

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM C  
UNDER THE SECURITIES ACT OF 1933**

**Form C: Offering Statement**

**Name of issuer:**

Coinseed, Inc.

**Legal status of issuer:**

**Form:**

C-Corporation

**Jurisdiction of Incorporation/Organization:**

Delaware

**Date of organization:**

November 22, 2017

**Physical address of issuer:**

251 Little Falls Dr, Wilmington, DE, 19808

**Website of issuer:**

[www.coinseed.co](http://www.coinseed.co)

**Name of intermediary through which the offering will be conducted:**

Mr. Crowd

**CIK number of intermediary:**

0001666102

**SEC file number of intermediary:**

7-42

**CRD number:**

284278

**Amount of compensation to be paid to the intermediary, whether as a dollar amount or a percentage of the offering amount, or a good faith estimate if the exact amount is not**

**available at the time of the filing, for conducting the offering, including the amount of referral and any other fees associated with the offering:**

1. The issuer shall pay the intermediary a fee equal to 1% of the gross amount raised.
2. The issuer shall pay or reimburse all reasonable out-of-pocket third party expenses incurred by the intermediary on behalf of the issuer.

**Any other direct or indirect interest in the issuer held by the intermediary, or any arrangement for the intermediary to acquire such an interest:**

No.

**Type of security offered:**

Crowd Note

**Target number of securities to be offered:**

25,000

**Price (or method for determining price):**

\$1

**Target offering amount:**

\$25,000

**Oversubscriptions accepted:**

Yes.

**If yes, disclose how oversubscriptions will be allocated:**

First-come, first-served basis

**Maximum offering amount:**

\$400,000

**Deadline to reach the target offering amount:**

April 30, 2020

**NOTE: If the sum of the investment commitments does not equal or exceed the target offering amount at the offering deadline, no securities will be sold in the offering, investment commitments will be cancelled and committed funds will be returned.**

**Current number of employees:**

5

|                                    | <b>Most recent fiscal year-end:</b> | <b>Prior fiscal year-end:</b> |
|------------------------------------|-------------------------------------|-------------------------------|
| <b>Total Assets:</b>               | 536,738                             | 711,421                       |
| <b>Cash &amp; Cash Equivalents</b> | 536,738                             | 711,421                       |
| <b>Accounts Receivable:</b>        | 0                                   | 0                             |
| <b>Short-term Debt:</b>            | 528,662                             | 673,466                       |
| <b>Long-term Debt:</b>             | 141,410                             | 0                             |
| <b>Revenues/Sales</b>              | 279,257                             | 8,056                         |
| <b>Cost of Goods Sold:</b>         | 142,362                             | 2,731                         |
| <b>Taxes Paid:</b>                 | 0                                   | 0                             |
| <b>Net Income:</b>                 | (57,113)                            | (2,125)                       |

**Using the list below, select the jurisdictions in which the issuer intends to offer the securities:**

ALABAMA, ALASKA, ARIZONA, ARKANSAS, CALIFORNIA, COLORADO, CONNECTICUT, DELAWARE, DISTRICT OF COLUMBIA, FLORIDA, GEORGIA, HAWAII, IDAHO, ILLINOIS, INDIANA, IOWA, KANSAS, KENTUCKY, LOUISIANA, MAINE, MARYLAND, MASSACHUSETTS, MICHIGAN, MINNESOTA, MISSISSIPPI, MISSOURI, MONTANA, NEBRASKA, NEVADA, NEW HAMPSHIRE, NEW JERSEY, NEW MEXICO, NEW YORK, NORTH CAROLINA, NORTH DAKOTA, OHIO, OKLAHOMA, OREGON, PENNSYLVANIA, PUERTO RICO, RHODE ISLAND, SOUTH CAROLINA, SOUTH DAKOTA, TENNESSEE, TEXAS, UTAH, VERMONT, VIRGINIA, WASHINGTON, WEST VIRGINIA, WISCONSIN, WYOMING

# Offering Statement

**Important:**

**Investors must acknowledge and accept the high risks associated with investing in private securities offerings. These risks include holding your investment for periods of many years with limited ability to resell, limited access to periodic reporting, and losing your entire investment. You must have the ability to bear a total loss of your investment without a change in your lifestyle. Funding Portal is only required to conduct limited due diligence on each Issuer and does not in any way give investment advice, provide analysis or recommendations regarding any offering posted on the Funding Portal. Past performance is not indicative of future performance. All investors should make their own determination of whether or not to make any investment in an offering, based on their own independent evaluation and analysis and after consulting with their financial, tax and investment advisors. Prior to making any investment, you will be required to demonstrate your understanding of the speculative nature of investing in such private securities. The securities offered on this Funding Portal can only be marketed in jurisdictions where public solicitation of offerings are permitted; it is solely your responsibility to comply with the laws and regulations of your country of residence. You are strongly advised to consult your legal, tax and financial advisor before investing.**

## FORWARD-LOOKING STATEMENTS

This Form C contains many statements that are “forward-looking”. You can identify these statements by the use of terms such as “believe,” “anticipate,” “expect,” “estimate,” “future,” “intend,” “may,” “ought to,” “plan,” “should,” “will,” negatives of such terms or other similar statements. You should not place undue reliance on any of these forward-looking statements. Although we believe our assumptions in making these forward-looking statements are reasonable, our assumptions may prove to be incorrect and you are cautioned not to place undue reliance on such statements. The forward-looking statements in this Form C include, but are not limited to, statements relating to:

- our goals and strategies and our various measures to implement such strategies;
- our future business development, results of operations and financial condition;
- the expected growth of and changes in the industry we are operating;
- projected revenues, profits, earnings and other estimated financial information;
- our ability to capture future market share;
- our ability to maintain strong relationships with our customers and business partners;
- our planned use of proceeds;
- our ability to protect our intellectual property rights; and
- government policies, federal and state regulations.

The forward-looking statements included in this Form C are subject to risks, uncertainties and assumptions about our businesses and business environments. These statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results of our operations may differ materially from information contained in the forward-looking statements as a result of many factors, including but not limited to the following:

- competition in the industry we are operating;
- growth of, and risks inherent in, the industry we are operating;
- our reliance on our key customers for our revenue;
- our ability to continuously keep up with changes in technology;
- maintaining the quality of our products and services;
- our ability to attract and retain qualified executives and personnel; and
- our ability to protect and enforce our intellectual property rights.

We undertake no obligation to publicly update or revise any forward-looking statements contained in this Form C, whether as a result of new information, future events or otherwise, except as required by law and the Regulation Crowdfunding. All forward-looking statements contained in this Form C are qualified by reference to this cautionary statement.

## **DEFINITIONS AND INTERPRETATION**

In this Offering Statement the following words and expressions and abbreviations have the following meanings, unless the context otherwise requires:

**“Affiliate”** means with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common Control with, such Person and with respect to Coinseed, Inc. shall include any joint venture in which Coinseed, Inc. holds directly or indirectly a twenty percent (20%) or greater ownership interest.

**“Business Day”** means a day other than a Saturday, Sunday, federal, state or provincial holiday or other day on which commercial banks in New York City are authorized or required by law to close.

**“Board”** means the board of directors of Coinseed, Inc..

**“Company”** means Coinseed, Inc..

**“Funding Portal”** means the equity crowdfunding platform (<https://www.MrCrowd.com>) operated by Ksdaq Inc. and registered with the Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority.

**“Investor”** means any person who subscribes the Shares.

**“Issuer”** means Coinseed, Inc..

**“Ksdaq”** means Ksdaq Inc, the intermediary through which the Offering will be conducted:

**“Mr. Crowd”** means the name under which Ksdaq Inc. conducts its business.

**“Offering”** means the offering or selling of the Shares in reliance on section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)).

**“Purchaser”** means any person who purchased the Shares.

**“SEC”** means the United States Securities and Exchange Commission.

**“Shares”** means the Crowd Note of Coinseed, Inc..

**“Share Subscription Agreement”** means the agreement between the Issuer and each Subscriber pursuant to which the Subscriber acquires the Shares.

**“Subscriber”** means any person who subscribes the Shares.

## **THE COMPANY**

### **1. Name of issuer:**

Coinseed, Inc.

## **ELIGIBILITY**

### **2. The issuer certifies that all of the following statements are true for the issuer:**

- Organized under, and subject to, the laws of a State or territory of the United States or the District of Columbia.
- Not subject to the requirement to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.
- Not an investment company registered or required to be registered under the Investment Company Act of 1940.
- Not ineligible to rely on this exemption under Section 4(a)(6) of the Securities Act as a result of a disqualification specified in Rule 503(a) of Regulation Crowdfunding. (For more information about these disqualifications, see Question 30 of this Question and Answer format).
- Has filed with the Commission and provided to investors, to the extent required, the ongoing annual reports required by Regulation Crowdfunding during the two years immediately preceding the filing of this offering statement (or for such shorter period that the issuer was required to file such reports).
- Not a development stage company that (a) has no specific business plan or (b) has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies.

### **3. Has the issuer or any of its predecessors previously failed to comply with the ongoing reporting requirements of Rule 202 of Regulation Crowdfunding?**

The issuer certifies that neither the issuer nor any of its predecessors has previously failed to comply with the ongoing reporting requirements of Rule 202 of Regulation Crowdfunding.

## DIRECTORS AND OFFICERS

### DIRECTORS

#### 4. Information about each director (and any persons occupying a similar status or performing a similar function) of the issuer:

**Name:** Delgerdalai Davaasambu

**Dates of Service:** Nov 2017

**Position:**

Co-Founder, CEO, Coinseed, Inc.

**Business Experience:**

Co-Founder Del is an early Bitcoin enthusiast (since 2011) and he has been through multiple boom and bust cycles of cryptocurrency. He also worked as the technical co-founder for multiple other startups including MyEtherShop which allows people to spend Ethereum coins for online purchases from Amazon. Del focuses on the technical development of Coinseed.

**Name:** Sukhbat Lkhagvadorj

**Dates of Service:** Nov 2017

**Position:**

Co-Founder, CFO, Coinseed, Inc.

**Business Experience:**

Sukhbat has worked at multiple Wall St. firms including a fixed income broker-dealer and an economic consulting firm focusing on analyzing securities. He then recognized the rapidly growing importance of big data on virtually all aspects of businesses and transitioned into a big data analytics consultant. As Sukhbat consulted and built big data infrastructures for well known companies such as Uber, his interest in decentralized data storage and blockchain technology intensified over time. Sukhbat focuses on the business side of Coinseed including partnership management, customer service, and marketing.

## OFFICERS:

### 5. Information about each officer (and any persons occupying a similar status or performing a similar function) of the issuer:

**Name:** Delgerdalai Davaasambu

**Dates of Service:** Nov 2017

**Position:**

Co-Founder, CEO, Coinseed, Inc.

**Business Experience:**

Co-Founder Del is an early Bitcoin enthusiast (since 2011) and he has been through multiple boom and bust cycles of cryptocurrency. He also worked as the technical co-founder for multiple other startups including MyEtherShop which allows people to spend Ethereum coins for online purchases from Amazon. Del focuses on the technical development of Coinseed.

**Name:** Sukhbat Lkhagvadorj

**Dates of Service:** Nov 2017

**Position:**

Co-Founder, CFO, Coinseed, Inc.

**Business Experience:**

Sukhbat has worked at multiple Wall St. firms including a fixed income broker-dealer and an economic consulting firm focusing on analyzing securities. He then recognized the rapidly growing importance of big data on virtually all aspects of businesses and transitioned into a big data analytics consultant. As Sukhbat consulted and built big data infrastructures for well known companies such as Uber, his interest in decentralized data storage and blockchain technology intensified over time. Sukhbat focuses on the business side of Coinseed including partnership management, customer service, and marketing.



