

## PRIVATE PLACEMENT OFFERING MEMORANDUM



**350,000,000 Zypcoins**

***Rights to Tokens to be acquired pursuant to***

***Simple Agreements for Future Tokens***

***March 31, 2018***

Zypline Services Inc., a Delaware corporation, (“**Zypline**” or the “**Company**”) has built and patented a unique connection platform along with several browser and mobile applications that it is launching in the Enterprise and small and medium-sized businesses (SMB) markets. The platform displays information about a business—after it is specifically posted (or approved) by phone number’s owner—directly onto the screens of inbound callers. Content is displayed while the phone is ringing, while in voice mail, and even if the call is terminated. To properly address the global market, Zypline plans to issue a new “app-token” (“**Zypcoin**” or “**Token**”) that users can utilize in the network of vendors and customers (“**Zypcoin Network**”): Vendors can upload a user profile on the Zypcoin Network and customers that view the user’s profile can engage a local service or purchase a product (blockchain e-commerce). The use of Zypcoin in the Zypcoin Network is intended to upgrade existing applications, develop new applications and systems, and deploy a unique distributor/agent strategy that matches the needs and processes of this sector.

This Private Placement Offering Memorandum (this “**Memorandum**”) has been prepared by Zypline solely for use by prospective purchasers to whom Zypline is offering (the “**Offering**”) the opportunity to purchase the right to acquire in the future the digital utility tokens, Zypcoins, pursuant to a Simple Agreement for Future Tokens (the “**SAFT**”), for the Zypcoin Network. Unless the context requires otherwise, in this Memorandum the terms “**we**,” “**us**,” and “**our**” also refer to Zypline Services, Inc., a Delaware corporation, its affiliates, and its subsidiaries, and all dollar (\$) amounts set forth herein refer to United States dollars. Zypline may, in the future, create a non-profit entity (“**Foundation**”) to be the issuer of Zypcoins if it is in the best interests of Zypline, Zypcoin Network, or users of the Network.

The Zypcoin is a utility token that does not represent any ownership, equity, or economic interest in Zypline, the Zypcoin Network, or its products or services.

The offering period will expire on the earlier to occur of: (i) the date on which the maximum placement amount has been subscribed for and accepted by Zypline and a final closing is conducted, or (ii) June 30, 2018, unless extended by up to sixty (60) days in the sole discretion of Zypline.

Purchasing a SAFT involves a high degree of risk. See “**Risk Factors**” starting on page 10.

Each recipient hereof acknowledges and agrees that the information herein constitutes proprietary and confidential information of Zypline that may only be used to consider whether to purchase the right to acquire Zypcoins.

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## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Memorandum constitute “forward-looking information” under applicable securities laws. In some cases, these forward-looking statements can be identified by words or phrases such as “may”, “will”, “expect”, “anticipate”, “aim”, “estimate”, “intend”, “plan”, “seek”, “believe”, “potential”, “continue”, “is/are likely to” or the negative of such terms, or other similar expressions intended to identify forward-looking statements. Forward-looking statements are provided to allow potential purchasers of the SAFT the opportunity to understand the Company’s beliefs and opinions in respect of the future, including forward-looking statements related to the Company’s proposed operating model. The forward-looking statements are not guarantees of future performance, and undue reliance should not be placed on them. Forward-looking statements are based on certain assumptions and analysis made by the Company in light of its experience and perception of historical trends, current conditions, and expected future developments and other factors it believes are appropriate. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual future results, performance, or achievements of funds, cryptocurrencies, or the Company to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These factors include, but are not limited to: (a) changes in political, social, economic, and cryptocurrency market conditions, and the regulatory environment in the jurisdictions in which the Company conducts its businesses and operations; (b) the risk that the Company may be unable or execute or implement its business strategies and future plans; (c) changes in exchange rates of fiat currencies and cryptocurrencies; (d) changes in the anticipated growth strategies and expected internal growth of the Company; (e) changes in the future capital needs of the Company and the availability of financing and capital to fund such needs; (f) war or acts of terrorism; (g) occurrences of catastrophic events, natural disasters, and acts of God that affect the businesses and operations of the Company; (h) other factors beyond the control of the Company; and (i) any risk and uncertainties associated with the Company and its business and operations, the Tokens, and the underlying assets. Although forward-looking statements contained herein are based upon what the Company believes are reasonable assumptions, forward-looking statements may prove to be inaccurate, as actual results and future events may differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or the Company’s estimates or opinions should change, except as required by applicable laws.

We urge you to carefully review this Memorandum, particularly the section “RISK FACTORS” beginning on page 10 of this offering memorandum for a more complete discussion of the risks of purchasing the SAFT. Although Zypline believes that the expectations reflected in the forward-looking statements are reasonable, Zypline cannot guarantee with respect to the SAFT, Zypcoins, future investments, results and returns on investments, level of activity, performance or achievements. Many factors discussed in this Memorandum, some of which are beyond Zypline’s control, will be important in determining the future performance of Zypline, the SAFT, and Zypcoins. Consequently, actual results may differ materially from those that might be anticipated from forward-looking statements. In light of these and other uncertainties, you should not regard the inclusion of a forward-looking statement in this Memorandum as a representation by Zypline that its plans and objectives will be achieved, and you should not place undue reliance on such forward-looking statements. Zypline does not undertake any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

## CERTAIN IMPORTANT NOTICES & TRANSFER RESTRICTIONS

This Memorandum is furnished for the purpose of providing certain information about the purchase of the SAFTs. This Memorandum and the SAFT are to be used by the person to whom those have been delivered solely in connection with the consideration of the purchase of the SAFTs described herein. All recipients agree that they will use this Memorandum for the sole purpose of evaluating a possible purchase of SAFTs. Acceptance of the SAFT by prospective purchasers constitutes an agreement to be bound by the terms therein.

This Memorandum contains a summary of the SAFT, the Zypcoins and certain other documents referred to herein. However, these summaries 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, which are not incorporated herein by reference, and copies of which will be provided to purchasers upon request. In the event that descriptions in or terms of this Memorandum are inconsistent with or contrary to the description in or terms of such other documents, such other documents shall control. Zypline reserves the right to modify the terms of the Offering, the SAFTs and the Zypcoins described in this Memorandum, and the SAFTs are offered subject to Zypline's ability to reject any commitment in whole or in part.

This Memorandum is not a prospectus and does not purport in any manner to contain sufficient information a reasonable purchaser may require to form an investment decision. This Memorandum shall not be relied upon solely in relation to, and shall not be taken solely as the basis for, an investment decision.

Prior to purchasing a SAFT, a prospective purchaser should consult with its own legal, financial, tax, accounting, and other advisors regarding the applicable limitations on purchasers who are eligible to purchase it and that restrict its resale or other transfer; the income and other tax consequences of acquiring, holding and disposing of the SAFTs and Zypcoins; and the other potential consequences of acquiring a SAFT or Zypcoins. Purchasers should carefully consider whether purchasing a SAFT is suitable to their financial situation and goals.

No person has been authorized to make any statement concerning Zypline 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. Purchasers should make their own investigations and evaluations of the SAFT and the Zypcoins, including the merits and risks of a purchasing thereof.

SAFT purchase amounts are denominated in U.S. dollars (\$) and purchasers may tender U.S. dollars, Bitcoin ("**BTC**"), Ether ("**ETH**"), or any other currency determined by the Company at its sole discretion in exchange for the SAFT. Such currencies are subject to 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 price or value of a SAFT or ZYPCHAIN.

THE SAFTS WILL BE OFFERED AND SOLD FOR UTILITY ONLY TO QUALIFYING RECIPIENTS OF THIS MEMORANDUM PURSUANT TO THE EXEMPTION OR EXCLUSION FROM THE REGISTRATION REQUIREMENTS OF APPLICABLE SECURITIES LAWS. PURCHASERS SHALL INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS AND TAX CONSEQUENCES WITHIN THE COUNTRIES OF THEIR CITIZENSHIP, RESIDENCE, DOMICILE AND PLACE OF BUSINESS WITH RESPECT TO THE ACQUISITION, POSSESSION, OR DISPOSAL OF ZYPCHAIN, AND ANY FOREIGN EXCHANGE RESTRICTIONS THAT MAY BE RELEVANT THERETO PRIOR TO THE SUBSCRIPTION OF ANY SAFTS OR ZYPCHAIN.

THE SAFTS OR ZYPCOINS MAY ONLY BE OFFERED, SOLD, OR OTHERWISE TRANSFERRED TO U.S. PERSONS (AS DEFINED IN RULE 902 (K) OF THE REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (“**REGULATION S**” AND THE “**SECURITIES ACT**”)) ONLY IF SUCH U.S. PERSONS ARE ACCREDITED INVESTORS (AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT (“**REGULATION D**”)), OR TO NON-U.S. PERSONS (AS DEFINED IN REGULATION S) IN AN OFFSHORE TRANSACTION (AS DEFINED IN REGULATION S).

ALL ZYPCOINS ISSUED PURSUANT TO THE SAFT UPON CONVERSION OF THE SAFT ARE SUBJECT TO THE USE RESTRICTION. “**USE RESTRICTION**” MEANS THE GENERAL PROHIBITION ON THE PURCHASER’S ABILITY TO SELL, TRANSFER, SPEND, EXCHANGE OR OTHERWISE MAKE USE OF THE ZYPCOINS. THE USE RESTRICTION SHALL TERMINATE ON THE ONE (1) YEAR ANNIVERSARY OF (I) THE EFFECTIVE TIME OR (II) THE DATE OF THE CLOSING OF THE OFFERING OF THE SERIES OF SAFTS ON THE COVER OF THE SAFTS. THE COMPANY MAY WAIVE IN WRITING THE USE RESTRICTION IN ITS SOLE DISCRETION. “**EFFECTIVE TIME**” MEANS THE DATE OF THE PURCHASE OF THE SAFT BY A PARTICULAR PURCHASER AS NOTED ON THE COVER OF THE SAFT.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR INVITATION TO PURCHASE ANY EQUITY OR OTHER DIRECT INTERESTS IN ZYPLINE. EACH ZYPCOIN DOES NOT REPRESENT OR QUALIFY AS EQUITY OR OTHER DIRECT INTERESTS IN ZYPLINE OR ITS AFFILIATES, AND DOES NOT GRANT ANY EQUITY OR VOTING RIGHTS IN, OR CLAIMS AGAINST, ZYPLINE OR ITS AFFILIATES. FURTHERMORE, THE ZYPCOIN IS NOT, AND DOES NOT REPRESENT OR QUALIFY AS, A FUND UNIT OR STRUCTURED PRODUCT.

