

**SUMMARY OF PRINCIPAL TERMS  
OF THE  
SIMPLE AGREEMENT FOR FUTURE TOKENS  
ISSUED BY  
TOPIA TECHNOLOGY, INC.**

**November 10, 2017**

*The following Summary of Principal Terms of the Simple Agreement for Future Tokens (the “SAFT Term Sheet”) is subject to revision and is qualified in its entirety by reference to the Simple Agreement for Future Tokens (the “SAFT”) (<https://topiacoin.io/SAFT.pdf>). The SAFT is being issued by Topia Technology, Inc. (the “Company”). To the extent that the terms set forth in this Term Sheet are inconsistent with or contrary to the terms of the SAFT, the SAFT will control.*

*The terms described in this SAFT Term Sheet may change, possibly substantially. Before purchasing a SAFT Interest, potential investors should review the final terms of the investment available at <https://topiacoin.io/SAFTPrincipleTerms.pdf>.*

*Important information about potential investments in the SAFT and Tokens is also contained in the SAFT Risk Factors (“SAFT Risk Factors”) (available at <https://topiacoin.io/SAFTRiskFactors.pdf>), TopiaCoin and Token Generation Event Risk Factors (“Token Risk Factors”) (available at <https://topiacoin.io/TokenRiskFactors.pdf>), and the white paper describing the Tokens (available at <https://topiacoin.io/SDFS.pdf>). Investing in a SAFT involves significant risks, including the risk of losing all or part of an investor’s investment.*

**I. OVERVIEW**

**Summary of the Investment Opportunity**

As discussed in more detail below, Topia Technology, Inc. (the “Company”) is offering a Simple Agreement for Future Tokens (each, a “SAFT”) that provide investors the right to receive the Company’s Tokens (as defined below) on the first date of the Company’s first offer and sale of immediately deliverable Tokens (the “Initial Token Generation Event”). This right is subject to the restrictions described in this Term Sheet.

**The Company**

The Company is a for-profit U.S. company that, among other things, supports the development of secure decentralized file sharing systems for the purpose of authenticating and encrypting digital files at rest and in transit. The Company’s premier enterprise data security technology is Secrata. Secrata is a patented security product developed by the Company that shreds and encrypts data end-to-end to harden security for cloud, mobile, and “Big Data.” The Company is combining Secrata with, among other things, distributed ledger technologies to launch a new secure decentralized file sharing product. More detailed information on the Company is available at [topiatechnology.com](http://topiatechnology.com).

**The Tokens**

The Tokens are a form of crypto asset, or virtual currency, that can be

used for certain functions related to securely transferring digital files and other data using the Protocol and Network (as defined below under “Features of the Network”) developed and operated by the Company. More information on these functions is provided in this Term Sheet under, “The Network and the Tokens.”

### **Simple Agreement for Future Tokens**

The SAFT currently being offered to potential investors is an investment contract between the Company and each investor (the “**Investor**”) that requires the Company to deliver Tokens to the Investor on the terms described below, in exchange for a payment of funds by the Investor (the “**Investment**”) as of the execution date of the SAFT.

Potential Investors should be aware that they will only receive the right to receive Tokens, and not the Tokens, when they execute a SAFT.

### **The Offering**

The offering of SAFTs (the “**Offering**”) will take place in multiple rounds. Each round will permit an Investor to purchase a SAFT on different terms.

**Employee Class:** Beginning at 12:00 p.m. Oct 1, 2017 and ending at 11:59:59 a.m. Oct 13, 2017 (the “**Employee Sale**”), the Company will restrict the offer and sale of each SAFT to certain employees of the Company.

**Friends/Advisor Class:** Beginning at 12:00 p.m. Nov 27, 2017 and ending at 11:59:59 a.m. May 15, 2018 (the “**Friends/Advisor Sale**”), the Company will restrict the offer and sale of each SAFT to certain friends, family, and advisors of the Company.

**Pre-Sale Class:** Beginning at 12:00:00 p.m. on Nov 27, 2017 and ending in Quarter 2, 2019 (the “**Pre-Sale**”), the Company will restrict the offer and sale of each SAFT to certain qualified institutional investors invited to participate in the Pre-Sale.

**Public Sale Class:** Beginning in Quarter 2 2019, (the “**Initial Coin Offering**” or “**ICO**”), the Company will restrict the offer and sale of each SAFT to any Investor qualified to purchase the SAFT.