## PRINCIPAL SECURITY HOLDERS

**6. The name and ownership level of each person, as of the most recent practicable date,\* who is the beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power.**

| <b>Name of Holder</b>   | <b>No. and Class of Securities Now Held</b> | <b>% of Voting Power Prior to Offering**</b> |
|-------------------------|---|--|
| Delgerdalai Davaasambuu | 6,400,000 shares Common Stock               | 80%  |
| Sukhbat Lkhagvadorj     | 1,600,000 shares Common Stock               | 20%  |

*\* The issuer certified that the above information is provided as of a date that is no more than 120 days prior to the date of filing of this offering statement.*

*\*\* To calculate total voting power, include all securities for which the person directly or indirectly has or shares the voting power, which includes the power to vote or to direct the voting of such securities. If the person has the right to acquire voting power of such securities within 60 days, including through the exercise of any option, warrant or right, the conversion of a security, or other arrangements, or if securities are held by a member of the family, through corporations or partnerships, or otherwise in a manner that would allow a person to direct or control the voting of the securities (or share in such direction or control — as, for example, a co-trustee) they should be included as being “beneficially owned.” You should include an explanation of these circumstances in a footnote to the “Number of and Class of Securities Now Held.” To calculate outstanding voting equity securities, assume all outstanding options are exercised and all outstanding convertible securities converted.*

## **BUSINESS AND ANTICIPATED BUSINESS PLAN**

### **7. The business of the issuer and the anticipated business plan of the issuer.**

Please refer to *Appendix A - Business and Anticipated Business Plan*.

## **RISK FACTORS**

**Important:**

**A crowdfunding investment involves risk. You should not invest any funds in this offering unless you can afford to lose your entire investment.**

**In making an investment decision, investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document.**

**The U.S. Securities and Exchange Commission does not pass upon the merits of any securities offered or the terms of the offering, nor does it pass upon the accuracy or completeness of any offering document or literature.**

**These securities are offered under an exemption from registration; however, the U.S. Securities and Exchange Commission has not made an independent determination that these securities are exempt from registration.**

**8. The material factors that make an investment in the issuer speculative or risky:**

Please refer to *Appendix B - Risk Factors*.

## THE OFFERING

### 9. The purpose of this offering:

The purpose of this offering is to raise funds that we will use to fund its current and future operations, and to provide us with a capital structure that will enable us to grow our business.

### 10. The use of proceeds from this offering is set out as below:

We will adjust roles and tasks based on the net proceeds of the Offering. We plan to use these proceeds as described below.

#### *Offering Expenses*

The use of proceeds for expenses related to the Combined Offering is as follows:

- If the Company raises the Target Amount, it will use 47.50% of the proceeds, or \$11,875, towards offering expenses;
- If the Company raises the Closing Amount, it will use 17.50% of the proceeds, or \$17,500, towards offering expenses; and
- If the Company raises the Maximum Amount, it will use 9.50% of the proceeds, or \$47,500, towards offering expenses

The proceeds remaining after meeting offering expenses will be used as follows:

| Use of Proceeds  | % if Target Amount Raised | % if Closing Amount Raised | % if Maximum Amount Raised |
|------------------|---------------------------|----------------------------|----------------------------|
| General Expenses | 80%                       | 80%                        | 50%                        |
| Marketing        | 20%                       | 20%                        | 30%                        |
| Hiring           | 0%                        | 0%                         | 20%                        |

The above table of the anticipated use of proceeds is not binding on the Company and is merely a description of its current intentions.

We reserve the right to change the above use of proceeds if management believes it is in the best interests of the Company.

## TRANSACTION, SECURITIES DELIVERY & CANCELLATION OF INVESTMENTS

### 11. How will the issuer complete the transaction and deliver securities to the investors?

1. To commit an investment in the Offering, an Investor will submit, through the Funding Portal, an investment ticket on the Issuer's securities offering page on the Funding Portal with the quantity of shares the Investor wants to invest. After the submission of the investment ticket, the Investor will be instructed to execute a Share Subscription Agreement by signing it electronically.
2. Once the Share Subscription Agreement is signed and executed, the Investor will receive an email confirmation of the investment commitment. The Investor can also find his or her investment commitment on the "My Portfolio" page on the Funding Portal. The "My Portfolio" page can be accessed via the following URL:  
**<https://www.mrcrowd.com/portfolio>**
3. Upon receiving the confirmation of the investment commitment, the investor will be responsible for transferring funds to an escrow account held with a third party escrow agent on behalf of the issuer. The fund transfer methods can be ACH, wiring, or check, whichever available.
4. Once the funds are transferred to the escrow account, the Investor will receive another email confirmation to acknowledge that his or her funds are received.
5. The Investor will receive email updates on the latest progress of the offering, including when 50%, 75% and 100% of the minimum fundraising target are met.
6. After the target offering amount has been reached and the Issuer decides to end the offering, the Investor's funds will be transferred from the escrow account to the Issuer on the deadline of this offering identified in this Form C (Original Deadline), except in the following situation where the funds will be transferred to the Issuer earlier than the Original Deadline:
  - a. when the minimum funding target is met prior to the Original Deadline and;
  - b. this Form C and the information of this securities offering have been posted and publicly available on the Funding Portal for at least 21 days and;
  - c. the Issuer chooses to end the offering earlier than the Original Deadline and;
  - d. the Issuer has notified the Investor by email the new deadline for this securities offering (New Deadline) at least 5 business days before the New Deadline and the Investor doesn't cancel his or her investment commitment on the "My Portfolio" page on the Funding Portal 48-hours prior to the New Deadline.
7. Once the Investor's funds are transferred from the escrow account to the Issuer, the Issuer will issue the Securities to Investors.

8. The securities issued in this offering will be in book-entry form only, which means that no physical stock certificates will be issued. The ownership of the securities purchased through this offering will be held in the Investor's name in book-entry format maintained by the Issuer or the Issuer's transfer agent.

## **12. How does an investor cancel an investment commitment?**

Investors can cancel their investment commitments until 48 hours prior to the deadline identified in this FORM C. This can be done via the "My Portfolio" page on the Funding Portal. Investors who have cancelled their investment commitments will receive a refund of their original investments.

Mr. Crowd will notify investors by email if the minimum funding target has been met. If this minimum funding target is met prior to the deadline identified in this Form C, the issuer may end this securities offering earlier by giving investors notice of the new deadline for the securities offering by e-mail at least 5 business days before the new deadline. Investors can cancel their investment commitment before the 48-hour period prior to the new deadline. Investors who have cancelled their investment commitments will receive a refund of their original investments.

If there is a material change to the terms of this offering or to the information provided by the issuer, Mr. Crowd will send to any investor who has made an investment commitment notice of the material change by email and that the investor's investment commitment will be cancelled unless the investor reconfirms his or her investment commitment within five business days of receipt of the notice. If the investor fails to reconfirm his or her investment within those five business days, Mr. Crowd within five business days thereafter will: (i) Give or send the investor a notification disclosing that the commitment was cancelled, the reason for the cancellation and the refund amount that the investor is expected to receive; and (ii) Direct the refund of investor funds.

If the issuer does not complete an offering including the failure of meeting the minimum funding target, Mr. Crowd will within five business days: (i) Give or send each investor a notification of the cancellation, disclosing the reason for the cancellation, and the refund amount that the investor is expected to receive; (ii) Direct the refund of investor funds.

## OWNERSHIP AND CAPITAL STRUCTURE

### The Offering

#### 13. Describe the terms of the securities being offered.

|                 |                  |
|-----------------|------------------|
| Funding Target  | \$25,000 USD     |
| Maximum Target  | \$400,000 USD    |
| Securities Type | Crowd Note       |
| Regulation      | Regulation CF    |
| Closing Date    | 30 April 2020    |
| Unit Price      | \$1.00           |
| Units Offered   | 25,000 - 400,000 |

The following description is a brief summary of the material terms of the Securities being offered and is qualified in its entirety by the terms contained in the Crowd Notes. The Crowd Notes sold in this Offering will convert in the following circumstances:

- If a "corporate transaction" (such as the sale of the Company) occurs prior to a "qualified equity financing" (which is a preferred stock financing raising of not less than \$1,000,000).
- Once a "qualified equity financing" occurs, the notes thereafter will automatically convert into the shares of preferred stock sold in the qualified equity financing.
- If the maturity date is reached, the note holders will have the option, by decision of the majority outstanding note holders, to convert into the Company's most senior class of preferred stock, and if no preferred stock has been issued, then shares of the Company's common stock.

The price at which the Crowd Notes sold in this Offering will convert will be:

- At a discount of 20% to the price in the qualified equity financing, subject to a \$6,000,000 valuation cap, if the conversion takes place after the qualified equity financing;
- If conversion takes place prior to a qualified equity financing due to a corporate transaction, the greater of the outstanding principal of the Crowd Notes plus accrued unpaid interest, or the amount of stock the Crowd Notes would convert into under the valuation cap; or
- If conversion takes place prior to a qualified equity financing because the maturity date has been reached, subject to a \$6,000,000 valuation cap.

The securities into which the Crowd Notes in this Offering will convert will have more limited voting and information rights than those to be issued to Major Investors on conversion.

Our Target Amount for this Offering to investors under Regulation Crowdfunding is \$25,000. Additionally, we have set a minimum Closing Amount of \$100,000 between our Combined Offerings under Regulation Crowdfunding and Regulation D, which we will need to meet before the Offering may close.

**Perks:**

1 year free membership of Coinseed to all investors in this Offering

**14. Do the securities offered have voting rights?**

No.

**15. Are there any limitations on any voting or other rights identified above?**

Yes. The securities offered have **no voting rights**.

**16. How may the terms of the securities being offered be modified?**

The terms of the Securities being offered may be modified by a resolution of the board of directors. The Issuer will file a Form C Amendment together with the amended Offering Statement with the SEC.

If there is a material change to the terms of this offering or to the information provided by the issuer, Mr. Crowd will send to any investor who has made an investment commitment notice of the material change by email and that the investor's investment commitment will be cancelled unless the investor reconfirms his or her investment commitment within five business days of receipt of the notice. If the investor fails to reconfirm his or her investment within those five business days, Mr. Crowd within five business days thereafter will: (i) Give or send the investor a notification disclosing that the commitment was cancelled, the reason for the cancellation and the refund amount that the investor is expected to receive; and (ii) Direct the refund of investor funds.



## Restrictions on Transfer of the Securities Being Offered

The securities being offered may not be transferred by any purchaser of such securities during the one year period beginning when the securities were issued, unless such securities are transferred:

- (1) to the issuer;
- (2) to an accredited investor;
- (3) as part of an offering registered with the U.S. Securities and Exchange Commission; or
- (4) to a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser or the equivalent, or in connection with the death or divorce of the purchaser or other similar circumstance.

NOTE: The term “accredited investor” means any person who comes within any of the categories set forth in Rule 501(a) of Regulation D, or who the seller reasonably believes comes within any of such categories, at the time of the sale of the securities to that person. The term “member of the family of the purchaser or the equivalent” includes a child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the purchaser, and includes adoptive relationships. The term “spousal equivalent” means a cohabitant occupying a relationship generally equivalent to that of a spouse.

### 17. What securities or classes of securities of the issuer are outstanding? Describe the material terms of any other outstanding securities or classes of securities of the issuer.

| Class of Security | Securities (or Amount) Authorized | Securities (or Amount) Outstanding | Voting Rights | Other Rights |
|-------------------|-----------------------------------|------------------------------------|---------------|--------------|
| Common Stock:     | 10,000,000                        | 8,000,000                          | YES           | NO           |
| Crowd Note        | -                                 | \$133,890                          | NO            | NO           |

### 18. How may the rights of the securities being offered be materially limited, diluted or qualified by the rights of any other class of security identified above?