YOU MUST MAKE YOUR OWN DECISION WHETHER THE ZYPCOINS MEET YOUR INVESTMENT OBJECTIVES AND RISK TOLERANCE LEVEL. NO GOVERNMENTAL AUTHORITY OF ANY COUNTRY HAS REVIEWED, APPROVED, DISAPPROVED, ENDORSED, OR RECOMMENDED THE OFFERING, SALE, OR ISSUANCE OF THE SAFT OR ZYPCOINS. THE SAFT AND ZYPCOINS HAVE NOT BEEN, AND SHALL NOT BE, REGISTERED WITH ANY GOVERNMENTAL AUTHORITY OF ANY COUNTRY. THE SAFT AND ZYPCOINS ARE BEING OFFERED AND SOLD ONLY IN JURISDICTIONS WHERE SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED, INCLUDING PURSUANT TO APPLICABLE EXCEPTIONS OR EXEMPTIONS THAT GENERALLY LIMIT THE PURCHASERS WHO ARE ELIGIBLE TO PURCHASE THE SAFTS AND THAT RESTRICT ITS RESALE. THE SAFT OR ZYPCOINS MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER APPLICABLE SECURITIES LAWS.

YOU ARE REQUIRED TO INFORM YOURSELF ABOUT AND TO OBSERVE ANY AND ALL LEGAL RESTRICTIONS IN YOUR JURISDICTION RELATING TO THIS OFFERING, ZYPCOINS, AND ANY RELATED DOCUMENTS AND COMMUNICATIONS. YOU MUST COMPLY WITH ALL APPLICABLE LAWS IN CONNECTION WITH ANY OFFER, SALE, OR TRANSFER OF THE SAFTS AND ZYPCOINS.

PROSPECTIVE PURCHASERS MUST BEAR IN MIND THAT PAST OR PROJECTED PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS, AND THERE CAN BE NO ASSURANCE THAT ZYPLINE WILL ACHIEVE DESIRABLE RESULTS OR THAT TARGETED RETURNS WILL BE MET. LOSSES WILL LIKELY OCCUR. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SUBSCRIBE FOR INTERESTS IN ZYPLINE OR ITS PRODUCTS OR SERVICES.

## COMPANY OVERVIEW

### Overview of Zypline and Zypcoin

Zypline has completed and patented a unique connection platform along with several browser and mobile applications that it is launching in the Enterprise and small and medium-sized businesses (SMB) markets. The platform displays information about a business—after it is specifically posted (or approved) by phone number’s owner—directly onto the screens of inbound callers. Content is displayed while the phone is ringing, while in voice mail, and even if the call is terminated. In addition, customers can enter the same phone number on various browser apps and see that same up-to-date information instantly. These products open a new and very large market of “*Content-While-Calling*”, which Marchex has estimated may be a \$2.0 trillion transaction market by 2019, with annual calls to businesses from smartphones at 162 billion<sup>1</sup> (not incorporated herein by reference).

With the advent of the new distributed processes of blockchain, smart contracts, and cryptocurrency, Zypline sees a major opportunity to offer its products even beyond ENTERPRISE and SMB markets and plans to repurpose and adjust its technology and products for the huge underserved global market of sole proprietors, home businesses, and artisans around the world. With just their phone number as identifier, Zypline aims to get them from their “Garage To Global Markets”.

To properly address this market Zypline plans to issue a new “app-token” **ZYPCOIN**, to repurpose and upgrade existing applications, to develop new applications and systems, and to deploy a unique distributor/agent strategy that matches the needs and processes of this sector. Zypline believes that the result may enable this large and under-served market to benefit from online business, product and service displays, and access to global E-commerce with just their mobile number and without the expense and hassle of a website.

This is a well deserving and valuable market segment. These artisans work hard and produce a valuable product or service but have limited access to technology; but substantially all have a mobile phone. Bank of America / Merrill Lynch has identified this as representing about a \$56 trillion e-commerce market for billions of people who are primarily without full internet services<sup>2</sup>rated herein by reference).

### Summary of the Zypcoin Network

The Zypcoin Network comprises of Users (that have a business profile or flyer), Zypcoin Agents or Zypstations (distributors, partners, retail shops), that upload a User’s profile on the Zypcoin Network, Customers that view the User’s flyers and profiles online and engage a local service or purchase a product (blockchain e-commerce), together comprise the total Zypcoin Ecosystem which is powered by the Zypcoin token.

### Key Categories of Users

Some of the key categories of Zypcoin Network users are expected to include: under-served market of millions of artisans, sole proprietors, home businesses, free-lancers, service providers and other contract workers.

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<sup>1</sup> <http://pages.marchex.com/rs/155-NBF-513/images/Marchex-Click-to-Call%20Mobile%20Performance%20Report.pdf>

<sup>2</sup> <http://www.businessinsider.com/market-could-be-biggest-in-history-of-commerce-2016-6>

## Zypcoin Token Economics

Zypline plans to develop the detailed token economics over the next several months to make sure there is a necessary balance between supply and demand for Zypcoins. No assurances can be given that we will be successful in achieving a balance between supply and demand for Zypcoins.

## Initial Launch of Zypcoins and the Zypcoin Network

At the time of the Network Launch (as defined below), when Zypcoins are distributed publicly, Zypline's goal is for the Zypcoin Network to have the following functionality (the "**Minimum Viable Product**"): instant online upload and posting of a User's Profiles and Flyers, automatic issuance of reward Zypcoins, and an Agent dashboard (data summaries and analytics of agent performance).

## Prior SAFT Sales

Zypline has conducted an initial SAFT (Series S-1) sale from November 15, 2017 to January 31, 2018, which was limited to existing advisors who have either helped support Zypline in the past or have shown potential to be valuable partners as the Zypcoin Network grows (the "**Advisor Sale**"). Zypline plans to conduct a SAFT Pre-sale from April 9, 2018 until May 15, 2018 (the "**Pre-sale**"). The Crowd Sale commences on or about 8 a.m. Eastern Time on June 1, 2018 and ends on June 30, 2018 (the "**Crowd Sale**").

The purchase price for SAFTs (Series S-1) to be sold in the Advisor Sale is at a discount of fifty percent (50%) to the price at which we expect to sell SAFTs (Series CS-1) in the Crowd Sale. The purchase price for SAFTs (Series PS-1) sold in the Pre-sale is at a forty percent (40%) discount to the price at which we expect to sell SAFTs (Series CS-1) in the Crowd Sale.

## Token Offering & Distribution

The current planned token sale and distribution is as follows:

ZYPCOIN PLANNED ALLOCATION			
Category	Tokens		Portion
Pre Sale	150	million	15%
Public Sale	200	million	20%
Rewards, Bonuses & Bounty	150	million	15%
Zypcoin Community Fund	100	million	10%
Acquisitions, Partners	200	million	20%
Staff, (existing & new)	140	million	14%
Reserve for Advisors	60	million	6%

### NOTES:

- 1 Zypcoin = \$0.20
- Any unsold tokens in the Presale will be added to the Public Sale

<b>ZYPCOIN TOKEN SALES &amp; BONUS SCHEDULES</b>					
<b>PRE SALE</b>	<b>From</b>	<b>To</b>	<b>Discount</b>	<b>Price</b>	
	April 9, 2018	May 15, 2018	40%	\$0.12	
<b>PUBLIC SALE</b>	<b>From</b>	<b>To</b>	<b>Discount</b>	<b>Price</b>	<b>Bonus</b>
Phase-1	June 1, 2018	June 15, 2018	none	\$0.20	20%
Phase-2	June 16, 2018	June 31, 2018	none	\$0.20	none

### **Token Distribution**

Total of 1,000,000,000 Zypcoins will be issued. The Zypcoins will be distributed to the five (5) major participating groups in the Zypcoin Network. These groups are critical to the network's creation, development, growth, and maintenance.

**35% to Purchasers** for funding network development, business development, partnerships, support, and more. The Zypcoins issuable on conversion of the SAFTs previously sold and being sold in this offering, or that we may otherwise sell, count toward this allocation.

**14% to Staff**

**6% to Advisors**

**25% to Zypcoin Community Fund and Referral, Bonus & Bounty Reserve.**

**20% to Acquisitions & Partners.**



## KEY MANAGEMENT

**Ray Kasbarian, Co-founder and CEO.** A serial entrepreneur in the global IT marketplace with in-depth experience in strategic market planning for major US corporations. He has developed and sold several software companies. His global experience has been in the ERP sector and he was based in Paris as VP European Operations for a US public ERP software firm where he made acquisitions of subsidiaries in France and Germany and the on-going management, training and sales integration with US operations. He has co-developed and patented the Zypline connection platform and the series of user-facing apps such as Zyppages, Zypcall, and Zyplistsings.

**Marcus Almeida, CTO** Marcus has over 20 years of technical experience in systems development working with most data bases and programming languages. He is currently responsible for all technical design and development at Zypcoin. He was co-founder of Rentech and developed a new POS system that managed 2000 companies. The company grew to 160 employees and had thousands of installations; it was acquired in 2008 by Bematech. He also founded Eagle Ray Technology and developed Signax, a digital signage solution.

**Gilles de Boudreaux, Product Manager.** Gilles (MBA, DESS) has over 30 years of hands-on experience in high-tech, ranging from programming embedded systems (Ariane satellite launcher, nuclear submarine), to starting and managing his own software company (ACSEH). He held the positions of Director of Project Management, Quality Assurance, Documentation, Software Applications Development, and Operations. He lived on 3 continents and worked in 7 countries, managing local and international teams in companies ranging from startups to multi-nationals like ICL/Fujitsu, NCR, AT&T GIS, CAP Gemini and Thomson/RCA. He has served as Director of Software Development at Electric Vehicle Entrepreneurs of Silicon Valley.