All calculations of time and date will be made using commercially reasonable efforts and according to Universal Coordinated Time (“**UTC**”). An Investor is only eligible for the terms in effect on the date on which the Company receives an electronically executed Agreement. While the Company will make commercially reasonable efforts to ensure timely receipt of an electronically executed Agreement, the Company cannot guarantee that the date it receives the electronically executed Agreement is the date intended by the Investor.

### **Investor Qualifications**

Participation in the Friends/Advisor Sale and the Pre-Sale is by invitation only and in the Company’s sole discretion.

Investors must be: (a) persons or entities that are “accredited investors” within the meaning of Regulation D under the Securities Act of 1933 (the “**Securities Act**”); (b) Company employees and certain

other persons who qualify to invest pursuant to Securities Act Rule 701 (“**qualified employees**”); or (c) non-U.S. persons. Investors will be required to provide information verifying their status as accredited investors, qualified employees, or non-U.S. persons before entering into a SAFT.

New York residents are not permitted to participate in this offering.

## **II. THE SAFT**

### **Rights to Tokens**

The SAFT will provide Investors the right to receive Tokens on the first date of the Company’s Initial Token Generation Event. The number of Tokens delivered on such date is the amount reflected on the Investor’s SAFT.

### **Pricing of the Tokens**

The maximum token supply possible is approximately 300,000,000 Tokens. Under the SAFT, inclusive of all rounds, Investors will have the opportunity to purchase up to 240,000,000 Tokens. The Company will hold 20% of the total supply of tokens based on the number of tokens sold, up to approximately 60,000,000.

During the Employee Sale, employees will have the opportunity to purchase up to 30,000,000 Tokens for future delivery at a price of \$0.10 per Token.

During the Friends/Advisor Sale, qualified friends and advisors will have the opportunity to purchase up to 8,000,000 Tokens for future delivery at prices between \$0.375 and \$0.295 per Token.

During the Pre-sale, qualified institutional investors will have the opportunity to purchase up to 20,000,000 Tokens for future delivery at prices between \$0.80 and \$0.50 per Token.

During the ICO, qualified investors will have the opportunity to purchase up to 210,000,000 Tokens for future delivery (less that sold in the Pre-sale) at a price determined by the following price schedule.

- Tokens will be priced at \$1.00 through (“**Week 1**”).
- Tokens will be priced at \$1.20 through (“**Week 2**”).
- Tokens will be priced at \$1.40 through (“**Week 3**”).

### **Vesting Schedule**

Pre-Sale purchases are subject to the following vesting schedule based on the amount of the investment.

- Purchases of up to \$50K are subject to a 6-month vesting term.
- Purchases of \$50K or more are subject to a 12-month vesting term.

For all Pre-Sale purchases, 50% of the purchased tokens will vest immediately upon Network Launch. The remaining 50% of the tokens

will vest linearly according to the vesting period.

Until the Tokens have vested, the Tokens will be subject to the Use Restriction, as defined in the SAFT.

**Investment Process**

The Company will accept U.S. dollars, Bitcoin, and Ether in exchange for a SAFT. Instructions for ACH fund transfers will be provided in the SAFT. The wallet address for payments in accepted virtual currency will be provided in the SAFT. A SAFT investment is affected through an electronically executed SAFT, available at <https://topiacoin.io/SAFT.pdf>.

**Closings**

The ICO will close on March 26, 2018 at 11:59:59 a.m. UTC.

**Projected Timing for Receipt of Tokens**

Investors will receive Tokens on the first date of the Initial Token Generation Event. The Initial Token Generation Event will occur only after the Tokens have been fully developed and are fully functional on the Network.

It is currently anticipated that the Company will develop the Tokens and the Network by the second quarter of 2019. There are no guarantees as to the timing of the Initial Token Generation Event, which is dependent on many factors, including many outside the Company's control.

**Dissolution Event**

If there is a Dissolution Event (as defined below), the Company will make commercially reasonable efforts to reimburse Investments received from Investors, but the Company cannot guarantee that sufficient funds will be available for any such reimbursement. The Company will give priority to the Pre-Sale Class of Investors before all other Investors.

“**Dissolution Event**” means: (i) a voluntary termination of operations; (ii) a general assignment for the benefit of the Company's creditors; (iii) the failure of the Company to hold a Network Launch within three (3) years from March 26, 2018; or (iv) any other liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

A change of control and an initial public offering will not constitute a Dissolution Event.