#### a. No Voting Rights

Purchasers of the securities offered are entitled no voting rights and therefore they are not entitled to exert influence in the affairs of the company or the composition of its board of directors.

#### b. No anti-dilution rights

Purchasers of the securities offered are entitled no anti-dilution rights (other than proportionate adjustments for stock splits and similar events) and therefore future equity financings may dilute their ownership percentage in the issuer.

**19. Are there any differences not reflected above between the securities being offered and each other class of security of the issuer?**

No.

**20. How could the exercise of rights held by the principal shareholders identified in Question 6 above affect the purchasers of the securities being offered?**

As the owners of the Crowd Note, the principal shareholders identified in Question 6 above are having the majority of the voting rights of the issuer.

The Purchasers of the securities offered, as holders of Crowd Note, have no voting rights over the affairs of the company.

**21. How are the securities being offered being valued? Include examples of methods for how such securities may be valued by the issuer in the future, including during subsequent corporate actions.**

**Important Disclaimer:**

As the Issuer is a startup company with a limited history of operation, lacking of material assets and has conducted no prior sales of securities except to its founders and initial shareholders, the reliability, accuracy and appropriateness of the valuation methods used in this section in determining the valuation of the securities being offered is not guaranteed. The valuation methods used in this section do not infer that the Issuer assumes any fiduciary duties and should not be construed as financial, legal or tax advice. In addition, such valuation methods should not be relied upon as the only valuation methods. The Issuer cannot guarantee the reliability, accuracy and appropriateness of these valuation methods.

We strongly encourage you to consult with qualified business financial analysis professionals, attorneys, or tax advisors prior to making any investment decisions.

**Valuation of Our Crowd Note**

Before making an investment decision, you should carefully consider this valuation and the factors used to reach such valuation. Such valuation may not be accurate and you are encouraged to determine your own independent value of the Company prior to investing.

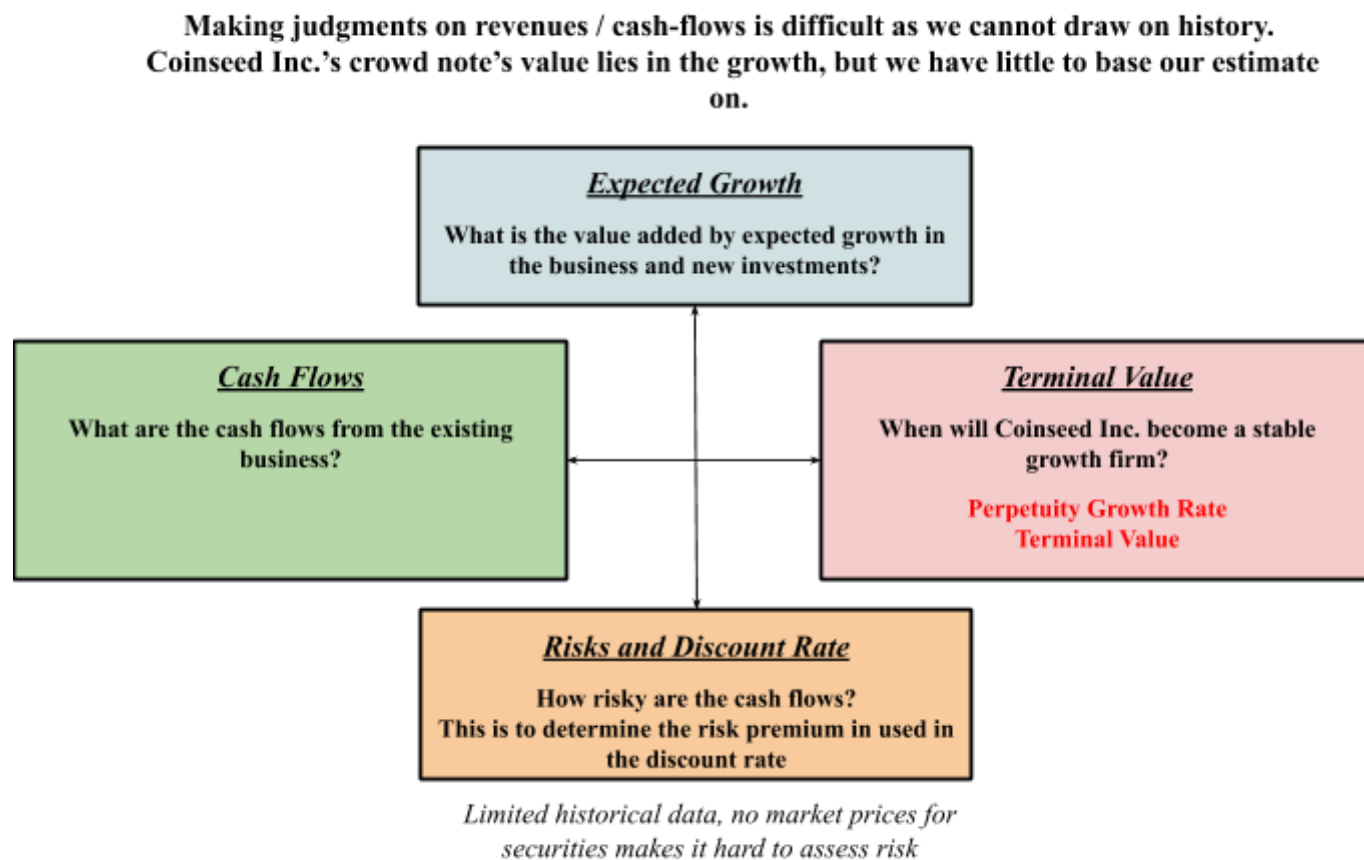
The price at which the Crowd Notes sold in this Offering will convert will be set at a discount of 20% to the price in the qualified equity financing, subject to a \$6,000,000 valuation cap.

The above price is based on what the investor will pay (the present value) for what the investor expects to obtain in the future (the future return), taking into account inflation, the lost opportunity to participate in other investments, the risk of not receiving the return. The valuation consists of four pieces that make up the intrinsic valuation:

- 1) cash flows from the existing business,
- 2) expected growth,

- 3) Risk measurements and discount rate,
- 4) terminal value, i.e. when the firm will become a stable growth firm

Each of these inputs has the following challenges, as illustrated in the below figure:



**Figure 1.1 Limitations and Difficulties in Valuation of Coinseed, Inc.'s Crowd Notes**

**Methods for how the securities may be valued by the issuer in the future:**

**Liquidation Value** - The amount for which the assets of the Company can be sold, minus the liabilities owed, e.g., the assets of a bakery include the cake mixers, ingredients, baking tins, etc. The liabilities of a bakery include the cost of rent or mortgage on the bakery. However, this value does not reflect the potential value of a business, e.g. the value of the secret recipe. The value for most startups lies in their potential, as many early stage companies do not have many assets (they probably need to raise funds through a securities offering in order to purchase some equipment).

**Book Value** - This is based on analysis of the Company's financial statements, usually looking at the Company's balance sheet as prepared by its accountants. However, the balance sheet only looks at costs (i.e. what was paid for the asset), and does not consider whether the asset has increased in value over time. In addition, some intangible assets, such as patents, trademarks or trade names, are very valuable but are not usually represented at their market value on the balance sheet.

**Earnings Approach** - This is based on what the investor will pay (the present value) for what the investor expects to obtain in the future (the future return), taking into account inflation, the lost

opportunity to participate in other investments, the risk of not receiving the return. However, predictions of the future are uncertain and valuation of future returns is a best guess.

## **22. What are the risks to purchasers of the securities relating to minority ownership in the issuer?**

- Purchasers of the securities in this offering have limited rights to demand distributions (e.g. dividends) from the Issuer.
- The majority owner may make a decision that the Purchasers consider bad and puts Purchaser's interest in the Issuer at risk.
- Although, as Crowd Note holders, the Purchasers would be entitled to a share of any proceeds from a sale of the entire business, the Purchasers may not veto the sale even though the price of sale is below its fair valuation. Moreover, a sale can be structured in a way to avoid any payout to minority owners, such as a sale of assets over time with the proceeds reinvested in another business.
- Since the securities in this offering are not publicly traded and are subject to restrictions on resale or transfer including holding period requirements, the securities in this offering are illiquid.
- The Purchasers of the securities offered are entitled no voting rights and therefore they are not entitled to exert influence in the affairs of the company or the composition of its board of directors.
- The Purchasers of the securities offered are entitled no anti-dilution rights (other than proportionate adjustments for stock splits and similar events) and therefore future equity financings may dilute their ownership percentage in the issuer.

## **23. What are the risks to purchasers associated with corporate actions:**

### **a. Additional Issuances of Securities**

Purchasers of the securities offered are entitled no anti-dilution rights (other than proportionate adjustments for stock splits and similar events) and therefore future equity financings may dilute their ownership percentage in the issuer.

### **b. Issuer Repurchases of Securities**

The issuer could be authorized to repurchase the company's issued securities subject to the approval by the company's board of directors. Purchasers of the securities may not impede the issuer's right to repurchase its securities from other shareholders. Moreover, the repurchase could be made at a price much lower than company's business value or its fair valuation, which could be indicative of the resale price of the securities thereafter.

### **c. A Sale of the Issuer or of Assets of the Issuer**

Although as Crowd Note holders the Purchasers would be entitled to a share of any proceeds from a sale of the entire business, the Purchasers may not veto the sale even though the price of sale is below its fair valuation. Moreover, a sale can be structured in a way to avoid any payout to minority owners, such as a sale of assets over time with the proceeds

reinvested in another business.

**d. Transactions with Related Parties**

Transactions with related parties are transactions between the issuer or any of its subsidiaries and a connected person. These transactions include both capital and revenue nature transactions. They may be one-off transactions or continuing transactions. Purchasers should be aware that these transactions may create conflicts of interests between themselves and the Issuer.

**24. Describe the material terms of any indebtedness of the issuer:**

N/A

**25. What other exempt offerings has the issuer conducted within the past three years?**

| <b>Date of the Offering</b> | <b>Exemption Relied Upon</b> | <b>Securities Offered</b> | <b>Amount Sold</b> | <b>Use of Proceeds</b> | <b>Status</b> |
|-----------------------------|------------------------------|---------------------------|--------------------|------------------------|---------------|
| December 03, 2018           | Reg CF                       | Crowd Note                | \$133,890          | Working capital        | Finished      |
| July 12, 2019               | Reg CF                       | Crowd Note                | 0                  | N/A                    | Withdrawn     |

**26. Was or is the issuer or any entities controlled by or under common control with the issuer a party to any transaction since the beginning of the issuer's last fiscal year, or any currently proposed transaction, where the amount involved exceeds five percent of the aggregate amount of capital raised by the issuer in reliance on Section 4(a)(6) of the Securities Act during the preceding 12-month period, including the amount the issuer seeks to raise in the current offering, in which any of the following persons had or is to have a direct or indirect material interest:**

- a. any director or officer of the issuer;**
- b. any person who is, as of the most recent practicable date, the beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power;**
- c. if the issuer was incorporated or organized within the past three years, any promoter of the issuer; or**
- d. any immediate family member of any of the foregoing persons.**

N/A

## FINANCIAL CONDITION OF THE ISSUER

### 27. Does the issuer have an operating history?

Yes. The issuer has an operating history. Coinseed, Inc. was incorporated on November 22, 2017 and started to operate since then.

### 28. Describe the financial condition of the issuer, including, to the extent material, liquidity, capital resources and historical results of operations.

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that appear in this Form C. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Form C, particularly in "Risk Factors."*

#### **Operations**

Coinseed, Inc. ("the Company") was incorporated on November 22, 2017 under the laws of the State of Delaware. The company has developed a mobile-first platform for investing, earning, and practicing cryptocurrency trading.