**Steve Austin, Head Distribution and Training.** Steve has over 25 years experience in Silicon Valley high-tech from start-ups to large companies. His focus has been on driving revenue & competitive advantages- USA & international – for disruptive technologies. He has managed and launched corporate innovation projects, esp. FinTech, enterprise, IoT, AI, energy. He has coached and mentored many startups and later stage companies. He has designed innovation programs, product, go-to-market, strategies and B2B Sales & marketing training.

**Jason Coles, Director Marketing, Community Outreach.** Jason leads community outreach, brand protection and social media monitoring. He has significant experience in advising and consulting on all aspects of ICO development. He has successfully supported and managed multiple ICO's. His experience includes the entire ICO process from building communities and the social network to assisting in the marketing strategies needed to create global communities.

**Bobby Barone, Director Marketing Network Development.** Bobby will direct the development and expansion of the Zypcoin global network. He is an experienced ICO advisor, and investor with a successful history of working in the financial services and blockchain industry. He has a deep understanding of the details necessary to create and support global complex networks and structure business models for success. Formerly he was a Financial Securities Advisor, Bobby holds a Bachelor of Business Administration (B.B.A.) focused in Finance from Concordia University as well as a Diplôme d'études collégiales (College Degree) focused in Accounting.

**John Ciotte, Business Development.** John is a senior executive with 14+ years of technology sales experience. He has an extensive background in start-ups, operations, international expansion, and high growth business development. He co-founded 3 successful startups and drove an aggressive plan that led to over \$150 million in annual revenue and international expansion into 32 countries including Asia and South America within the first 4 years.

**Matthew Daniel Business Development** Matthew has over 11 years' experience in marketing and entrepreneurship by starting new business in multiple markets such as Equity/Debt Crowdfunding, ICO's, Matthews success comes from strategic operations and management and marketing. Over the past few of developing dozens of strategic funding portal business models he now focuses on utilizing today's new rules and regulations for the soliciting of Reg D and Reg A offerings. His past work has supported clients in raising over \$65 million across multiple markets.

**Zypline** plans to add a significant amount of executive, marketing and technical staff before the formal network launch.

## TERM SHEET

The summary below describes the principal terms of the SAFTs and the rights to purchase Zypcoins contained therein. Certain of the terms and conditions described below are subject to important limitations and exceptions. Prospective Purchasers should review the entirety of form of SAFT, available from Zypline. The summary below is qualified in its entirety by reference to the actual text of the form of SAFT. Capitalized terms not defined herein shall have the meaning ascribed to such term in the SAFT.

<i>Company:</i>	<b>Zypline Services Inc.</b>
<i>Instrument:</i>	Right to purchase in the future Zypcoins pursuant to a SAFT issued to Purchasers. Each Purchaser: (a) if in the United States, or a U.S. Person (as defined in Rule 902(k) of Regulation S (“ <b>Regulation S</b> ”) 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 in an offshore transaction 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 and Zypcoins under the applicable laws of the Purchaser’s jurisdiction.
<i>Purchase Price:</i>	In the presale, SAFTs (Series PS-1) will be sold at a price of \$0.12 per token issuable on conversion of the SAFT. In the crowd sale, SAFTs (Series CS-1) will be sold at a price of \$0.20 per token issuable on conversion of the SAFT. We reserve the right to apply a discount in the crowd sale if we determine that it is strategic to do so in our sole discretion. The minimum purchase amount in the presale will be \$50,000. The minimum purchase amount in the crowd sale is expected to be around \$250.00. We reserve the right to reduce either of these amounts in our sole discretion.
<i>Form of Payment for SAFT:</i>	U.S. Dollars, Bitcoin, Ether, or such other currency or legal tender accepted by the Company, in its sole discretion. 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 applicable exchange rate as of the beginning of the hour in which the Purchaser both fully executed and paid for the SAFT sold to a particular purchaser (which for the sake of clarity applies to any transaction within such hour until the final second of such hour), sourced from bitcoinaverage.com or such other reputable reporting service as determined by the Company in its sole discretion, as of such time.
<i>Conversion:</i>	Public release of the Zypcoin Network and a fully functioning and secure enabled network running smart contracts that conform to a protocol ratified by Zypline (the “ <b>Network Launch</b> ”).

<i>Termination:</i>	The SAFT will automatically expire and terminate upon the earlier of: (i) the issuance of Tokens to the Purchaser; (ii) the payment, or setting aside for payment, of amounts due to the Purchaser upon a Dissolution Event (as defined in the SAFT); or (iii) December 31, 2020 (the “ <b>Deadline Date</b> ”), if the Network 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. In case termination without Network Launch, no assurances can be given that Zypline will have funds to repay the Purchasers.
<i>Priority of Payment:</i>	If, immediately prior to the consummation of the Dissolution Event (as defined in the SAFT), the assets of Zypline that remain legally available for distribution to the Purchasers, as determined in good faith by Zypline’s Board of Directors, are insufficient to permit the return to the Purchasers of their respective Purchase Amounts, then the remaining assets of Zypline legally available for distribution will be distributed with equal priority and pro rata among the Purchasers in proportion to the Purchase Amounts they would otherwise be entitled to receive.
<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 Zypline’s counsel, and which will contain certain representations, warranties and covenants of Zypline and the Purchasers, closing conditions, and other provisions.
<i>Security Audit:</i>	Coinspect or another respectable provider has performed an independent cybersecurity audit.
<i>Use Restriction:</i>	All Zypcoins issued pursuant to the SAFT upon conversion of the SAFT are subject to the Use Restriction. “ <b>Use Restriction</b> ” means the general prohibition on the Purchaser’s ability to sell, transfer, spend, exchange or otherwise make use of the Zypcoins. The Use Restriction shall terminate on the one (1) year anniversary of the later of (i) the Effective Time (as defined in the SAFT) or (ii) the date of the closing of the offering of the Series of SAFTs on the cover of the SAFTs. The Company may waive in writing the Use Restriction in its sole discretion.

## RISK FACTORS

There are numerous risks involved in the development, maintenance and operation of Zypline's business and the Zypcoin Network, many of which are beyond the control of Zypline. You are urged to consider carefully the risks described herein, in addition to other information publically available regarding the risks generally associated with digital assets and blockchain technologies, before deciding to use, purchase, or hold SAFTs or Zypcoins.

### **Issuance of SAFTs and/or Zypcoins May Constitute the Issuance of a "Security" under Federal Securities Laws in the United States.**

Zypcoins are utility tokens that have specific consumptive use within the Zypcoin Network. Zypline does not think it should be considered a "security" as defined in the U.S. Securities Act of 1933 ("*Securities Act*").

On December 11, 2017, the SEC Chairman Jay Clayton issued a Statement on Cryptocurrencies and Initial Coin Offerings (the "*SEC Statement*") cautioning investors to make informed investments and opining that "By and large, the structures of initial coin offerings that I have seen promoted involve the offer and sale of securities and directly implicate the securities registration requirements and other investor protection provisions of its federal securities laws." Purchasers can read the entire SEC Statement at the SEC website: <https://www.sec.gov/news/public-statement/statement-clayton-2017-12-11>. The SEC Statement or any other opinions referred to herein are not incorporated by reference.

In the last few months, the SEC has sent subpoenas to firms and individuals behind multiple initial coin offerings ("*ICOs*"), demanding details about the structure of sales of ICOs. The few ICOs that have been sanctioned were fraudulent.

The SEC Statement, along with other regulatory actions, indicate that tokens issued via ICOs will very likely be considered securities and thus be subject to federal or state securities laws.

### **This Offering may result in a requirement that Zypline register its SAFTs or Zypcoins as securities under the Securities Exchange Act of 1934, as amended, depending on its level of assets, its number of holders, and whether the SAFTs and Zypcoins are considered equity securities.**

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, as of the last day of their fiscal year must register that class of equity securities with the SEC under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"). With the capital raised from this Offering, Zypline may surpass \$10 million in assets as it builds out the Zypcoin Network. Furthermore, there is the possibility that this Offering or future transactions in SAFTs or Zypcoins may result in more than 2,000 holders of record. Zypline believes that Zypcoins, when issued on conversion of the SAFTs, are likely to be utility tokens but may still be considered securities (equity or otherwise). There is no clear guidance from the SEC at this point but it is likely that both the SAFTs and Zypcoins may be considered securities. In addition, it is also possible that the SAFTs are deemed by the SEC to be equity securities but Zypcoins are not. In any case, it may not be possible to expedite development of the Zypcoin Network such that conversion of the SAFTs into Zypcoins occurs by the last day or Zypline's fiscal year, due to the unpredictable nature of complex software development such as the Zypcoin Network. Any requirement that Zypline register a class of equity securities with the SEC would require significant time and expense.

**SAFTs, Zypcoins, and/or ICOs may be considered securities in other jurisdictions as well or be banned altogether.**

Digital tokens are being closely scrutinized by various regulatory bodies around the world. There is a substantial risk that in numerous jurisdictions, the SAFTs or Zypcoins may be deemed to be a security. For example, applicable securities laws may limit the ability to hold more than certain amounts of the SAFTs or Zypcoins, restrict the ability to transfer the SAFTs or Zypcoins, require disclosure or other conditions in connection with any sale of the SAFTs or Zypcoins, and may restrict the businesses that facilitate exchanges or effect transfers of the SAFTs or Zypcoins. Every user, purchaser, and holder of the SAFTs or Zypcoins is required to make diligent inquiry to determine if the acquisition, possession and transfer of the SAFTs or Zypcoins are legal in its jurisdiction and to comply with all applicable laws.

Jurisdictions such as China and South Korea have banned ICOs altogether, while countries in the European Union, Russia, and India are considering moderate to heavy regulation. Purchaser has the sole responsibility to be informed of, and comply with, the applicable laws and rules in its jurisdiction.

The legal ability of Zypline to offer, sell, and issue the SAFTs or Zypcoins and the Zypcoin Network in some jurisdictions may be eliminated by future regulation or legal actions. In response to such action, Zypline may take actions that adversely impact purchaser and the Zypcoins, including: (a) ceasing operations or restricting access in certain jurisdictions, (b) adjusting Zypcoins and the Zypcoin Network in a way to comply with applicable rules and regulations, or (c) cease operations entirely.