**Termination**

The SAFT will expire and terminate upon either (i) the issuance of Tokens to the Investor or (ii) the payment or setting aside for payment of amounts due to the Investor as a result of a Dissolution Event.

**Transfers**

There are substantial restrictions on the transferability of the SAFT, and there will be no public market for the SAFT. A SAFT may not be offered, sold or transferred in the United States absent registration or an applicable exemption from the registration requirements. In particular, a SAFT may not be transferred unless in compliance with applicable federal securities laws. Any transfer of a SAFT made in violation of securities law restrictions will be treated by the Company as void.

<b>Most Favored Nation (“MFN”)</b>	There are no MFN amendment rights in the SAFT. The Company is under no obligation to amend and restate any SAFT based on subsequent agreements executed with the company on different terms.
<b>Fees</b>	Investors will not be charged any fees in connection with executing a SAFT or receiving Tokens as a result of entering into the SAFT.
<b>Incorporation by Reference</b>	The SAFT is for the future delivery of Tokens and therefore incorporates by reference the provisions and representations in the SAFT Purchase Agreement (the “ <b>Purchase Agreement</b> ”). Investors will be provided the Purchase Agreement at the same time as the SAFT. By executing the SAFT, the Investor agrees to incorporate by reference and restate the representations in the Purchase Agreement under the SAFT.
<b>Use of Proceeds</b>	<p>The Company will use the proceeds received based on the SAFTs net of federal and state taxes to develop, sponsor, and promote the Tokens and the Network and for all other general business operations incident thereto and permitted by law.</p> <p>It is anticipated that the Company will use the proceeds for the following purposes:</p> <ul style="list-style-type: none"> <li>• 65% for development of the network</li> <li>• 30% for sales, marketing and token community development</li> <li>• 5% for special projects</li> </ul> <p>These allocations are only estimates and are subject to change in the Company’s sole discretion and without notice.</p>

### **III. THE NETWORK AND THE TOKENS**

#### **Features of the Network**

The Company develops digital data security, integrity, and privacy products for military and highly regulated enterprise applications. The Company recognizes the need to securely share and electronically transfer a class of sensitive data such as medical records, contracts, tax records, wills, voting ballots, tickets, software, and images, among others, (collectively as a class, “Digital Assets”). To fulfill this need, the Company is now combining blockchain technology and peer-to-peer data transfer protocols with the security of Secrata, its premier enterprise data security product, to create a secure distributed file sharing system (the “**Network**”). The Network will allow users to securely share Digital Assets as files or pieces of a file with the confidence of a cryptographically verified record of all transactions. In connection with the Network, the Company is sponsoring an issuance and release of Tokens during the ICO. The Tokens will allow, among other things, holders to transact on the Network using the application programming interfaces (“**API(s)**”), programming libraries, and protocols (collectively, the “**Protocol**”) developed by the Company.

## **Purpose of the Tokens**

The Tokens will be used for certain services and to reward Network participants for the healthy functioning of the Network. Uses of the Tokens include, but are not limited to:

- Tokens will be used to pay workspace creation fees. A “Workspace” is a file sharing space where all file-sharing transactions within the Workspace are recorded to a unique Workspace-specific blockchain shared by all members of the Workspace. These fees will be kept small and will allow users to securely share Digital Assets with other Network participants. This fee may be split between the Company and 3rd party developers.
- Tokens are used to pay other Workspace members (“Replicators”) to replicate files. To pay for file replication, a user will deposit a [small] amount of Tokens in the Workspace. Periodically, the Replicators will provide proof of replication. If the proof is accepted as valid, they will earn a [small] amount of Tokens, taken from the amount deposited by the file's owner.
- Third-party developers will use the Tokens to pay the licensing fees associated with using the Network and Protocol.
- Third-party developers will be able to implement the Tokens as a primary virtual currency within their applications. Because the Network is already built to use the Tokens as its underlying virtual currency, third-party developers can extend their use of the Tokens to allow their customers to pay for services within these third-party applications.
- The Tokens will be transferable between holders. This may include the ability for a Token holder to “tip” another holder or Network participant in exchange for a service, among other things. Transfers of Tokens will be subject to the restrictions and limitations described below.