For the financial year ending December 31, 2018, the company recognized \$137,847 of operating revenue and raised \$141,410 of funding through token sales. The Company has incurred a net loss of \$57,112 for the year ended 2018, and a total net loss of \$93,088 since inception.

More than 60% of the total operating expense is fixed and is mostly comprised of partnership fees to the payment providers. The company operated with net profit in May 2019.

#### **Liquidity and Capital Resources**

The proceeds from the Offering are essential to our operations. We plan to use the proceeds as set forth above under "Use of Proceeds", which is an indispensable element of our business strategy. The Offering proceeds will have a beneficial effect on our liquidity, as we have approximately \$5,418.89 in cash on hand as of May 31, 2019, which will be augmented by the Offering proceeds and used to execute our business strategy.

The Company additionally has approximately \$237,963.68 in account balances in their Gemini account as of July 12, 2019. The Company currently does not have any additional outside sources of capital other than the proceeds from the Combined Offerings.

#### **Capital Expenditures and Other Obligations**

The Company does not intend to make any material capital expenditures in the future. Trends and Uncertainties The cryptocurrency and blockchain industry was first conceived through the Bitcoin whitepaper in October 2008. However, the industry is still considered high risk and future developments are dependent on various factors including regulations in the US. The Company's

future success is partially dependent on new regulations in the US. The financial statements are an important part of this Form C and should be reviewed in their entirety. The financial statements of the Company are attached to the Form C.

We may raise additional funds through public or private equity offerings or debt financings, but there can be no assurance that we will be able to do so on acceptable terms or at all.

New business developments or other unforeseen events may occur, resulting in the need to raise additional funds. There can be no assurances regarding the business prospects with respect to any other opportunity. Any other development would require us to obtain additional financing.

The Company are seeking a minimum of \$25,000 in this offering, which would improve the Company's liquidity and balance sheet, but whether or not receiving these funds and any other additional funds is not necessary to the viability of the business in the next 12 months and we expect that the Company's available cash together with the proceeds of the offering would be enough to finance its operation in the next 12 months.



## **FINANCIAL INFORMATION**

**29. Include the financial information specified below covering the two most recently completed fiscal years or the period(s) since inception, if shorter:**

Please refer to *Appendix D - Financial Statements and Review Report*.

**30. With respect to the issuer, any predecessor of the issuer, any affiliated issuer, any director, officer, general partner or managing member of the issuer, any beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, calculated in the same form as described in Question 6 of this Question and Answer format, any promoter connected with the issuer in any capacity at the time of such sale, any person that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with such sale of securities, or any general partner, director, officer or managing member of any such solicitor, prior to May 16, 2016:**

**(1) Has any such person been convicted, within 10 years (or five years, in the case of issuers, their predecessors and affiliated issuers) before the filing of this offering statement, of any felony or misdemeanor:**

**(i) in connection with the purchase or sale of any security?**

No

**(ii) involving the making of any false filing with the Commission?**

No

**(iii) arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser, funding portal or paid solicitor of purchasers of securities?**

No

**(2) Is any such person subject to any order, judgment or decree of any court of competent jurisdiction, entered within five years before the filing of the information required by Section 4A(b) of the Securities Act that, at the time of filing of this offering statement, restrains or enjoins such person from engaging or continuing to engage in any conduct or practice:**

**(i) in connection with the purchase or sale of any security?**

No

**(ii) involving the making of any false filing with the Commission?**

No

**(iii) arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser, funding portal or paid solicitor of purchasers of securities?**

No

**(3) Is any such person subject to a final order of a state securities commission (or an agency or officer of a state performing like functions); a state authority that supervises or examines banks, savings associations or credit unions; a state insurance commission (or an agency or**

**officer of a state performing like functions); an appropriate federal banking agency; the U.S. Commodity Futures Trading Commission; or the National Credit Union Administration that:**

**(i) at the time of the filing of this offering statement bars the person from:**

**(A) association with an entity regulated by such commission, authority, agency or officer?**

No

**(B) engaging in the business of securities, insurance or banking?**

No

**(C) engaging in savings association or credit union activities?**

No

**(ii) constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative or deceptive conduct and for which the order was entered within the 10-year period ending on the date of the filing of this offering statement?**

No

**(4) Is any such person subject to an order of the Commission entered pursuant to Section 15(b) or 15B(c) of the Exchange Act or Section 203(e) or (f) of the Investment Advisers Act of 1940 that, at the time of the filing of this offering statement:**

**(i) suspends or revokes such person's registration as a broker, dealer, municipal securities dealer, investment adviser or funding portal?**

No

**(ii) places limitations on the activities, functions or operations of such person?**

No

**(iii) bars such person from being associated with any entity or from participating in the offering of any penny stock?**

No

**(5) Is any such person subject to any order of the Commission entered within five years before the filing of this offering statement that, at the time of the filing of this offering statement, orders the person to cease and desist from committing or causing a violation or future violation of:**

**(i) any scienter-based anti-fraud provision of the federal securities laws, including without limitation Section 17(a)(1) of the Securities Act, Section 10(b) of the Exchange Act, Section 15(c)(1) of the Exchange Act and Section 206(1) of the Investment Advisers Act of 1940 or any other rule or regulation thereunder?**

No

**(ii) Section 5 of the Securities Act?**

No

**(6) Is any such person suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade?**

No

**(7) Has any such person filed (as a registrant or issuer), or was any such person or was any such person named as an underwriter in, any registration statement or Regulation A offering statement filed with the Commission that, within five years before the filing of this offering statement, was the subject of a refusal order, stop order, or order suspending the Regulation A exemption, or is any such person, at the time of such filing, the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued?**

No

**(8) Is any such person subject to a United States Postal Service false representation order entered within five years before the filing of the information required by Section 4A(b) of the Securities Act, or is any such person, at the time of filing of this offering statement, subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations?**

No

## **OTHER MATERIAL INFORMATION**

- 31. In addition to the information expressly required to be included in this Form, include:**
- a. any other material information presented to investors; and**
  - b. such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading.**

N/A

## ONGOING REPORTING

**32. The issuer will file a report electronically with the Securities & Exchange Commission annually and post the report on its website, no later than:**

120 days after the end of each fiscal year covered by the report.

Once posted, the annual report may be found on the issuer's website at:

<https://www.coinseed.co/investors>

The issuer must continue to comply with the ongoing reporting requirements until:

- a. the issuer is required to file reports under Section 13(a) or Section 15(d) of the Exchange Act;
- b. the issuer has filed at least one annual report pursuant to Regulation Crowdfunding and has fewer than 300 holders of record and has total assets that do not exceed \$10,000,000;
- c. the issuer has filed at least three annual reports pursuant to Regulation Crowdfunding;
- d. the issuer or another party repurchases all of the securities issued in reliance on Section 4(a)(6) of the Securities Act, including any payment in full of debt securities or any complete redemption of redeemable securities; or
- e. the issuer liquidates or dissolves its business in accordance with state law.

## SIGNATURE

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100 et seq.), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form C and has duly caused this Form to be signed on its behalf by the duly authorized undersigned.

*Sukhbat Lkhagvadorj*

[Signature Code: rm56YsVWLqwwqgtTqwMLkVxkqS-sR5O2015mOKZRNhhEylUSiDjhT9mjnnCs31jx3WURw7tWgK9SERZwd1XV76HDSQ06CYsqQWn1FBeirPu4XO\_1sKmuvg]

**Sukhbat Lkhagvadorj**

**Founder, CFO**

**Coinseed, Inc.**

**Date: 25 Feb 2020**

# Appendix A - BUSINESS AND ANTICIPATED BUSINESS PLAN

## **Description of the Business**

We are looking to build a bridge for the masses to adopt crypto in the most seamless way. Customers can automatically invest their spare change in crypto and can receive "cash-back" rewards in crypto on purchases.

### *Why We Are Here*

We believe cryptocurrency is still confusing to most people. Starting with just having a basic understanding of different cryptocurrencies, along with owning and managing various wallets to store those coins, can be daunting tasks for most people to care about. Even if you are willing and able to master this steep learning curve, investing in crypto is still risky and volatile. Thus, we believe for crypto to go mainstream, the on-boarding must be more seamless, and the investment risk minimized. This is precisely what Coinseed is looking to do.

### *What We Are Doing*

Coinseed allows people to invest their spare change in diversified portfolios of cryptocurrencies without having to worry about all of the technical details. This process can take less than one minute on our mobile application and users can immediately start investing. We have also built more features to enrich the Coinseed ecosystem. Specifically, new users can start with our simulated trading environment to feel comfortable with crypto trading before making their first investment. Users can also earn "crypto-back" rewards on their daily online and offline purchases, participate in our weekly trading contests, and see what other fellow Coinseed users are trading in real time. These features, along with others, constitute the Coinseed ecosystem where it's not only easier to get started, but also still offers a rich environment to dig deeper into crypto.

### *Where We Are Going*

Having developed and tested different features in our first year, we believe we have perfected our product-market fit and we have started to scale up the platform now. This funding round will help accelerate growth as it will better enable us to develop more innovative features, such as our recently launched SEED utility token. Users can use these tokens to receive various benefits on Coinseed platform.

## **Business Plan**

It is challenging for most people to understand all the technical details of owning, storing, and managing different cryptocurrencies. Additionally, crypto is still a risky and volatile investment. Coinseed aims to tackle these problems by allowing people to invest their spare change and earn rewards in crypto without all the technical challenges.

Users start out by creating an account on the Coinseed app (usually takes less than 1 minute). Then, users link their bank accounts and credit cards by using secure and encrypted connections. We use an industry-standard tool, Plaid, for this integration and users' spare change on their linked cards are automatically invested.

Coinseed is not just an app for crypto investing. We hope to build an ecosystem where people can ease into crypto with spare change and then transition more broadly into a world powered by crypto and blockchain. Product Offering Coinseed's main features are:

1. Invest

- Automated spare change investing
- Daily recurring or one-time deposits

2. Earn

- Earn crypto-back rewards on daily online and offline purchases
- Earn rewards if other users copy your investment portfolio

3. Play

- Practice crypto trading in our simulated environment (Play Mode)
- Weekly trading contests with prizes

4. Learn

- Real time feed of other Coinseed users' trading activities
- Crypto news feed that you can share with others in the app

We believe we're one of the first crypto investment companies to make diversified portfolio investing native to our platform. Most people find it difficult to manage their investment portfolios and they want it simplified and automated. For example, if you wanted to invest \$100 in 10 different coins on a crypto exchange, you would have to buy and sell each individual coin to build your portfolio. Then you would have to manage how much exposure you have in each coin. We have found this to be at least a 10-step process, while Coinseed looks to make this just a 1-step process. On Coinseed, you start with simply picking the coins with their applicable percentages in your portfolio and Coinseed will do the rest: buying and selling each individual coin.

Many people don't have thousands of dollars ready to be invested in crypto, but they also may not want to be left behind in this technological innovation. This creates an opportunity for Coinseed where people can collect their spare change and automate their investing behavior without worrying about technical and financial management difficulties.

**Business Model** The company has the following sources of revenue:

- Price spreads on user trades
- Purchase referral revenue from merchants like Amazon and Ebay
- Monthly fee of \$1
- Deposit fee of 1%

The main source of revenue is the price spread on user trades followed by the monthly fee. Purchase referral revenue is also increasing as users enjoy the "crypto-back" rewards program. In other words, Coinseed receives varying percentages on users' online purchases when users complete their purchases through the Coinseed app. This opens up a new avenue for additional revenue and potential new features for Coinseed.