**The SAFTs may not be transferred.**

The terms of the SAFT prohibit transfer of the SAFT. As a result, you will be required to hold their SAFT until the earlier of the Network Launch and the delivery of all of the Zypcoins, or the termination of the SAFT pursuant to the provisions set forth therein. Consequently, you must be prepared to bear the risk of purchasing a SAFT until the termination of the SAFT pursuant to the terms set forth therein. If legal exchanges or permissible transfers develop, they may be exposed to fraud or other criminal schemes.

**Zypcoins issued pursuant to the SAFT may only be transferred pursuant to the Use Restriction.**

All Zypcoins issued pursuant to the SAFT upon conversion of the SAFT are subject to the Use Restriction. “*Use Restriction*” means the general prohibition on the Purchaser’s ability to sell, transfer, spend, exchange or otherwise make use of the Zypcoins. The Use Restriction shall terminate on the one (1) year anniversary of the later of (i) the Effective Time or (ii) the date of the closing of the offering of the Series of SAFTs on the cover of the SAFTs. The Company may waive in writing the Use Restriction in its sole discretion.

**Zypcoins may be valueless.**

It is possible that, upon a Network Launch, the Zypcoin Network and Zypcoins will not be used by a large number of individuals, businesses, and other organizations and that there will be limited public interest in the creation and development of its functionalities. Further, the Zypcoin Network may never be completed, released, or become operational. These or other unforeseen factors may significantly decrease or eliminate any value of Zypcoins. Zypline does not guarantee any specific value of Zypcoins and cautions purchasers of Zypcoins that there is a significant likelihood their value may decrease.

**FinCEN and state regulators may take the position that Zypline and the Zypcoin Network may be considered a “money transmitting business,” Zypline and the Zypcoin Network may be subject to increased regulation under the Bank Secrecy Act and state anti-money laundering legislation, which could adversely impact Zypcoins and/or the Zypline Network.**

Presently, it is unclear how existing anti-money laundering laws, including the laws and regulations under the Bank Secrecy Act and state anti-money laundering legislation, will be applied to Zypline’s business as Zypline will be offering and transmitting SAFTs and subsequently Zypcoins. Zypline and the Zypcoin Network may be required to comply with existing regulations under the Bank Secrecy Act, the U.S. Patriot Act, and state anti-money laundering legislation including anti-money laundering regulations, “know your client” regulations, and suspicious activity reporting regulations. Compliance with these regulations could both increase the costs of operation of the Zypcoin Network and impair its ability to operate as planned.

### **The Commodity Futures Trading Commission and its Regulation.**

The Commodity Futures Trading Commission (“*CFTC*”) has broad jurisdiction over (i) retail commodity transactions under the Commodity Exchange Act 1936, as amended (“*CEA*”), (ii) contracts of sale of a commodity for future delivery, and (iii) transactions subject to regulation under the CEA. The CFTC also has jurisdiction over swaps pursuant to the Dodd Frank Wall Street Reform Act (“*Dodd-Frank Act*”) as well as enforcement powers for fraud or manipulation in connection with swaps, contracts of sale of any commodity in interstate commerce or for future delivery on or subject to the rules of any registered entity.

In 2015, the CFTC has made it clear that virtual currencies fall within its jurisdiction and has declared that virtual and cryptocurrencies are “commodities” subject to the CEA and applicable CFTC regulations. The CFTC has pursued and is currently pursuing a number of enforcement actions involving the trading and issuance of cryptocurrencies, which includes tokens. The CFTC’s regulatory position with respect to cryptocurrencies continues to evolve and it is unclear at this time the extent to which the CFTC intends to regulate cryptocurrencies, which regulations will apply and what, if any, exemptions from regulation may be available.

The CFTC has oversight authority over retail commodity transactions. Given the nature and structure of token issuances it is possible that the CFTC’s authority to regulate retail commodity transactions will apply, at least in part, to issuances similar to that proposed herein. The CFTC’s regulatory authority applies to any agreement, contract or transaction in any commodity that is entered into with a person that does not meet certain eligibility criteria and is therefore classified as retail. It is likely that at least some of the purchasers would be classified as retail purchasers under CFTC regulations. Any retail commodity transaction falling within the scope of CFTC jurisdiction is subject to certain CEA provisions including that such transaction be traded on an exchange registered with the CFTC. If it is determined that the proposed structure constitutes a retail commodity transaction, Zypline or its affiliates would need to comply with applicable regulations unless an exemption is available.

Pursuant to the Dodd-Frank Act, the CFTC has promulgated a range of new regulatory requirements that may affect the pricing, terms and compliance costs associated with the entry into any derivatives transaction, including with respect to cryptocurrencies by Zypline. Some or all of the derivatives transactions that Zypline may enter into may be affected by (i) the requirement that certain swaps be centrally cleared and in some cases traded on a designated contract market or swap execution facility, (ii) initial and variation margin requirements of any central clearing organization (with respect to cleared swaps) or initial or variation requirements as may otherwise be required with respect to un-cleared swaps, and (iii) swap reporting and recordkeeping obligations, and other matters. These new requirements may

significantly increase the cost of entering into derivatives transactions and may have unforeseen legal consequences.

Zypline's ability to enter into derivatives transactions may also cause the Zypline to be a "commodity pool" as defined in the CEA. If an entity is determined to be a commodity pool, the commodity pool operator ("CPO"), which is typically identified as the entity's general partner or manager, must register with the CFTC unless an exemption from registration is available. Regulation of an entity as a commodity pool and/or registration of the entity's CPO may trigger extensive compliance and reporting requirements that would involve material costs.

### **Blockchain technologies may be subject to unfavorable regulatory actions.**

Blockchain technologies have been the subject of intense scrutiny by various regulatory bodies around the world. The functioning of the Ethereum network, associated blockchain networks, and Zypcoins may be adversely impacted by regulatory actions, including restrictions or prohibitions on their use, purchase, or possession. For example, some U.S. jurisdictions regulate providers of prepaid access or money transmission services who create a medium of exchange or a method by which value is transferred from one person to another person or location. The implications of triggering such requirements may include registration with a federal agency, FinCEN, and implementing an anti-money laundering/know-your-customer compliance program that meets federal standards, including transaction monitoring, designation of a compliance officer, employee training, and periodic auditing and testing. At the state-level, there are various compliance obligations, including the need for a license, meeting minimum net worth requirements, bonding, biographical and financial approval of officers and directors, and other ongoing compliance, examination, and reporting obligations. The application of these regulatory regimes to Zypcoins is unclear, but if Zypcoins implicate these requirements we will need to expend time and resources to comply with them or face adverse regulatory action. In addition, Zypcoins are expected to be based on the Ethereum blockchain, and Zypcoins are subject to risks related to regulatory inquiries or actions taken with regard to the Ethereum blockchain.

### **The Ethereum blockchain, which will be used for Zypcoins, is susceptible to mining attacks.**

The Ethereum blockchain, which will be used for Zypcoins, 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 Zypcoins, expected proper execution and sequencing of Zypcoins, and expected proper execution and sequencing of Ethereum contract computations in general. Mining attacks may also target other blockchain networks with which Zypcoins interact, which may consequently significantly impact Zypcoins.

### **Zypcoins may be subject to malfunction or function in an unexpected or unintended manner.**

Zypcoins, and any network with which Zypcoins are interacting, may malfunction or function in an unexpected or unintended manner. This may be caused by the Zypcoin itself, the Ethereum protocol, other networks, or a number of other causes, some of which are unforeseeable. Any malfunction or unintended function could result in the complete loss of SAFTs and/or Zypcoins.

### **Loss of private keys may render Zypcoins worthless.**

If a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, you will not be able to access the blockchain asset associated with the corresponding address, and the Zypcoin Network or Zypline will not be capable of restoring the private key. Any loss of private



keys relating to digital wallets used to store blockchain assets could have an adverse effect on you, Zypcoins, and Zypline.

**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 Zypline, other users, holders, purchasers or sellers of Zypcoins, and any other person or entity that may interfere with Zypline, Zypcoins, or your digital wallet.

**In the event the SAFTs do not convert into Zypcoins or there is no Network Launch, you may not receive meaningful value.**

The SAFTs provide that, if Zypline faces a voluntary termination of operations, a general assignment for the benefit of its creditors, or any other liquidation, dissolution or winding up (a “*Dissolution Event*”) before the SAFT terminates, Zypline will return the purchase amount to each Purchaser to the extent funds are available and prior to paying any amounts to any equity holders of Zypline. If funds are insufficient to permit this payment, then they will be distributed pro rata among the purchasers. In addition, the SAFT includes an ultimate termination date of December 31, 2020, if the Network Launch has not occurred as of such date, subject to certain condition, upon which date Zypline would become obligated to repay to the purchasers their purchase amounts. Zypline intends to use the proceeds of this Offering to develop the Zypcoin Network. If there is a Dissolution Event or the Zypcoin Network does not launch prior to December 31, 2020, Zypline would not expect to have cash on hand adequate to repay the purchase amounts, and the liquidation value of the Zypcoin Network may not be sufficient to cover any shortfall. In this event, you may not receive your purchase amount or any meaningful amount or value.

**There is a high risk of volatility of digital assets.**

Digital assets are extremely volatile, and Zypcoins may suffer from such volatility. Further, Zypcoins may be significantly influenced by microeconomic and macroeconomic market factors.

**Zypcoins and the Zypcoin Network, as may be developed, may not meet your expectations.**

The Zypcoin Network is currently under development and may undergo significant changes before release. Your expectations and market expectations regarding the form and functionality of the network and Zypcoins may not be met upon the deployment, if at all. If the Zypcoin Network does not meet market expectations then the value of the Zypcoins could be adversely affected.

**Zypline, Zypcoins, and the Zypcoin Network may be subject to security weaknesses, hackers and theft.**

Hackers or other groups or organizations may attempt to interfere with Zypline, Zypcoins, the Zypcoin Network 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 Zypcoins and the Zypcoin Network and technology infrastructure may include security weaknesses or bugs, which may interfere with the use, or cause the complete loss, of Zypcoins. Advances in cryptography may present risks to cryptocurrencies, digital tokens, Ethereum, Zypcoins, the Zypcoin Network and Zypline’s technology infrastructure, which may result in the theft or complete loss of Zypcoins.