## **Other Token Utility**

The Company intends for the Tokens to be used to pay for creating Workspaces and securely sharing digital assets, among other things. The utility of the Tokens therefore relies in part on the third-party adoption of the Network for secure file sharing. There is no guarantee that such adoption will occur. It is possible that the Company may develop additional uses for the Tokens, but no additional uses are anticipated at this time. It is also possible that third-party exchange services may accept the Tokens and exchange them for sovereign fiat currency or other crypto assets. There is no guarantee, however, that any third party uses of Tokens or the Network will develop.

**Additional Terms of the Tokens** For more information about the terms of the Tokens, please visit

<https://topiacoin.io/TokenTermSheet.pdf>.

#### **IV. LEGAL & MISCELLANEOUS**

##### **Taxation**

Any returns you receive based on the SAFT, based on any appreciation of the Tokens, or as a result of transactions on the Network could be taxable. Holders of the Tokens should discuss these issues with their tax advisers.

##### **Risk Factors**

There is no guarantee that the Company will be successful at developing the Tokens or the Network. Further, there is no guarantee that merchants and other potential Network participants will accept the Tokens as a medium of exchange for goods and services. A government could even prohibit the commercial or non-commercial use of the cryptographic methods necessary to the release of the Tokens and operation of the Network. Any of these negative outcomes could lead to the Company forgoing its plan to conduct the Token Generation Event and/or otherwise release the Tokens. As a result, the Company may be unable to deliver Tokens pursuant to the SAFT or reimburse the Purchase Price received under a SAFT.

There can be no assurance that any Investor will achieve his or her investment objective or avoid substantial losses by investing in Tokens through a SAFT. Instruments like the SAFT and the Tokens entail a high degree of risk, and Investors may lose some or all of their Investment. A potential Investor should execute a SAFT and invest in Tokens only if able to withstand a total loss of the Investment. Potential Investors are urged to consult with their personal investment, legal and tax advisors before executing a SAFT.

Crypto assets such as the Tokens are a new and relatively untested product. There is considerable uncertainty about the asset class's long-term viability, which could be affected by a variety of factors, including many market-based factors such economic growth, inflation, and others. In addition, the success of the Tokens and other types of crypto assets will depend on whether blockchain and other new technologies related to the Tokens turn out to be useful and economically viable. The Company does not control any of these factors, and therefore may not be able to control the long-term success of the Tokens as a feature of the Network, or the ability of the Tokens to maintain their value.

Transactions in crypto assets such as the Tokens and certain other virtual currencies are irreversible. Failure to provide the Company with the correct public wallet address under the control of the Investor will, in most cases, result in the loss of the Tokens.

The terms described in this SAFT Term Sheet are subject to change prior to the Initial Token Generation Event, possibly substantially. The Company cannot guarantee that the Tokens and the Token Generation Event will have the same characteristics as described herein on the first date of the Initial Token Generation Event.

The Company is offering Tokens through the SAFTs under an exemption from registration under the Securities Act, and neither the Company nor any affiliate will be registered under any U.S. securities or commodities laws. It is possible that a regulator could disagree with the Company's position that it is not required to register under those laws. It is also possible that the regulations applicable to instruments like the SAFT and to Tokens generally will change. These developments could lead to significant changes in how the Tokens are structured, how they are purchased and sold, and other issues, and could greatly increase the Company's costs in creating and facilitating transactions in Tokens. They could even lead to the termination of the Tokens and the SAFTs. Further, a regulator could take action against the Company if it views the SAFT, the Tokens and/or their offering(s) as violating existing law. Any of these outcomes would negatively affect the value of the SAFT and Tokens.

The regulatory risks described above take into consideration U.S. law only. It is anticipated that SAFTS and Tokens will also be sold outside the United States, which could subject the Company, the SAFTs, or the Tokens to non-U.S. legal requirements, which could be significant. Non-U.S. regulation could lead to the same types of changes and outcomes described above with respect to U.S. regulation, and any of these outcomes would negatively affect the value of the SAFTS and Tokens.

Additional risks associated with the SAFT and the Tokens are described in the SAFT Risk Factors (<https://topiacoin.io/SAFTRiskFactors.pdf>).

## **Legal Counsel**

Wilson Sonsini Goodrich & Rosati P.C. ("**Wilson Sonsini**") will serve as legal counsel to the Company. Wilson Sonsini does not represent any current or prospective Investor or purchaser of the Tokens with respect to an investment in the Company, the organization of the Company, or the preparation of the SAFT. No separate counsel has been engaged by the Company or any of its respective affiliates to represent any current or prospective Investors or purchasers of Tokens with respect to an investment in the Company or preparation of the SAFT.