## The Company's Products and/or Services

| Product / Service                      | Description   | Current Market                                    |
|--|---|---|
| Coinseed mobile app on iOS and Android | Coinseed app lets people invest their spare change in cryptocurrency portfolios. Our users can link their bank accounts and debit or credit cards to invest in cryptocurrency portfolios of their choosing. | Available in the U.S except the State of New York |

### Competition

The markets in which our products are sold are highly competitive. Our products compete against similar products of many large and small companies, including well-known global competitors. In many of the markets and industry segments in which we sell our products, we compete against other branded products as well as retailers' private-label brands. Product quality, performance, value and packaging are also important differentiating factors.

### Customer Base

As of May 2019, the market capitalization of cryptocurrencies is roughly \$210 billion. This is more than 1,000% of growth compared to \$19 billion in January 2017 according to CoinMarketCap. The daily volume of cryptocurrency exchanges has reached more than \$93 billion as of May 2019.

With thousands of tradable options on the market, cryptocurrency investing can be a complicated process for the average investor. Knowing where and how to invest can involve digital wallets, exchanges, pass phrases, and other security requirements.

### *Competition*

We believe Coinseed is one of the first and biggest players in this niche-field of micro-investment in cryptocurrency. Our closest direct competitors include Crumbs and Bundil, but they lack many of our features including "crypto-back" rewards program and simulated trading environment. According to MobileAction, the total approximate monthly downloads for Crumbs was 143 and 15 for Bundil, while Coinseed had 1,181 downloads.

## Appendix B - RISK FACTORS

*The SEC requires the Company to identify risks that are specific to its business and its financial condition. The Company is still subject to all the same risks that all companies in its business, and all companies in the economy, are exposed to. These include risks relating to economic downturns, political and economic events and technological developments (such as hacking and the ability to prevent hacking). Additionally, early-stage companies are inherently more risky than more developed companies. You should consider general risks as well as specific risks when deciding whether to invest.*

### Risks Related to the Company's Business and Industry

**The Company's business could be negatively impacted by cybersecurity threats, attacks, and other disruptions.** Like others in its industry, the Company continues to face advanced and persistent attacks on its information infrastructure<sup>8</sup> where it manages and stores various proprietary information and sensitive/confidential data relating to its operations. These attacks may include sophisticated malware (viruses, worms, and other malicious software programs) and phishing emails that attack its products or otherwise exploit any security vulnerabilities. These intrusions sometimes may be zero-day malware that are difficult to identify because they are not included in the signature set of commercially available antivirus scanning programs. Experienced computer programmers and hackers may be able to penetrate the Company's network security and misappropriate or compromise its confidential information or that of its customers or other third-parties, create system disruptions, or cause shutdowns. Additionally, sophisticated software and applications that the Company produces or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the information infrastructure. A disruption, infiltration or failure of the Company's information infrastructure systems or any of its data centers as a result of software or hardware malfunctions, computer viruses, cyber attacks, employee theft or misuse, power disruptions, natural disasters or accidents could cause breaches of data security, loss of critical data and performance delays, which in turn could adversely affect the business.

**The Company is subject to rapid technological change and dependence on new product development.** Their industry is characterized by rapid and significant technological developments, frequent new product introductions and enhancements, continually evolving business expectations and swift changes. To compete effectively in such markets, the Company must continually improve and enhance its products and services and develop new technologies and services that incorporate technological advances, satisfy increasing customer expectations and compete effectively on the basis of performance and price. Their success will also depend substantially upon the Company's ability to anticipate, and to adapt its products and services to its collaborative partner's preferences. There can be no assurance that technological developments will not render some of its products and services obsolete, or that they will be able to respond with improved or new products, services, and technology that satisfy evolving customers' expectations. Failure to acquire, develop or introduce new products, services, and enhancements in a timely manner could have an adverse effect on their business and results of operations. Also, to the extent one or more of their competitors introduces products and services that better address a customer's needs, their business would be adversely affected.

**The regulatory regime governing blockchain technologies, cryptocurrencies, tokens, and token offerings, is uncertain, and new regulations or policies may adversely affect the development of the Company's products.** Regulation of tokens and token offerings, cryptocurrencies, blockchain technologies, and cryptocurrency exchanges currently is being developed and likely to rapidly evolve. Regulations on token offerings vary significantly among international, federal, state, and local jurisdictions and are subject to significant uncertainty. Various legislative and executive bodies in the United States and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development, growth, adoption, and utility of such tokens. Failure by the Company or certain users to comply with any laws, rules, and regulations, some of which may not exist yet or are subject to interpretation, could result in a variety of adverse consequences, including civil penalties and fines.

**The Company does not currently hold any licenses from states or municipalities relating to virtual currency business activities, and Mr. Crowd has not evaluated whether any such licenses are required.** As blockchain networks and blockchain assets have grown in popularity and in market size, federal and state agencies have begun to take an interest in, and in some cases regulate, their use and operations. In the case of virtual currencies, state regulators like the New York Department of Financial Services have created new regulatory frameworks and special licenses for virtual currency business activities in the State of New York. Others, as in Texas, have published guidance on how their existing regulatory regimes apply to virtual currencies. Some states, like New Hampshire, North Carolina, and Washington, have amended their state's statutes to include virtual currencies into existing licensing regimes. Treatment of virtual currencies continues to evolve under federal law as well. The Department of the Treasury, the Securities Exchange Commission (the "SEC"), and the Commodity Futures Trading Commission (the "CFTC"), for example, have published guidance on the treatment of virtual currencies. The IRS released guidance treating virtual currency as property that is not currency for U.S. federal income tax purposes, although there is no indication yet whether other courts or federal or state regulators will follow this classification. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of existing laws. The regulation of noncurrency use of Blockchain assets is also uncertain. The CFTC has publicly taken the position that certain Blockchain assets are commodities, and the SEC has issued a public report stating federal securities laws require treating some Blockchain related assets as securities. To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a Blockchain network or asset, tokens may be adversely affected.

**The future issuance of tokens may constitute the issuance of a "security" under U.S. federal securities laws.** The Company intends to tokenize assets in the future. On July 25, 2017, the SEC issued a Report of Investigation under Section 21(a) of the Securities Exchange Act of 1934 (the "Exchange Act") describing an SEC investigation of The DAO, a virtual organization, and its use of distributed ledger or Blockchain technology to facilitate the offer and sale of DAO Tokens to raise capital. The SEC applied existing U.S. federal securities laws to this new paradigm, determining that DAO Tokens were securities. The SEC stressed that those who offer and sell securities in the U.S. are required to comply with federal securities laws, regardless of whether those securities are purchased with virtual currencies or distributed with Blockchain technology. The SEC's

announcement, and the related report, may be found here:

<https://www.sec.gov/news/press-release/2017-131>. As noted by the SEC, the issuance of tokens represents a new paradigm and the application of the federal securities laws to this new paradigm is very fact specific.

**Failure to obtain new clients or renew client contracts on favorable terms could adversely affect results of operations.** The Company may face pricing pressure in obtaining and retaining their clients. Their clients may be able to seek price reductions from them when they renew a contract, when a contract is extended, or when the client's business has significant volume changes. Their clients may also reduce services if they decide to move services inhouse. On some occasions, pricing pressure results in lower revenue from a client than the Company had anticipated based on their previous agreement with that client. This reduction in revenue could result in an adverse effect on their business and results of operations.

**Further, failure to renew client contracts on favorable terms could adversely affect the Company's business.** The Company's contracts with clients generally run for several years and include liquidated damage provisions that provide for early termination fees. Terms are generally renegotiated prior to the end of a contract's term. If they are not successful in achieving a high rate of contract renewals on favorable terms, their business and results of operations could be adversely affected.

**The Company's expenses will significantly increase as they seek to execute their business model as they plan to shift into a SaaS based model.** Although the Company estimates that it has enough runway until end of the year, they will be ramping up cash burn to promote revenue growth, further develop R&D, and fund other Company operations after the raise. Doing so could require significant effort and expense or may not be feasible.

**The development and commercialization of the Company's products and services are highly competitive.** It faces competition with respect to any products and services that it may seek to develop or commercialize in the future. Its competitors include major companies worldwide. The cryptocurrency market is an emerging industry where new competitors are entering the market frequently. Many of the Company's competitors have significantly greater financial, technical and human resources and may have superior expertise in research and development and marketing approved services and thus may be better equipped than the Company to develop and commercialize services. These competitors also compete with the Company in recruiting and retaining qualified personnel and acquiring technologies. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. Accordingly, the Company's competitors may commercialize products more rapidly or effectively than the Company is able to, which would adversely affect its competitive position, the likelihood that its services will achieve initial market acceptance and its ability to generate meaningful additional revenues from its products and services.

**The amount of capital the Company is attempting to raise in this Offering is not enough to sustain the Company's current business plan.** In order to achieve the Company's near and long-term goals, the Company will need to procure funds in addition to the amount raised in the

Offering. There is no guarantee the Company will be able to raise such funds on acceptable terms or at all. If the Company is not able to raise sufficient capital in the future, the Company will not be able to execute its business plan, its continued operations will be in jeopardy and it may be forced to cease operations and sell or otherwise transfer all or substantially all of its remaining assets, which could cause a Purchaser to lose all or a portion of his or her investment.

**The Company has generated substantial net losses and negative operating cash flows since its inception as part of the development of its business.** The Company has generated substantial net losses and negative cash flows from operating activities since it commenced operations. It has incurred losses of approximately \$92,537 from its inception through the end of March 2019.

**The Company may be unable to maintain, promote, and grow its brand through marketing and communications strategies.** It may prove difficult for the Company to dramatically increase the number of customers that it serves or to establish itself as a well-known brand in the competitive cryptocurrency space. Additionally, the product may be in a market where customers will not have brand loyalty.

**The Company relies heavily on its technology and intellectual property, but it may be unable to adequately or cost effectively protect or enforce its intellectual property rights, thereby weakening its competitive position and increasing operating costs.** To protect its rights in its services and technology, the Company relies on a combination of copyright and trademark laws, patents, trade secrets, confidentiality agreements with employees and third parties, and protective contractual provisions. It also relies on laws pertaining to trademarks and domain names to protect the value of its corporate brands and reputation. Despite efforts to protect its proprietary rights, unauthorized parties may copy aspects of its services or technology, obtain and use information, marks, or technology that it regards as proprietary, or otherwise violate or infringe its intellectual property rights. In addition, it is possible that others could independently develop substantially equivalent intellectual property. If the Company does not effectively protect its intellectual property, or if others independently develop substantially equivalent intellectual property, its competitive position could be weakened.

**Effectively policing the unauthorized use of its services and technology is time-consuming and costly, and the steps it takes may not prevent misappropriation of its technology or other proprietary assets.** The Company's efforts to protect its proprietary rights may not be sufficient or effective, and unauthorized parties may copy aspects of its services, use similar marks or domain names, or obtain and use information, marks, or technology that it regards as proprietary. The Company may have to litigate to enforce its intellectual property rights, to protect trade secrets, or to determine the validity and scope of others' proprietary rights, which are sometimes not clear or may change. Litigation can be time consuming and expensive, and the outcome can be difficult to predict.

**Industry consolidation may result in increased competition, which could result in a loss of customers or a reduction in revenue.** Some of the Company's competitors have made or may make acquisitions or may enter into partnerships or other strategic relationships to offer more comprehensive services or achieve greater economies of scale. In addition, new entrants not currently considered to be competitors may enter the Company's market through acquisitions,

partnerships or strategic relationships. The Company expects these trends to continue as competitors attempt to strengthen or maintain their market positions. Potential entrants may have competitive advantages over the Company's operations, such as greater name recognition, longer operating histories, more varied services and larger marketing budgets, as well as greater financial, technical and other resources. Competitors that expand or vertically integrate their business may create more compelling service offerings, may offer greater pricing flexibility, or may engage in business practices that make it more difficult to compete effectively, including on the basis of price, sales and marketing programs, technology or service functionality. These pressures could result in a substantial loss of customers or a reduction in revenue.