**Zypcoins will be entirely uninsured.**

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

**Zypline is subject to privacy and data security laws.**

We anticipate that the Zyppcoin Network will receive, transmit and store a large volume of personally identifiable information and other sensitive data. Federal, state, and foreign laws regulate the storing, sharing, use, disclosure and protection of such data. Any violations of these laws and regulations may require Zypline to change its business practices or operational structure, address legal claims, and sustain monetary penalties and other harms to its business.

Security breaches or unauthorized access to personal information may also expose Zypline to liability related to the loss of the information, time-consuming and expensive litigation, and negative publicity. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until after they are launched against a target, Zypline may be unable to anticipate, detect, or adequately address them. In addition, certain jurisdictions have laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures are costly to implement and often lead to widespread negative publicity.

**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 Zypline and may contain flaws, vulnerabilities, or other issues, which may cause technical problems or the complete loss of Zyppcoins.

**Zypline may be required to disclose information about Zyppcoin users, purchasers, and holders.**

Zypline may be required by law, subpoena, or court order to disclose personal information received from Zyppcoin holders to law enforcement, government officials, and other third parties. Any such disclosure could have an adverse effect on the reputation or valuation of Zypline.

**Zypline has limited operating history in an evolving industry.**

Zypline has limited operating history in an evolving industry that may not develop as expected. Assessing its business and future prospects is challenging in light of the risks and difficulties it may encounter. These risks and difficulties include Zypline's ability to:

- navigate complex and evolving regulatory and competitive environments;
- obtain and retain customers;
- successfully maintain and evolve internal controls to manage compliance with an evolving and complex regulatory environment;
- increase the effectiveness of its ability to identify market trends;
- successfully develop and deploy the Zyppcoin Network and new products;
- successfully maintain its funding strategy;
- favorably compete with other companies;
- successfully navigate economic conditions and fluctuations in the market;
- effectively manage the growth of its business;
- successfully expand its business;
- continue to develop, maintain and scale the Zyppcoin Network;

- effectively use limited personnel and technology resources;
- effectively maintain and scale its financial and risk management controls and procedures;
- maintain the security of its technology infrastructure and the confidentiality of the information provided and utilized across its technology infrastructure; and
- attract, integrate, and retain qualified employees and contractors.

In its limited history Zypline has operated at a loss, and it may never be profitable.

**There is and will be limited information related to the business of Zypline, Zypcoins, and the development of the Zypcoin Network.**

You may not be able to obtain all information it would want regarding Zypline, Zypcoins, or the Zypcoin Network, on a timely basis or at all. It is possible that you may not be aware on a timely basis of material adverse changes that have occurred with respect to certain of its investments. While Zypline has made efforts to use open-source development for tokens, this information may be highly technical by nature. Zypline is not obliged, and does not intend, to keep users, purchasers, and holders of Zypcoins updated on its business and the development of the Zypcoin Network (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 Zypcoin Network.

**Zypline may require additional capital to support operations or the growth and may need to create and sell additional Zypcoins in the future.**

From time to time, Zypline may need additional capital to operate or grow its business. Zypline has only allocated 35% of the Zypcoins that may be issued as available for sale to Purchasers, which may be inadequate to fund the business, and Zypline may not be able to sell SAFTs in this Offering equal to this allocation. Any Zypcoins sold (or issuable upon conversion of other instruments we may sell) may be sold at prices and on other terms that differ from those in this Offering. Zypline'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.

**You will have no control of Zypline and the Zypcoin Network, and Zypline may only have limited control of the Zypcoin Network if the Network Launch occurs.**

Zypline will be comprised of open-source technologies that depend on a network of computers to run certain software programs to process transactions. Because of this less centralized model, Zypline will have limited control over Zypcoins and the Zypcoin Network 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 Zypline for any purpose, nor will anything be construed to confer on you any of the rights of a stockholder of Zypline 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.

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

It is possible that alternative networks could be established that utilize the same or similar open source code and protocol underlying the Zypcoin Network and attempt to facilitate services that are materially similar to the Zypcoin Network's services. The Zypcoin Network may compete with these alternative networks, which could negatively impact the Zypcoin Network and the Zypcoins.

**Intellectual property rights claims may impede Zypline’s business.**

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

**There are risks and uncertainties related to the tax and accounting treatment of Zypcoins.**

Because of the shifting regulatory environment, it is uncertain what tax and accounting treatment or classification Zypcoins will have in various jurisdictions. For example, Zypline does not intend that SAFTs convert into Zypcoins until such time as Zypcoins have adequate utility on the Zypcoin Network such that they are not deemed to be securities, but there is no clear guidance as to when that moment will exist. If such conversion is determined to result in the issuance of securities (rather than Zypline assets), our securities, tax, accounting and other positions may be incorrect. This uncertainty may, for example, impact our ability to obtain financial audits, or result in unanticipated tax liabilities to us when we transact in Zypcoins in our inventory or when to you when you transact in Zypcoins. Each potential user, purchaser, and holder of Zypcoins is urged to consult with, and must rely solely upon the advice of, its own legal and financial and tax advisors with respect to Zypcoins.

## **USE OF PROCEEDS**

Zypline expects that a substantial amount of all of the proceeds of the Offering will be used by Zypline to progress the development of the Zypcoin Network.

## PLAN OF DISTRIBUTION

We are directly selling SAFTs to purchasers. We may also sell SAFTs through agents or other distribution channels in our discretion. We determined the purchase price for the SAFTs in the crowd sale, and the discount applied in the advisor sale and the pre-sale, based on a number of factors, including the pricing and other terms of similar transactions, our view of the price at which purchasers might be willing to participate in the Offering, our view of the value and prospects of the Zypcoin Network and our business, the cost of capital from other sources, and our financing needs. We reserve the right to apply a discount in the crowd sale if we determine that it is strategic to do so in our sole discretion. For example, we have been in discussions with and may enter/have entered into agreements with distribution channels that may offer access to qualified non-U.S. purchasers at a discount to the crowd sale price.

### **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 U.S. Securities Act of 1933 (“*Securities Act*”), applicable state securities laws, or the laws of any foreign jurisdictions.

### ***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 Securities Exchange Act of 1934 (“*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 Zypline;
- (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 Zypline 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 Zypcoins, (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 Zypcoins 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:
  - 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
  - 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;
- An agency or branch of a U.S. Person located outside the United States if:
  - The agency or branch operates for valid business reasons; and



- The agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located;
- 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 Purchaser Eligibility Requirements**

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

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

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

contravene Federal, state or international laws and regulations, including anti-money laundering laws and regulations. Federal regulations and Executive Orders administered by the OFAC prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. The lists of the OFAC-prohibited countries, territories, individuals and entities can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, the programs administered by the OFAC (the “*OFAC Programs*”) prohibit dealing with individuals<sup>3</sup> or entities in certain countries, regardless of whether such individuals or entities appear on any OFAC list:

- (ix) you represent and warrant that none of: (1) you; (2) any person controlling or controlled by you; (3) if you are a privately-held entity, any person having a beneficial interest in you; or (4) any person for whom you are acting as agent or nominee in connection with purchasing a SAFT is a country, territory, entity or individual named on an OFAC list, or a person or entity prohibited under the OFAC Programs. Please be advised that Zypline may not accept any subscription amounts from a prospective Purchaser if the Purchaser cannot make the representation set forth in the preceding sentence. You agree to promptly notify Zypline should you become aware of any change in the information set forth in any of these representations. You are advised that, by law, Zypline may be obligated to “freeze the account” of any Purchaser, either by prohibiting additional subscriptions from it, declining any redemption requests and/or segregating the assets in the account in compliance with governmental regulations, and that Zypline may also be required to report such action and to disclose such Purchaser’s identity to the OFAC;
- (x) you represent and warrant that none of: (1) you; (2) any person controlling or controlled by you; (3) if you are a privately-held entity, any person having a beneficial interest in you; or (4) any person for whom you are acting as agent or nominee in connection with this Offering is a senior foreign political figure<sup>4</sup>, or any immediate family<sup>5</sup> member or close associate<sup>6</sup> of a senior foreign political figure, as such terms are defined in the footnotes below; and
- (xi) if you are affiliated with a non-U.S. banking institution (a “*Foreign Bank*”), or if you receive deposits from, make payments on behalf of, or handle other financial transactions related to a Foreign Bank, you represent and warrant to Zypline 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.

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<sup>3</sup> These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs.

<sup>4</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.

<sup>5</sup> “*Immediate family*” of a senior foreign political figure typically includes such figure’s parents, siblings, spouse, children and in-laws.

<sup>6</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.

Zypline is entitled to rely upon the accuracy of your representations to each of them. Zypline may, but under no circumstances shall it be obligated to, require additional evidence that a prospective Purchaser meets the standards set forth above at any time prior to its acceptance of a prospective Purchaser's subscription. You are not obligated to supply any information so requested by Zypline, but Zypline may reject a subscription from you or any person who fails to supply such information.

## HOW TO SUBSCRIBE

To participate in the Offering, Purchasers will need to first register on a token subscription page on our website (<http://Zypcoin.com>) which is not incorporated by reference. This process requires, for U.S. Persons, evidence of accreditation status pursuant to Section 506(c) of the Securities Act standards. This can be satisfied in one of two manners: submitting evidence proving asset worth, or providing the contact information for their lawyer or CPA to attest on such Purchaser's behalf. Additionally, Purchasers will need to provide entity information such as 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 reference to specify their purchase amount, confirm their purchase, and make payment to finalize the transaction.

## NOTICES TO PURCHASERS GENERALLY

PURCHASERS MUST MAKE THEIR OWN DECISION WHETHER THE TOKENS MEET THEIR INVESTMENT OBJECTIVES AND RISK TOLERANCE LEVEL. NO GOVERNMENTAL AUTHORITY OF ANY COUNTRY HAS REVIEWED, APPROVED, DISAPPROVED, ENDORSED, OR RECOMMENDED THE OFFERING, SALE, OR ISSUANCE OF SAFTS OR ZYPCOINS. THE SAFTS AND ZYPCOINS HAVE NOT BEEN, AND SHALL NOT BE, REGISTERED WITH ANY GOVERNMENTAL AUTHORITY OF ANY COUNTRY. THE SAFTS AND ZYPCOINS ARE BEING OFFERED AND SOLD ONLY IN JURISDICTIONS WHERE SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED, INCLUDING PURSUANT TO APPLICABLE EXEMPTIONS THAT GENERALLY LIMIT THE PURCHASERS WHO ARE ELIGIBLE TO PURCHASE THE SAFTS AND ZYPCOINS AND THAT RESTRICT RESALE. THE SAFTS AND ZYPCOINS MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER APPLICABLE SECURITIES LAWS.

