purchasers, including holders of SAFTs, as more fully set forth in the SAFT. A Purchaser who receives our assets, if any, in exchange for its rights under the SAFT generally should recognize taxable gain or loss in an amount equal to the difference between the fair market value of the assets the Purchaser receives, if any, and the amount, expressed in U.S. dollars, it advanced under the SAFT.

THE TAX TREATMENT OF THE SAFT, THE PURCHASE RIGHTS CONTAINED THEREIN AND THE MATE TOKEN DISTRIBUTION IS UNCERTAIN AND THERE MAY BE ADVERSE TAX CONSEQUENCES FOR PURCHASERS UPON CERTAIN FUTURE EVENTS. PURCHASING A SAFT AND ACQUIRING MATE TOKENS PURSUANT

THERE TO MAY RESULT IN ADVERSE TAX CONSEQUENCES TO PURCHASERS, INCLUDING WITHHOLDING TAXES, INCOME TAXES AND TAX REPORTING REQUIREMENTS. EACH PURCHASER SHOULD CONSULT WITH AND MUST RELY UPON THE ADVICE OF ITS OWN TAX ADVISORS WITH RESPECT TO THE U.S. AND NON-U.S. TAX TREATMENT OF PURCHASING A SAFT AND THE RIGHTS CONTAINED THEREIN.