**The Company must correctly predict, identify, and interpret changes in consumer preferences and demand, offer new products to meet those changes, and respond to competitive innovation.** Consumer preferences for the Company's products change continually. Its success depends on its ability to predict, identify, and interpret the tastes and habits of consumers and to offer products that appeal to consumer preferences. If the Company does not offer products that appeal to consumers, its sales and market share will decrease. It must distinguish between short-term fads, mid-term trends, and long-term changes in consumer preferences. If the Company does not accurately predict which shifts in consumer preferences will be long-term, or if it fails to introduce new and improved products to satisfy those preferences, its sales could decline. In addition, because of its varied customer base, it must offer an array of products that satisfy the broad spectrum of consumer preferences. If the Company fails to expand its product offerings successfully across product categories, or if it does not rapidly develop products in faster growing and more profitable categories, demand for its products could decrease, which could materially and adversely affect its product sales, financial condition, and results of operations.

In addition, achieving growth depends on its successful development, introduction, and marketing of innovative new products and line extensions. Successful innovation depends on its ability to correctly anticipate customer and consumer acceptance, to obtain, protect and maintain necessary intellectual property rights, and to avoid infringing the intellectual property rights of others and failure to do so could compromise its competitive position and adversely impact its business.

**Through its operations, the Company collects and stores certain personal information that customers provide to purchase products or services, enroll in promotional programs, register on the web site, or otherwise communicate and interact with the Company.** The Company may share information about such persons with vendors that assist with certain aspects of their business. Security could be compromised and confidential customer or business information misappropriated. Loss of customer or business information could disrupt the Company's operations, damage their reputation, and expose them to claims from customers, financial institutions, payment card associations and other persons, any of which could have an adverse effect on their business, financial condition and results of operations. In addition, compliance with tougher privacy and information security laws and standards may result in significant expense due to increased investment in technology and the development of new operational processes.

**Maintaining, extending, and expanding the Company's reputation and brand image are essential to the Company's business success.** The Company seeks to maintain, extend, and expand their brand image through marketing investments, including advertising and consumer promotions, and product innovation. Increasing attention on marketing could adversely affect the Company's brand image. It could also lead to stricter regulations and greater scrutiny of marketing practices. Existing or increased legal or regulatory restrictions on the Company's advertising, consumer promotions and marketing, or their response to those restrictions, could limit their efforts to maintain, extend and expand their brands. Moreover, adverse publicity about regulatory or legal action against the Company could damage the Company's reputation and brand image, undermine their customers' confidence and reduce long-term demand for their products, even if the regulatory or legal action is unfounded or not material to their operations.

**In addition, the Company's success in maintaining, extending, and expanding the Company's brand image depends on their ability to adapt to a rapidly changing media environment.** The Company increasingly relies on social media and online dissemination of advertising campaigns. The growing use of social and digital media increases the speed and extent that information or misinformation and opinions can be shared. Negative posts or comments about the Company, their brands or their products on social or digital media, whether or not valid, could seriously damage their brand and reputation. If the Company does not establish, maintain, extend and expand their brand image, then their product sales, financial condition and results of operations could be adversely affected.

**The Company is subject to rapid technological change and dependence on new product development.** Their industry is characterized by rapid and significant technological developments, frequent new product introductions and enhancements, continually evolving business expectations and swift changes. To compete effectively in such markets, the Company must continually improve and enhance its products and services and develop new technologies and services that incorporate technological advances, satisfy increasing customer expectations and compete effectively on the basis of performance and price. Their success will also depend substantially upon the Company's ability to anticipate, and to adapt its products and services to its collaborative partner's preferences. There can be no assurance that technological developments will not render some of its products and services obsolete, or that they will be able to respond with improved or new products, services, and technology that satisfy evolving customers' expectations. Failure to acquire, develop or introduce new products, services, and enhancements in a timely manner could have an adverse effect on their business and results of operations. Also, to the extent one or more of their competitors introduces products and services that better address a customer's needs, their business would be adversely affected.

**The Company's principal shareholders own voting control of the Company.** The Company's current officers, directors, founders, and principal shareholders currently own a total of 8,000,000 shares of its Common Stock or 100% of the total issued and outstanding capital stock of the Company. The principal shareholders will own a majority of the Company's Common Stock following the Offering. These shareholders are able to exercise significant control over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or

preventing a change in control and might adversely affect the market price of the Company's common stock. This concentration of ownership may not be in the best interests of all shareholders.

**The Company does not have an employment contract in place with Del Davaasambuu or Sukhbat Lkhagvadorj, the founders of the Company.** Employment agreements typically provide protection to the Company in the event of the employee's departure, specifically addressing who is entitled to any intellectual property created or developed by those employees in the course of their employment and covering topics such as non-competition and non-solicitation. As a result, if Del or Sukhbat were to leave Coinseed, the Company might not have any ability to prevent his direct competition, or have any legal right to intellectual property created during his employment. There is no guarantee that an employment agreement will be entered into.

**The Company not prepared any audited financial statements.** Therefore, you have no audited financial information regarding the Company's capitalization or assets or liabilities on which to make your investment decision. If you feel the information provided is insufficient, you should not invest in the Company.

**The Company is subject to many U.S. federal and state laws and regulations, including those related to privacy, rights of publicity, and law enforcement.** These laws and regulations are constantly evolving and may be interpreted, applied, created, or amended, in a manner that could harm our business. The technology and use of the technology in our product may not be legislated, and it is uncertain whether different states will legislate around this technology, and, if they do, how they will do so. Violating existing or future regulatory orders or consent decrees could subject us to substantial monetary fines and other penalties that could negatively affect our financial condition and results of operations.

## **Risks Related to the Securities**

**The Crowd Notes will not be freely tradable until one year from the initial purchase date. Although the Crowd Notes may be tradable under federal securities law, state securities regulations may apply and each Purchaser should consult with his or her attorney.**

You should be aware of the long-term nature of this investment. There is not now and likely will not be a public market for the Crowd Notes. Because the Crowd Notes have not been registered under the 1933 Act or under the securities laws of any state or non-United States jurisdiction, the Crowd Notes have transfer restrictions under Rule 501 of Regulation CF. It is not currently contemplated that registration under the 1933 Act or other securities laws will be effected. Limitations on the transfer of the Crowd Notes may also adversely affect the price that you might be able to obtain for the Crowd Notes in a private sale. Purchasers should be aware of the long-term nature of their investment in the Company. Each Purchaser in this Offering will be required to represent that it is purchasing the Securities for its own account, for investment purposes and not with a view to resale or distribution thereof.

**We are selling Crowd Notes that will convert into shares or result in payment in limited circumstances.** These notes only convert or result in payment in limited circumstances. If the Crowd Notes reach their maturity date, investors (by a decision of the Crowd Note holders holding



a majority of the principal amount of the outstanding Crowd Notes) will either (a) receive payment equal to the total of their purchase price plus outstanding accrued interest, or (b) convert the Crowd Notes into shares of the Company's most senior class of preferred stock, and if no preferred stock has been issued, then shares of Company's common stock. If there is a merger, buyout or other corporate transaction that occurs before a qualified equity financing, investors will receive a payment of the greater of their purchase price plus accrued unpaid interest or the amount of preferred shares they would have been able to purchase using the valuation cap. If there is a qualified equity financing (an initial public offering registered under the 1933 Act or a financing using preferred shares), the notes will convert into a yet to-be-determined class of preferred stock. If the notes convert because they have reached their maturity date, the notes will convert based on a \$6,000,000 valuation cap. If the notes convert due to a qualified equity financing, the notes will convert at a discount of 20%, or based on a \$6,000,000 valuation cap. This means that investors would be rewarded for taking on early risk compared to later investors. Outside investors at the time of conversion, if any, might value the Company at an amount well below the \$6,000,000 valuation cap, so you should not view the \$6,000,000 as being an indication of the Company's value.

**We have not assessed the tax implications of using the Crowd Note.** The Crowd Note is a type of debt security. As such, there has been inconsistent treatment under state and federal tax law as to whether securities like the Crowd Note can be considered a debt of the Company, or the issuance of equity. Investors should consult their tax advisers.

**The Crowd Note contains dispute resolution provisions which limit your ability to bring class action lawsuits or seek remedy on a class basis.** By purchasing a Crowd Note this Offering, you agree to be bound by the dispute resolution provisions found in Section 6 of the Crowd Note. Those provisions apply to claims regarding this Offering, the Crowd Notes and possibly the securities into which the Crowd Note are convertible. Under those provisions, disputes under the Crowd Note will be resolved in arbitration conducted in Delaware. Further, those provisions may limit your ability to bring class action lawsuits or similarly seek remedy on a class basis.

**You may have limited rights.** The Company has not yet authorized preferred stock, and there is no way to know what voting rights those securities will have. In addition, as an investor in the Regulation CF offering you will be considered a Non-Major Investor (as defined below) under the terms of the notes offered, and therefore, you have more limited information rights.

**You will be bound by an investor proxy agreement which limits your voting rights.** As a result of purchasing the notes, all Non-Major Investors (including all investors investing under Regulation CF) will be bound by an investor proxy agreement. This agreement will limit your voting rights and at a later time may require you to convert your future preferred shares into common shares without your consent. Non-Major Investors will be bound by this agreement, unless Non-Major Investors holding a majority of the principal amount outstanding of the Crowd Notes (or majority of the shares of the preferred equity the notes will convert into) held by Non-Major Investors vote to terminate the agreement.

**A majority of the Company is owned by a small number of owners.** Prior to the Offering, the Company's current owners of 20% or more of the Company's outstanding voting securities

beneficially own up to 100% of the Company's voting securities. Subject to any fiduciary duties owed to our other owners or investors under Delaware law, these owners may be able to exercise significant influence over matters requiring owner approval, including the election of directors or managers and approval of significant Company transactions, and will have significant control over the Company's management and policies. Some of these persons may have interests that are different from yours. For example, these owners may support proposals and actions with which you may disagree. The concentration of ownership could delay or prevent a change in control of the Company or otherwise discourage a potential acquirer from attempting to obtain control of the Company, which in turn could reduce the price potential investors are willing to pay for the Company. In addition, these owners could use their voting influence to maintain the Company's existing management, delay or prevent changes in control of the Company, or support or reject other management and board proposals that are subject to owner approval.

## Appendix C - SUBSCRIPTION AGREEMENT

THIS INSTRUMENT AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THEY MAY ONLY BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED TO THE COMPANY, TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE ACT, AS PART OF AN OFFERING REGISTERED UNDER THE SECURITIES ACT WITH THE SEC, OR TO A MEMBER OF INVESTOR'S FAMILY OR THE EQUIVALENT, TO A TRUST CONTROLLED BY THE INVESTOR, TO A TRUST CREATED FOR THE BENEFIT OF A MEMBER OF THE FAMILY OF THE INVESTOR OR EQUIVALENT, OR IN CONNECTION WITH THE DEATH OR DIVORCE OF THE INVESTOR OR OTHER SIMILAR CIRCUMSTANCE.

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE MERITS OF THIS OFFERING OR THE ADEQUACY OR ACCURACY OF THE SUBSCRIPTION AGREEMENT OR ANY OTHER MATERIALS OR INFORMATION MADE AVAILABLE TO INVESTOR IN CONNECTION WITH THIS OFFERING THROUGH MR. CROWD. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

### CROWD NOTE

FOR VALUE RECEIVED, [Subscriber Legal Name], a Delaware corporation (the "Company"), hereby promises to pay to each investor who subscribes to this security through the Platform (the "Investor"), the principal sum of the Purchase Price subject to rights to Conversion Shares pursuant to Section 2.