PURCHASERS ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE ANY RESTRICTIONS RELATING TO, THE SAFTS AND ZYPCOINS AND ANY RELATED DOCUMENTS OR COMMUNICATIONS IN THEIR JURISDICTION. THE SAFTS AND ZYPCOINS ARE SUBJECT TO TRANSFER RESTRICTIONS. PURCHASER MUST COMPLY WITH ALL APPLICABLE LAWS IN CONNECTION WITH ANY OFFER, SALE, OR TRANSFER OF THE SAFTS AND ZYPCOINS.

NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY, TRUTHFULNESS, OR ADEQUACY OF THIS DISCLOSURE, NOR WHETHER IT IS COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS ILLEGAL.

TERMS DEFINED WITHIN A SECTION FOR A PARTICULAR JURISDICTION APPLIES TO THE NOTICE FOR THAT JURISDICTION ONLY. IN THE LEGENDS BELOW, “OR” SHALL MEAN BOTH TERMS NOT EXCLUSIVE OF THE OTHER WHERE APPLICABLE.

### **Notice to Residents of the United States of America**

The offer and sale of the SAFTs or Zypcoins have not been registered under the United States Securities Act of 1933, as amended (the “*Securities Act*”), or under the securities laws of certain states and is only to be offered and sold to verified “accredited investors.” The SAFTs or Zypcoins may not be offered, sold or otherwise transferred, pledged or hypothecated except as permitted under the Securities Act and applicable securities laws pursuant to an effective registration statement or an exemption therefrom. The SAFTs or Zypcoins may only be offered, sold, resold or otherwise transferred to Non-U.S. persons (as defined in Regulation S under the Securities Act (“*Regulation S*”)) in an offshore transaction (as defined in Regulation S) and may only be offered, sold, resold or otherwise transferred in full compliance with all applicable foreign laws.

### **Notice to Residents of Argentina**

The SAFTs or Zypcoins have not been and will not be issued and placed in accordance with Law No. 26,831 on Capital Markets, Decree No. 1023/2013 implementing the Capital Markets Law and the rules of the Comisión Nacional de Valores (the “*CNV*”) approved by General Resolution No. 622/13, as amended and supplemented (collectively, the “*Argentine Securities Legal Framework*”). The SAFTs or Zypcoins may not be offered or sold within the Republic of Argentina unless previous public offering

authorization has been granted by the CNV or the relevant transaction does not qualify as a public offering of securities under the Argentine Securities Legal Framework.

#### **Notice to Residents of Belarus**

Belarus legislation on securities, securitisation, requirements for licensing of professional and stock-exchange activities in securities do not apply to such operations according to para. 3.3 of Decree of the President No. 8 dated 21 December 2017.

#### **Notice to Residents in Brazil**

The SAFTs or Zypcoins have not been and will not be issued nor placed, distributed, offered or negotiated in the Brazilian capital markets. The issuance of the SAFTs or Zypcoins have not been or will not be registered with the Brazilian Securities and Exchange Commission (“*CVM*”). Zypline has represented and agreed that it has not offered or sold, and will not offer or sell, the SAFTs or Zypcoins in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets regulated by Brazilian legislation.

#### **Notice to Residents in the British Virgin Islands**

This Offering is not an offer to the public in the British Virgin Islands (“*BVI*”). No action has been taken to permit an offer in the BVI and this Memorandum is not a registered prospectus within the meaning of Section 25 of the Securities and Investment Business Act 2010 (“*SIBA*”). The SAFTs or Zypcoins will not be offered and accepted from any person in the BVI unless: (a) that person is a qualified investor as defined in Schedule 4 of SIBA and, to the extent that person is a professional investor for the purposes of Schedule 4 of SIBA, it declares that (i) its ordinary business involves, whether for its own account or the account of others, the acquisition or disposal of property of the same kind as the interests; or (ii) it has net worth in excess of 1 million U.S. dollars or its equivalent in any other currency and that it consents to being treated as a professional investor within the meaning of Section 40 of SIBA; or (b) that person is a BVI business company and neither this Memorandum nor any other document relating to this offer has been received by that person at an address in the BVI other than its registered office in the BVI; or (c) that person has a close connection (within the meaning of Section 2(3) of SIBA) with the issuer; or (d) that person is the government of the British Virgin Islands.

#### **Notice to Residents of Bulgaria**

The SAFTs or Zypcoins do not constitute securities, electronic money and/or any other type of payment instrument in accordance with the laws applicable in Bulgaria. The Memorandum, as per which the SAFTs are issued, do not constitute a prospect or offer document of any sort and is not intended to constitute an offer of securities or a solicitation for investment in securities in any jurisdiction.

#### **Notice to Residents of Canada**

The SAFTs or Zypcoins may only be offered and sold to purchasers purchasing as principal that are both “accredited investors” as defined in National Instrument 45-106 Prospectus and Registration Exemptions and “Permitted Clients” as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the SAFTs or Zypcoins must be made in accordance with an exemption from the prospectus requirements and in compliance with the registration requirements of applicable securities laws.

#### **Notice to Residents of Cayman Islands**

This Memorandum does not constitute a public offer of the SAFTs or Zypcoins, whether by way of sale or subscription, in the Cayman Islands. The SAFTs or Zypcoins 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.

#### **Notice to Residents of Costa Rica**

These SAFTs or Zypcoins have not been, and will not be, registered for public offering with the Costa Rican Securities Regulator (Superintendencia General de Valores or “*SUGEVAL*”). Therefore, the SAFTs or Zypcoins are not authorized for public offering in Costa Rica and may not be offered, placed, distributed, commercialized and/or negotiated to the public in Costa Rica.

#### **Notice to Residents of Croatia**

The SAFTs or Zypcoins are not envisaged to be securities or any other financial instrument within the meaning of the Croatian Capital Markets Act (official gazette no. 88/2008, 146/2008, 74/2009, 54/2013, 159/2013, 18/2015, 110/2015, 123/2016). The SAFTs or Zypcoins have not been registered with, approved by, or in any other way supervised or regulated by Croatian Financial Services Supervisory Agency (“*CFSSA*”) or any other regulatory authority in Croatia.

#### **Notice to Residents of El Salvador**

The SAFTs or Zypcoins have not been registered nor reviewed or approved by the Superintendence of the Financial System of El Salvador (Superintendence Del Sistema Financiero de EL Salvador), the Salvadorian Public Securities Registry (Registro Publico Bursatil), nor the Salvadoran Stock Exchange (Bolsa de Valores de EL Salvador, S.A. de C.V.). Accordingly, (i) the SAFTs or Zypcoins cannot be publicly offered or sold in El Salvador; (ii) this offering and its document are not subject to the supervision of the Superintendence of the Financial System of El Salvador.

#### **Notice to Residents of Estonia**

The SAFTs or Zypcoins offered shall not be qualified as securities under the Estonian Securities Market Act (“*ESMA*”) Section 2 (1), this Memorandum shall not be deemed as a prospectus under Section 141 of the ESMA and is not registered with the Estonian Financial Supervisory Authority under Section 16 of the ESMA.

#### **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 SAFTs or Zypcoins and any related documents are being distributed only to, and directed only at (and any related investment 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 the 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 issuer 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 restriction is in addition to any other applicable restrictions set out herein.

### **Notice to Residents of Finland**

The SAFTs or Zypcoins shall not constitute an offer to the public in Finland. The SAFTs or Zypcoins cannot be offered or sold in Finland by means of any document to other than “Qualified Investors” as defined by the Finish Securities Markets Act (arvopaperimarkkinalaki or “*FSMA*”), 26.5.1898/495, as amended, or to 100 or more nonqualified investors if the denomination per token or minimum commitment amounts to less than €50,000 or if the total consideration of the tokens calculated for twelve (12) months period exceeds €100,000. No action has been taken to permit an offering of SAFTs or Zypcoins to the public in Finland and the distribution of the SAFTs or Zypcoins are not authorized by the Financial Supervision Authority in Finland. The SAFTs or Zypcoins are strictly for private use by its holder and may not be passed on to third parties or otherwise distributed publicly. Subscriptions will not be accepted from any persons other than the person to whom the SAFTs or Zypcoins have been delivered by the issuer. The SAFTs or Zypcoins or this Memorandum may not include all the information that would be required to be included in the prospectus in connection with offering to the public.

### **Notice to Residents of France**

The SAFTs or Zypcoins are not being offered to the public in France. Distribution of this Memorandum and the issuance of the SAFTs or Zypcoins may be restricted in certain jurisdictions. It is the responsibility of any person in possession of the SAFTs or Zypcoins or related documents and any person wishing to subscribe for SAFTs or Zypcoins to inform themselves of and observe all applicable laws and regulations of any relevant jurisdictions. No action has been taken that would, or is intended to, permit a public offer of the SAFTs or Zypcoins in any country or jurisdiction where any such action for that purpose is required. Accordingly, the SAFTs or Zypcoins may not be offered or sold, directly or indirectly, and neither this document nor any other information, for of application, advertisement or other document may be distributed or published in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The company is not making any representation or warranty to any prospective purchase regarding the legality of an investment in the SAFTs or Zypcoins by such person under appropriate securities or similar laws. Investing in the tokens involves certain risks. In particular, each prospective investor in the SAFTs or Zypcoins should proceed on the assumption that a subscriber of the SAFTs or Zypcoins must bear economic risks of such an investment. Prospective purchasers should not treat the content of these documents as advice relating to legal, taxation or investment matters and are advised to consult their own professional advisers concerning the subscription of the SAFTs or Zypcoins or both and consequences thereof. Accordingly, prospective purchasers should inform themselves as to (a) the possible tax consequences, (b) the legal requirements, and (c) any foreign exchange restrictions or exchange control requirements, which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of tokens.