#### 1. Definitions.

(a) "**Conversion Shares**" shall mean:

(i) with respect to a conversion pursuant to Section 2, shares of the Company's Preferred Stock issued in the Initial Equity Financing or Future Equity Financing provided, however, that, at the Company's election, "Conversion Shares" with respect to a conversion pursuant to Section 2.1 shall mean shares of a Shadow Series;

(b) "**Conversion Price**" shall equal:

(i) with respect to a conversion pursuant to Section 2, the lower of (A) the product of (1) one (1) minus the Discount and (2) the price paid per share for Preferred Stock by the investors in the Initial Equity Financing or (B) the quotient resulting from dividing (1) the Valuation Cap by (2) the Fully-Diluted Capitalization immediately prior to the closing of the Initial Equity Financing.

(c) "**Corporate Transaction**" shall mean (i) the closing of the sale, transfer or other disposition of all or substantially all of the Company's assets, (ii) the consummation of the merger or consolidation of the Company with or into another entity (except a merger or consolidation in which the holders of capital stock of the Company immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of the Company or the surviving or acquiring entity), (iii) the closing of the transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter of the Company's securities), of the Company's securities if, after such closing, such person or group of affiliated persons would hold 50% or more of the outstanding voting stock of the Company (or the surviving or acquiring entity), or (iv) the liquidation, dissolution or winding up of the Company; provided, however, that a transaction shall not constitute a Corporate Transaction if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately prior to such transaction. Notwithstanding the

prior sentence, the sale of shares of Preferred Stock in a bona fide financing transaction shall not be deemed a “Corporate Transaction.”

(d) **“Corporate Transaction Payment”** shall mean an amount equal to [two] times ([2]X) the Purchase Price. If there are not enough funds to pay the Holders in full, then all of the Company’s available funds will be distributed with equal priority and pro rata among the holders in proportion to their Purchase Amounts.

(e) **“Crowd Note”** shall mean the Crowd Note instruments issued by the Company to Holders in the form hereof.

(f) **“Discount”** shall mean 20 percent in respect to the Crowd Note.

(g) **“Equity Securities”** shall mean the Company’s Common Stock or Preferred Stock or any securities conferring the right to purchase the Company’s Common Stock or Preferred Stock or securities convertible into, or exchangeable for (with or without additional consideration), the Company’s Common Stock or Preferred Stock, except any security granted, issued and/or sold by the Company to any director, officer, employee or consultant of the Company in such capacity for the primary purpose of soliciting or retaining their services.

(h) **“Fully-Diluted Capitalization”** shall mean the number of shares of outstanding Common Stock of the Company on a fully-diluted basis, including (i) conversion or exercise of all securities convertible into or exercisable for Common Stock, (ii) exercise of all outstanding options and warrants to purchase Common Stock and, in the case of Section 1(b)(i) and 1(b)(iii) only, (iii) the shares reserved or authorized for issuance under the Company’s existing stock option plan or any stock option plan created or increased in connection with such transaction; but excluding, for this purpose, the conversion contemplated by the applicable provision of Section 2.

(i) **“Future Equity Financing”** shall mean any subsequent sale (or series of related sales) by the Company of its Preferred Stock following the Initial Equity Financing from which the Company receives gross proceeds of not less than \$1,000,000 (excluding the aggregate amount of securities converted into Preferred Stock in connection with such sale (or series of related sales)).

(j) **“Initial Equity Financing”** shall mean the next sale (or series of related sales) by the Company of its Preferred Stock following the Date of Issuance from which the Company receives gross proceeds of not less than \$1,000,000 (excluding the aggregate amount of securities converted into Preferred Stock in connection with such sale (or series of related sales)).

(k) **“Majority in Interest”** shall mean Holders holding a majority in interest of the aggregate Purchase Prices of all Crowd Notes.

(l) **“Shadow Series”** shall mean shares of a series of the Company’s Preferred Stock that is identical in all respects to the shares of Preferred Stock issued in the Initial Equity Financing (e.g., if the Company sells Series A Preferred Stock in the Initial Equity Financing, the Shadow Series would be Series A-1 Preferred Stock), except that the liquidation preference per share of the Shadow Series shall equal the Conversion Price (as determined pursuant to Section 1(b)(i)), with corresponding adjustments to any price-based antidilution and dividend rights provisions.

(i) Shadow Series shareholders shall not be entitled to vote on any matter that is submitted to a vote or for the consent of the stockholders of the Company (except for on matters required by law);

(ii) For any matter where voting is required by law, Shadow Series shareholders shall automatically vote in line with the majority of the holders of the outstanding Preferred Stock; and

(iii) Shadow Series shareholders shall have no information or inspection rights (except with respect to such rights which are required by law).

(m) "Valuation Cap" shall mean US\$6,000,000.

## **2. Conversion of the Crowd Note.**

**2.1 Equity Financing.** At least five (5) days prior to the closing of an Initial Equity Financing, the Company shall notify the Investor in writing of the Company's decision to either:

(a) Convert the Crowd Note into that number of Conversion Shares equal to the quotient obtained by dividing the Purchase Price by the Conversion Price. The company shall provide terms under which the Preferred Stock of the Company will be sold in such financing. The issuance of Conversion Shares pursuant to the conversion of this Crowd Note shall be upon and subject to the same terms and conditions applicable to the Preferred Stock sold in the Initial Equity Financing (or the Shadow Series, as applicable); or

(b) Leave this Crowd Note outstanding without converting the Purchase Price to Conversion Shares. Upon any Future Equity Financing beyond the Initial Equity Financing, at least five (5) days prior to the closing of the respective Future Equity Financing, the Company shall notify the Investor in writing of the Company's decision to either:

(i) Convert the Crowd Note into that number of Conversion Shares equal to the quotient obtained by dividing the Purchase Price by the Conversion Price. The company shall provide terms under which the Preferred Stock of the Company will be sold in such financing. The issuance of Conversion Shares pursuant to the conversion of this Crowd Note shall be upon and subject to the same terms and conditions applicable to the Preferred Stock sold in the Initial Equity Financing (or the Shadow Series, as applicable); or

(ii) Continue to leave this Crowd Note outstanding without converting the Purchase Price to Conversion Shares.

**2.2 Corporate Transaction.** In the event of a Corporate Transaction, the Company shall notify the Investor in writing of the terms of the Corporate Transaction.

(a) If the Corporate Transaction occurs prior to the Initial Equity Financing, the Investor shall automatically receive the higher value received by either:

(i) Converting this Crowd Note into that number of Conversion Shares equal to the quotient obtained by dividing the Purchase Price by the Conversion Price; or

(ii) Obtaining the Corporate Transaction Payment.

(b) If the Corporate Transaction occurs after the Initial Equity Financing, the Company shall convert this Crowd Note into that number of Conversion Shares equal to the quotient obtained by dividing the Purchase Price by the Conversion Price.

(c) To the extent the Crowd Note is converted, the Investor shall receive Conversion Shares with the same liquidation rights and preferences as the shares of Preferred Stock issued in connection with the

Company's Initial Equity Financing. Regardless, the resulting value will be due and payable by the Company to the Investor immediately prior to, or concurrent with, the consummation of the Corporate Transaction.

(i) **No Fractional Shares.** Upon the conversion of this Crowd Note into Conversion Shares, in lieu of any fractional shares to which the Investor would otherwise be entitled, the Company shall pay the Investor cash equal to such fraction multiplied by the Conversion Price.

**2.3 Mechanics of Conversion.** As promptly as practicable after the conversion of this Crowd Note, the Company at its expense will issue and deliver to the Investor, upon surrender of this Crowd Note, a certificate or certificates for the number of Conversion Shares. Conversion of this Crowd Note may be made contingent upon the closing of the Initial Equity Financing or Corporate Transaction.

**2.4 Termination.** This Crowd Note will terminate upon the earlier of: (a) a Conversion of the Crowd Note into Conversion Shares pursuant to Section 2.1; or (b) the payment of amounts due to the Investor pursuant to Section 2.2.

### **3. Representations and Warranties of the Company.**

In connection with the transactions provided for herein, the Company hereby represents and warrants to the Investor that:

**3.1 Organization, Good Standing and Qualification.** The Company is a corporation duly organized, validly existing, and in good standing and has all requisite corporate power and authority to carry on its business as now conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect on its business or properties.

**3.2 Authorization.** Except for the authorization and issuance of the Conversion Shares issuable in connection with an Equity Financing, a Corporate Transaction or an optional conversion on or after the Maturity Date, all corporate action has been taken on the part of the Company, its officers, directors and stockholders necessary for the authorization, execution and delivery of this Crowd Note. The Company has taken all corporate action required to make all of the obligations of the Company reflected in the provisions of this Crowd Note the valid and enforceable obligations they purport to be, and this Crowd Note, when executed and delivered by the Company, shall constitute the valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms.

**3.3 Offering.** Subject in part to the truth and accuracy of the Investor's representations set forth herein, the offer, sale and issuance of this Crowd Note are exempt from the registration requirements of any applicable state and federal securities laws, and neither the Company nor any authorized agent acting on its behalf will take any action hereafter that would cause the loss of such exemption.

**3.4 Compliance with Other Instruments.** The execution, delivery and performance of this Crowd Note, and the consummation of the transactions contemplated hereby, will not constitute or result in a default, violation, conflict or breach in any material respect of any provision of the Company's current Certificate of Incorporation or bylaws, or in any material respect of any instrument, judgment, order, writ, decree, privacy policy or contract to which it is a party or by which it is bound, or, to its knowledge, of any provision of any federal or state statute, rule or regulation applicable to the Company.

**3.5 Valid Issuance of Stock.** The Conversion Shares, when issued, sold and delivered upon conversion of this Crowd Note, will be duly authorized and validly issued, fully paid and nonassessable, will

be free of restrictions on transfer other than restrictions on transfer set forth herein and pursuant to applicable state and federal securities laws and, based in part upon the representations and warranties of the Investor herein, will be issued in compliance with all applicable federal and state securities laws.

**3.6 Intellectual Property.** To its knowledge, the Company owns or possesses or believes it can acquire on commercially reasonable terms sufficient legal rights to all patents, patent applications, trademarks, trademark applications, service marks, tradenames, copyrights, trade secrets, licenses, domain names, mask works, information and proprietary rights and processes as are necessary to the conduct of its business as now conducted and as presently proposed to be conducted without any known conflict with, or infringement of, the rights of others. The Company has not received any communications alleging that the Company has violated or, by conducting its business, would violate any of the patents, trademarks, service marks, tradenames, copyrights, trade secrets, mask works or other proprietary rights or processes of any other person.

**3.7 Litigation.** To the Company's knowledge, there is no private or governmental action, suit, proceeding, claim, arbitration or investigation pending before any agency, court or tribunal, foreign or domestic, or threatened against the Company or any of its properties or any of its officers or managers (in their capacities as such). There is no judgment, decree or order against the Company, or, to the knowledge of the Company, any of its directors or managers (in their capacities as such), that could prevent, enjoin, or materially alter or delay any of the transactions contemplated by this Crowd Note, or that could reasonably be expected to have a material adverse effect on the Company.

**4. Representations and Warranties of the Investor.** In connection with the transactions provided for herein, the Investor hereby represents and warrants to the Company that:

**4.1 Authorization.** This Crowd Note constitutes Investor's valid and legally binding obligation, enforceable in accordance with its terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization, or similar laws relating to or affecting the enforcement of creditors' rights and (ii) laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

**4.2 Purchase Entirely for Own Account.** Investor acknowledges that this Crowd Note is issued to Investor in reliance upon Investor's representation to the Company that the Crowd Note will be acquired for investment for Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same.