### **Notice to Residents of Guatemala**

The SAFTs or Zypcoins, as they may be considered, have not been registered nor reviewed nor approved by the Guatemalan Superintendence of Banks (Superintendencia de Bancos de Guatemala), the Guatemalan Securities and Commodities Market Registry (Registro del Mercado de Valores y Mercancías), nor the Guatemalan Stock Exchange (Bolsa de Valores Nacional, S.A.), in accordance with the terms and provisions of the Securities and Commodities Market Law (decree 34-96) (ley del Mercado de Valores y Mercancías) and its regulation (governmental accord 557-97). Accordingly, (i) the SAFTs or Zypcoins, as they may be considered, are not registered for public offering in Guatemala; and (ii) are not subject to the supervision of the Guatemalan Superintendence of Banks.

### **Notice to Residents of Honduras**



The SAFTs or Zypcoins have not been, and will not be, registered for public offering at the Honduran Public Registry of the Securities Market (Registro Publico Del Mercado De Valores) or the National Banking and Insurance Commission (Commissions Nacional de Bancos y Seguros) in accordance with the Honduran Securities Market Law, Legislative Decree No. 8-2001 (ley del Mercado de Valores). Therefore, the SAFTs or Zypcoins are not authorized for public offering in the republic of Honduras and may not be offered, placed, distributed, commercialized and/or negotiated to the public in Honduras.

### **Notice to Residents of Hong Kong**

The SAFTs or Zypcoins may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (“*Companies Ordinance*”) or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“*Securities and Futures Ordinance*”), or (ii) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance, and no advertisement, invitation or document relating to the SAFTs or Zypcoins may be issued or may be in the possession of any person for the purpose of issuance (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to instruments which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Purchasers are advised to exercise caution in relation to this Offering. If purchaser is in any doubt about the contents of this Memorandum, purchaser should obtain independent professional advice.

### **Notice to Residents of Hungary**

This Memorandum does not constitute a public offer of the SAFTs or Zypcoins, whether by way of sale or subscription, in Hungary. The SAFTs or Zypcoins have not been offered or sold, and will not be offered or sold, directly or indirectly, in the Hungary, except as may be permitted by law.

### **Notice to Residents of 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 Zypline 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.

### **Notice to Residents of Ireland**

The SAFTs or Zypcoins have not been prepared in accordance with Directive 2003/71/EC on prospectuses or any measures made under that directive or the laws of Ireland or of any EU member state or EEA treaty adherent state that implement that directive or those measures; have not been reviewed, prior to its being issued, by any regulatory authority in Ireland or in any other EU member state or EEA treaty adherent state; and therefore may not contain all the information required where a document is prepared pursuant to that directive or those laws.

### **Notice to Residents of Isle of Man**

The SAFTs or Zypcoins are available, and is and may be made, in or from within the Isle of Man and this Memorandum is being provided in or from within the Isle of Man only: (i) by persons licensed to do so under the Isle of Man Financial Services Act 2008; or (ii) to persons: (a) licensed under Isle of Man Financial Services Act 2008; or (b) falling within Exclusion 2(r) of the Isle of Man Regulated Activities Order 2011 (as amended); or (c) whose ordinary business activities involve them in acquiring, holding, managing or disposing of shares or debentures (as principal or agent), for the purposes of their business. The SAFTs or Zypcoins are not available in or from within the Isle of Man other than in accordance with paragraphs (i) and (ii) above and must not be relied upon by any person unless made or received in accordance with such paragraphs.

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

This Memorandum does not constitute a prospectus under the Israeli Securities Law, 5728-1968 (“*Israeli Securities Law*”), and has not been filed with or approved by the Israel Securities Authority. In the state of Israel, this memorandum is being distributed only to, and is directed only at, and any offer of the securities is directed only at, investors listed in the First Addendum (“*Addendum*”), to the Israeli Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv stock exchange, underwriters, venture capital funds, entities with equity in excess of NIS 50 million and “qualified individuals”, each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors (in each case purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). The SAFTs or Zypcoins may also be offered to such number of non-qualified investors who, together with purchasers in other offerings by the same offeror within the twelve (12) months prior to this Offering, is not greater than thirty-five (35) (not counting the same investors twice). Qualified investors will be required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of same and agree to it.

### **Notice to Residents of Italy**

The SAFTs or Zypcoins may be subscribed by institutional investors pursuant to Article 31, Paragraph 2 of the Consob Regulation No. 11522 of 1 July 1998, as subsequently amended and integrated only. SAFTs or Zypcoins or this Memorandum does not constitute an offer to sell or a solicitation of any offer to buy any of SAFTs or Zypcoins in the Italian jurisdiction towards private investors. Accordingly, the SAFTs or Zypcoins or Memorandum are for information purposes only, where directed to a private investor which is an Italian resident. Pursuant to this Memorandum, SAFTs or Zypcoins will only be offered to, and subscriptions will only be accepted from, Italian institutional investors as defined above. The SAFTs or Zypcoins to be offered pursuant to this Memorandum have not been or will not be registered under the relevant securities laws of Italy to be offered to, and to be subscribed by private investors.

### **Notice to Residents of Jamaica**

Zypline is offering the SAFTs or Zypcoins by way of private placement only to investors eligible to purchase securities in an exempt distribution made under the Guidelines for Exempt Distributions (Guidelines SR- guid-08/05-0016). There is no public market for the SAFTs or Zypcoins, and there will not be a public market as a result of this Offering. The SAFTs or Zypcoins have not been and will not be registered in Jamaica under Section 26 of the Securities Act (as amended) and are being offered and sold in reliance on exemptions from registration requirements of that Act. The Financial Services Commission has neither approved nor passed upon the merits of this private placement of the SAFTs or Zypcoins or

documents related to such or the accuracy or adequacy thereof. The SAFTs or Zypcoins may only be transferred in accordance with the restrictions more particularly described herein. This Offering does not constitute an offer or solicitation to anyone in any jurisdiction in which an offer or solicitation is not authorized or may not lawfully be made. This Memorandum has been prepared for the exclusive use of assisting prospective investors in identifying, investigating and evaluating the merits and risks as well as the possible consequences of investing in SAFTs or Zypcoins. This document constitutes an invitation to treat and only to the person named on the front thereof.

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

The SAFTs or Zypcoins are being offered to a limited number of qualified institutional investors (Tekikaku Kikan Toshiba, as defined in the Securities Exchange Law of Japan (Law No. 25 of 1948, as amended)) and/or a small number of investors, in all cases under circumstances that will fall within the private placement exemption from the registration requirements of the Securities Exchange Law and other relevant laws and regulations of Japan. As such, the SAFTs or Zypcoins have not been registered and will not be registered under the Securities Exchange Law of Japan. The purchaser of the SAFTs or Zypcoins agrees not to re-transfer or re-assign the SAFTs or Zypcoins to anyone other than Non-Residents of Japan except pursuant to a private placement exemption from the registration requirements of, and otherwise in compliance with, the Securities Exchange Law and other relevant laws and regulations of Japan.

### **Notice to Residents of Latvia**

The SAFTs or Zypcoins may only be offered in the Republic of Latvia in accordance with the Financial Instruments Market Law (“*FILM*”) and any other laws and regulations applicable in the Republic of Latvia governing the offer of securities in the Republic of Latvia. The SAFTs or Zypcoins are not registered with the Financial and Capital Market Commission (“*FMC*”) under the FILM. The SAFTs or Zypcoins will not be offered in the Republic of Latvia by way of a public offer, except to qualified investors in the meaning of Article 1, Part 1, Point 38 of the FILM, and any tender instructions received from or on behalf of any other person shall be ineffective and void. No offer of the SAFTs or Zypcoins will require Zypcoin or any selling agent to receive a permission of the FMC or publish a prospectus pursuant to Articles 14—24 of the FILM. Neither the SAFTs or Zypcoins nor any other offering or marketing material relating to them constitutes an issue prospectus within the meaning of Article 1, Part 1, Point 14 and Article 17 of FILM.

### **Notice to Residents of Lithuania**

This Memorandum does not constitute a public offer of the SAFTs or Zypcoins, whether by way of sale or subscription, in Lithuania. The SAFTs or Zypcoins have not been offered or sold, and will not be offered or sold, directly or indirectly, in Lithuania, except as may be permitted by law.

### **Notice to Residents of Luxembourg**

An offer to the public of the SAFTs or Zypcoins have not been made, and may not be made within the territory of the grand duchy of Luxembourg unless: (a) a prospectus has been duly approved by the Commission de Surveillance du Secteur Financier (“*CSSF*”) pursuant to Part II of the Luxembourg Law dated 10 July 2005 on Prospectuses for Securities, as amended (“*Luxembourg Prospectus Law*”) and implementing the prospectus directive if Luxembourg is the home member state as defined under the Luxembourg prospectus law; or (b) if Luxembourg is not the home member state, the CSSF has been notified by the competent authority in the home member state that a prospectus in relation to the SAFTs or Zypcoins have been duly approved in accordance with the prospectus directive; or (c) the offer of the SAFTs or Zypcoins benefit from an exemption to or constitutes a transaction not subject to, the requirement to publish a prospectus pursuant to the Luxembourg prospectus law. A risk Section

depending on the case at hand shall be inserted in order to make the investors aware of the risks linked to the tokens.

#### **Notice to Residents of Moldova**

This Memorandum does not constitute a public offer of the SAFTs or Zypcoins, whether by way of sale or subscription, in Moldova. The SAFTs or Zypcoins have not been offered or sold, and will not be offered or sold, directly or indirectly, in Moldova, except as may be permitted by law.

#### **Notice to Residents of New Zealand**

The SAFTs or Zypcoins offered or sold to investor in New Zealand are only available to, and may only be accepted by, a wholesale investor pursuant to Clause 3(2) and 3(3) of Schedule 1 of the New Zealand Financial Markets Conduct Act of 2013 who has completed a wholesale investor certificate or an eligible investor certificate or who invests a minimum amount of NZ \$ 750,000 in the SAFTs or Zypcoins. Purchaser acknowledges and agrees that purchaser has not offered or sold, and will not offer or sell, directly or indirectly, any SAFTs or Zypcoins; purchaser has not distributed and will not distribute, directly or indirectly, this Memorandum or any other offering materials or advertisements in relation to any offer of any SAFTs or Zypcoins; in each case in New Zealand other than to a person who is a wholesale investor; and purchaser will notify issuer if purchaser ceases to be a wholesale investor.

#### **Notice to Residents of Nicaragua**

These SAFTs or Zypcoins have not been, and will not be, registered for public offering with the Nicaragua Securities Regulator (Superintendencia de Bancos y de Otras Instituciones Financieras or “*SIBOIF*”) and have not been registered with the Nicaraguan Exchange Market (Bolsa de Valores de Nicaragua). Therefore, SAFTs or Zypcoins are not authorized for public offering in Nicaragua and may not be offered, placed, distributed, commercialized and/or negotiated to the public in Nicaragua.

#### **Notice to Residents to Paraguay**

The SAFTs or Zypcoins are a private offering and, as such, can only be accepted by the addressee of this offer. The SAFTs or Zypcoins have not been and will not be registered with the Paraguayan Securities Exchange Commission. Accordingly, the SAFTs or Zypcoins may not be and will not be offered to the public in Paraguay under circumstances which are deemed to be a public offer under Law 5810/2017 on securities market.

#### **Notice to Residents of Portugal**

No warranties: all the information provided herein is provided “as-is” and with no representations or warranties. No express or implied representations or warranties of any type are made with respect to the information provided herein, notably in what concerns appropriateness, accuracy or completeness of any information or content in this Memorandum, or on information being updated.

Use at your own risk: by accepting the SAFTs or Zypcoins, including but not limited to the transferring of assets, the user confirms that he/she/it understands and undertakes all the possible risks that directly, indirectly, consequentially or incidentally may arise from the activity connected with user’s participation in the SAFTs or Zypcoins.

Disclaimer of liability: Zypline specifically disclaim liability for special, direct, indirect, consequential, incidental, exemplary or punitive damages and assume and undertake no responsibility or liability for any loss or damage suffered by any person as a result of the use, misuse of, or reliance on, any of the

information or content in this Memorandum or on other platforms. In no event shall Zypline be liable to the user for any special, direct, indirect, consequential, incidental, exemplary or punitive damages (including lost or anticipated revenues or profits and failure to realize expected savings) whether such claim is based on representation, warranty, contract, agreement, arrangement, negotiation, contact, tort (including gross or light negligence, strict or objective liability or liability for risk) or otherwise, or likelihood of the same.

Warning: purchasers purchasing SAFTs or Zypcoins can be considered involved in high-risk trading; participation in such may result in significant losses or even in a total loss of all funds transferred. No information provided should be interpreted as investment advice, and it does not constitute an offer or invitation to any user to buy or to sell securities or make any investment. Purchaser guarantees that he/she/it is a legally capable entity and complies with legal rules and applicable laws of the jurisdiction where the user lives. Purchaser represents that he/she/it has read, understood and agreed with all terms and conditions of the SAFTs or Zypcoins, as well as all restrictions set forth above.

### **Notice to Residents in Romania**

The SAFTs or Zypcoins sold or offered is available only to, and may only be accepted by, a qualified investor pursuant to Article 2 Paragraph 1 Point 21 of Law No. 24/2017 regarding issuers of financial instruments and market operations. Purchaser acknowledges and agrees that purchaser has not offered or sold, and will not offer or sell, directly or indirectly, any SAFTs or Zypcoins; purchaser has not distributed and will not distribute, directly, or indirectly, this Memorandum or any other offering materials or advertisement in relation to any offer of any SAFTs or Zypcoins in each case other than to a person who is a qualified investor; and purchaser will notify issuer if purchaser cease to be a qualified investor.

Each investor acknowledges and agrees that: (a) he, she or it has not offered or sold, and will not offer or sell, directly or indirectly, any Tokens; and (b) he, she or it has not distributed and will not distribute, directly or indirectly, this document or any other offering materials or advertisement in relation to any offer of any Tokens, in each case other than to a person who is a Qualified Investor (in terms of article 2 paragraph (1) point 21 of Law no 24/2017 regarding issuers of financial instruments and market operations); and (c) he, she or it will notify us if they cease to be a Qualified Investor (in terms of article 2 paragraph (1) point 21 of Law no 24/2017 regarding issuers of financial instruments and market operations).

Warning: The law normally requires people who offer financial instruments to give information to investors before they invest. This requires those offering financial instruments to have disclosed information that is important for investors to make an informed decision. The usual rules do not apply to this offer because there is an exclusion for offers where the offer is made to Qualified Investors (as defined in article 2 paragraph (1) point 21 of Law 24). As a result of this exclusion, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for this investment. Investments of this kind are not suitable for retail investors.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

### **Notice to Residents of Uganda**

The SAFTs offered have not been approved or disapproved by the stock exchange/interim stock trading facility/Capital Markets Authority in Uganda. Prospective investors should carefully consider the matters set forth under the caption "risk factors".

### **Notice to Residents of Ukraine**

The SAFTs or Zypcoins 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.

### **Notice to Residents of Uruguay**

The SAFTs or Zypcoins have not been registered under the Uruguayan Securities Market Law, Act. 18.627 or recorded in the Uruguayan Central Bank (“*UCB*”). The SAFTs or Zypcoins offered are not traded through a stock exchange. No Uruguayan regulatory authority has approved of this Offering. This offer is not being conducted in a manner that will constitute a public offering. The Purchaser expressly agrees that the SAFTs or Zypcoins have not been approved by UCB.

### **Notice to Residents of United Arab Emirates**

This Memorandum is not intended, and does not, constitute a financial promotion, an offer, sale or delivery of shares or other securities under the laws of the UAE. The SAFTs or Zypcoins have not been and will not be registered under the laws of the United Arab Emirates (“*UAE*”). By receiving this Memorandum, the person or entity to whom it has been issued understands, acknowledges and agrees that none of the Securities or this Memorandum has been approved by or filed with the UAE Central Bank, the UAE Securities and Commodities Authority (“*SCA*”) or any other federal or emirate-level authority in the UAE or the regulatory authorities in any of the free zones established in the UAE, nor has Zypline received authorisation or licensing from the UAE Central Bank, the SCA or any other federal or emirate-level authority in the UAE or the regulatory authorities in any of the free zones established in the UAE to market or sell securities or other investments within the UAE. No marketing of any financial products or services has been or will be made from within the UAE other than in compliance with the laws of the UAE and no subscription to any securities or other investments may or will be consummated within the UAE. None of Securities may be offered or sold directly or indirectly to the public in the UAE. This Memorandum does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 2 of 2015 (as amended) or otherwise.

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

The only categories of person in the United Kingdom to whom the SAFTs or Zypcoins may be distributed are those persons who (i) have professional experience in matters relating to investments falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “*Financial Promotion Order*”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“*FSMA*”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons in (i)-(iii) above together being referred to as “*Relevant Persons*”). The SAFTs or Zypcoins are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which the SAFTs or Zypcoins relate is available only to Relevant Persons and will be engaged in only with Relevant Persons. This Memorandum may only be provided to persons in the United Kingdom in circumstances where Section 21(1) of FSMA does not apply to Zypline.

### **Notice to Residents of All Other Jurisdictions**

No action has been taken to permit the offer, sale, possession or distribution of the SAFTs or Zypcoins, tokens, or any related documents in any jurisdiction where action for that purpose is required. Purchasers

are required to inform themselves about, and to observe any restrictions relating to, the SAFTs or Zypcoins, and any related documents in your jurisdiction. The SAFTs or Zypcoins shall not be offered, sold, or otherwise transferred, except in full compliance with the transfer restriction, the transfer prerequisite, and all applicable laws, rules, and regulations of the transferor's jurisdiction and the transferee's jurisdiction. Each of the transferor and transferee are charged with the duty of complying with all applicable laws, rules, and regulations for any transfer of the SAFTs or Zypcoins.

## 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 Zypcoins issued pursuant to a SAFT by Purchasers. This summary does not attempt to address all aspects of the U.S. federal income tax laws, or any state, local or foreign laws, that may be implicated by the purchase of a SAFT or Zypcoins. 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 Zypline 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 a SAFT (and subsequently Zypcoins) 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 applicable on the date hereof. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax considerations 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 Zypcoins. 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 Zypcoins. Future tax guidance from the IRS (or guidance resulting from future judicial decisions) could negatively impact Purchasers of the SAFT and holders of Zypcoins.**

### **Treatment of SAFT**

Zypline intends to treat the execution of the SAFT as the execution of a contract for the purchase of Zypcoins, which would be delivered to a Purchaser upon Network Launch, as more fully described in the SAFT. Zypline intends to treat the SAFT neither as an equity interest nor as a debt interest in Zypline 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 Zypline’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 Zypline, in which case the U.S. federal income tax consequences to a Purchaser and Zypline of the execution of a SAFT could differ from those described above.



## **Treatment of Token Sale**

Upon Network Launch, Zypline shall issue Zypcoins to each holder of a SAFT pursuant to the terms of the applicable SAFT. Zypline will treat the issuance of Zypcoins to a Purchaser under a SAFT as a purchase of property (that is, the Zypcoins) by the Purchaser. Zypline intends to treat Zypcoins neither as equity interests nor as debt interests in Zypline for U.S. federal income tax purposes. A Purchaser should generally have a tax basis for U.S. federal income tax purposes in the Zypcoins it acquires from Zypline 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 Zypcoins should begin on the day the Zypcoins are issued to the Purchaser. Under this treatment, Zypline would have income upon issuance of the Zypcoins 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 Zypcoins, 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 Zypcoins pursuant to the SAFT.

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

## **Disposition of Zypcoins**

A Purchaser who sells, exchanges, or otherwise disposes of Zypcoins for U.S. dollars or other property (including pursuant to an exchange of such Zypcoins for other 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 Zypcoins and the Purchaser's adjusted tax basis in the Zypcoins, as described above. This capital gain may be long-term if the Purchaser has held its Zypcoins for more than one year prior to disposition.

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

In the event of a Network Launch failure, Zypline 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 ZYPCOIN DISTRIBUTION IS UNCERTAIN AND THERE MAY BE ADVERSE TAX CONSEQUENCES FOR PURCHASERS UPON CERTAIN FUTURE EVENTS. PURCHASING A SAFT AND ACQUIRING ZYPCOINS PURSUANT THERETO 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.

**PRIVATE PLACEMENT OFFERING MEMORANDUM**



**350,000,000 Zypcoins**

*To be acquired pursuant to*

*Simple Agreements for Future Tokens*

*March 31, 2018*