**4.3 Investment Limits.** Investor represents that either:

(a) Investor's net worth or annual income is less than \$100,000, and the amount Investor is investing pursuant to this Crowd Note, together with all other amounts invested in offerings under Section 4(a)(6) of the Act within the previous 12 months, does not exceed the greater of (A) 5% of the lower of its annual income or net worth, or (B) \$2,000; or

(b) Both Investor's net worth and annual income are more than \$100,000, and that the amount it is investing pursuant to this Crowd Note, together with all other amounts invested in offerings under Section 4(a)(6) of the Act within the previous 12 months, is less than 10% of the lower of its annual income or net worth, and does not exceed \$100,000.

**4.4 Regulation CF.** The Investor acknowledges it is purchasing this Crowd Note in compliance with Rule 100(a)(2) of Regulation CF, promulgated under Section 4(a)(6)(B) of the Securities Act.

**4.5 Required Information.** The Investor acknowledges they have received all the information necessary or appropriate for deciding whether to invest in this Crowd Note, and the Investor represents that

the Investor has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of this instrument and the underlying securities and to obtain any additional information necessary to verify the accuracy of the information given to the Investor.

**4.6 Reliance on Advice.** The Investor acknowledges that they are not relying on the advice or recommendations of the Company or Mr. Crowd and its affiliates, and the Investor has made its own independent decision that an investment in this instrument and the underlying securities is suitable and appropriate.

**4.7 Federal or State Agencies.** The Investor acknowledges that no federal or state agency has passed upon the merits or risks of an investment in this instrument and the underlying securities or made any finding or determination concerning the fairness or advisability of this investment.

**4.8 Voting and Inspection Rights.** The Investor acknowledges that they shall have no voting, information or inspection rights, aside from any disclosure requirements the Company is required to make under relevant securities regulations.

**4.9 No Public Market.** The Investor acknowledges that no public market now exists for any of the securities issued by the Company, and that the Company has made no assurances that a public market will ever exist for this instrument and the securities to be acquired by the Investor hereunder.

**4.10 Special Purpose Vehicle.** The Investor agrees to take any and all actions determined in good faith by the Company's board of directors to be advisable to reorganize this instrument and any Conversion Shares issued pursuant to the terms of this Crowd Note into a special purpose vehicle or other entity designed to aggregate the interests of holders of Crowd Notes.

**4.11 Restricted Security.** Investor understands that this Crowd Note is characterized as a "restricted security" under the federal securities laws inasmuch as it is being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Act, only in certain limited circumstances.

## **5. Miscellaneous.**

**5.1 Most Favored Nation.** In the event the Company sells or issues any Subsequent Instrument subject to Rule 100(a)(2) of Regulation CF under Section 4(a)(6)(B) of the Securities Act, prior to an Initial Equity Financing, the Company shall provide the Investor with written notice of such sale or issuance no later than five days after the closing date thereof, including the price and terms of such convertible instrument. In the event the Investor determines, in its sole and absolute discretion, that any Subsequent Instrument contains terms more favorable to the holder(s) thereof than the terms set forth in this Crowd Note, the Investor may elect to exchange this Crowd Note for a Subsequent Instrument.

**5.2 Ongoing Reporting Information.** To the extent required by Rule 202 of Regulation Crowdfunding, investors will be provided with annual reports on the operations and financial condition of the company. If required, these reports shall be provided within 120 days of the end of the Company's fiscal year.

**5.3 Payment.** All payments, if any, shall be made in lawful money of the United States of America. Payment shall be credited first to Costs (as defined below) and any remainder applied to principal or the Corporate Transaction Payment, as applicable. Prepayment of principal may not be made without the prior written consent of the Investor. The Company hereby waives demand, notice, presentment, protest and notice of dishonor.



**5.4 Costs, Expenses and Attorneys' Fees; Indemnity.** The Company hereby agrees, subject only to any limitation imposed by applicable law, to pay all expenses, including reasonable attorneys' fees and legal expenses, incurred by the holder of this Crowd Note in endeavoring to collect any amounts payable hereunder which are not paid when due, whether by declaration or otherwise ("Costs"). The Company agrees that any delay on the part of the holder in exercising any rights hereunder will not operate as a waiver of such rights. The holder of this Crowd Note shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies, and no waiver of any kind shall be valid unless in writing and signed by the party or parties waiving such rights or remedies. If any action at law or in equity is necessary to enforce or interpret the terms of this Crowd Note, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled. The Company shall indemnify and hold the Investor harmless from any loss, cost, liability and legal or other expense, including attorneys' fees of the Investor's counsel, which the Investor may directly or indirectly suffer or incur by reason of the failure of the Company to perform any of its obligations under this Crowd Note or any agreement executed in connection herewith; provided, however, that the indemnity agreement contained in this Section 5.4 shall not apply to liabilities which the Investor may directly or indirectly suffer or incur by reason of the Investor's own gross negligence or willful misconduct.

**5.5 Security.** This Crowd Note is a general unsecured obligation of the Company.

**5.6 Successors and Assigns.** The terms and conditions of this Crowd Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto; provided, however, that the Company may not assign its obligations under this Crowd Note without the prior written consent of the Investor.

**5.7 Governing Law.** This Crowd Note shall be governed by and construed under the laws of the State of New York as applied to other instruments made by New York residents to be performed entirely within the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of law.

**5.8 Notices.** All notices and other communications given or made pursuant to this Crowd Note shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or: (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt.

**5.9 Financing Agreements.** The Investor understands and agrees that the conversion of the Crowd Note into Conversion Shares may require the Investor's execution of certain agreements relating to the purchase and sale of such securities as well as registration, co sale, rights of first refusal, rights of first offer and voting rights, if any, relating to such securities. The Investor agrees to execute all such agreements in connection with the conversion so long as the issuance of Conversion Shares issued pursuant to the conversion of this Crowd Note are subject to the same terms and conditions applicable to the Preferred Stock sold in the Initial Equity Financing (or the Shadow Series or Series Seed Preferred Stock, as applicable).

**5.10 Severability.** If one or more provisions of this Crowd Note are held to be unenforceable under applicable law, such provision shall be excluded from this Crowd Note and the balance of the Crowd Note shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

**5.11 Acknowledgement.** For the avoidance of doubt, it is acknowledged that the Investor shall be entitled to the benefit of all adjustments in the number of shares of Common Stock of the Company issuable upon conversion of the Preferred Stock of the Company or as a result of any splits, recapitalizations, combinations or other similar transaction affecting the Common Stock or Preferred Stock underlying the Conversion Shares that occur prior to the conversion of the Crowd Note.

**5.12 Further Assurance.** From time to time, the Company shall execute and deliver to the Investor such additional documents and shall provide such additional information to the Investor as the Investor may reasonably require to carry out the terms of this Crowd Note and to be informed of the financial and business conditions and prospects of the Company.

**5.13 Transfer of a Crowd Note.** Subject to compliance with applicable federal and state securities laws (including the restrictions described in the legends to this Crowd Note), this Crowd Note and all rights hereunder are transferable in whole or in part by the Investor to any person or entity upon written notice to the Company.

**5.14 Entire Agreement; Amendments and Waivers.** This Crowd Notes constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof. The Company's agreements with each Holder are separate agreements, and the sales of the Crowd Notes to each holder are separate sales. Nonetheless, any term of the Crowd Note (other than Section 5.2) may be amended and the observance of any term of the Crowd Notes may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and the Majority in Interest; provided, however, that Sections 2.2, 5.3, 5.6, 5.13 and 5.14 may not be amended or waived without the written consent of the Investor. Any waiver or amendment effected in accordance with this Section 5.14 shall be binding upon the Company and each current and future holder of Crowd Notes.

**5.15 Exculpation Among Investor.** Each Investor acknowledges that it is not relying upon any person, firm, corporation or stockholder, other than the Company and its officers and directors in their capacities as such, in making its investment or decision to invest in the Company. Each Investor agrees that no other Investor nor the respective controlling persons, officers, directors, partners, agents, stockholders or employees of any other Investor shall be liable for any action heretofore or hereafter taken or omitted to be taken by any of them in connection with the purchase and sale of the Crowd Notes.

## **6. Dispute Resolution.**

**6.1** Any controversy or claim arising out of or relating to this Agreement or any breach thereof shall, to the fullest extent permitted by law be settled by final and binding arbitration administered by the American Arbitration Association in accordance with its rules and in the State of New York and judgment on the award rendered thereby may be entered in any court having jurisdiction thereof.

**6.2** There shall be one arbitrator agreed to by the parties within twenty (20) days of receipt by respondent of the request for arbitration or, in default thereof, appointed by the AAA in accordance with its Commercial Rules.

**6.3** With respect to any controversy or claim arising out of or relating to this Agreement or any breach thereof which is not permitted by law to be settled by arbitration (a "Non-Arbitrable Claim"), each party (a) hereby irrevocably and unconditionally submits to the jurisdiction of the federal or state courts located in New York for the purpose of any suit, action or other proceeding based upon a Non-Arbitrable Claim, (b) agrees not to commence any suit, action or other proceeding arising out of or based upon this Agreement

except in the federal or state courts located in New York, and (c) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof and thereof may not be enforced in or by such court.

6.4 Except as may be required by law or to protect a legal right, neither a party nor the arbitrator may disclose the existence, content or results of any arbitration without the prior written consent of the other parties.

## **7. Approval.**

The Company hereby represents that its Board of Directors, in the exercise of its fiduciary duty, has approved the Company's execution of this Crowd Note based upon a reasonable belief that the Purchase Price provided hereunder is appropriate for the Company after reasonable inquiry concerning the Company's financing objectives and financial situation. In addition, the Company hereby represents that it intends to use the Purchase Price primarily for the operations of its business, and not for any personal, family or household purpose.

## **8. Subscription Procedure.**

Each Investor, by providing his or her name, and subscription amount, confirms such investment through the applicable online investment platform and has signed this Crowd Note electronically. Investor agrees that his or her electronic signature is the legal equivalent of his or her manual signature on this Crowd Note. By confirming, the Investor consents to be legally bound by the Crowd Note's terms and conditions, and to the terms and conditions of subscription established by the investment platform in accordance with Regulation CF.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

### **Subscriber Signature:**

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[Signature Code: ]

**Name:** [Subscriber Legal Name]

**Email:** [Subscriber Email]

**Date:** [Date of Signing]

### **Issuer Signature:**

*Sukhbat Lkhagvadorj*

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**Name:** Sukhbat Lkhagvadorj

**Title:** CFO

**Coinseed, Inc.**

# **Appendix D - FINANCIAL STATEMENTS AND REVIEW REPORT**

**COINSEED, INC.**

Reviewed Financial Statements For The Years Ended December 31, 2018 and 2017

February 26, 2019



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management  
Coinseed, Inc.  
Wilmington, DE

We have reviewed the accompanying financial statements of Coinseed, Inc. (a corporation), which comprise the balance sheet as of December 31, 2018 and 2017, and the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, We do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether We are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of Our procedures provide a reasonable basis for Our conclusion.

### Accountant's Conclusion

Based on Our review, We are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note B, certain conditions raise an uncertainty about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note B. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

Jason M. Tyra, CPA, PLLC  
Dallas, TX  
February 26, 2019

**COINSEED, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2018 AND 2017**

|  | <u><b>2018</b></u> | <u><b>2017</b></u> |
|--|--------------------|--------------------|
| <u><b>ASSETS</b></u>   |                    |                    |
| <b>CURRENT ASSETS</b>  |                    |                    |
| Cash   | \$ 2,911           | \$ 1,102           |
| Virtual Currency   | 533,827            | 710,319            |
|  | <hr/>              | <hr/>              |
| TOTAL CURRENT ASSETS   | 536,738            | 711,421            |
|  | <hr/>              | <hr/>              |
| TOTAL ASSETS   | 536,738            | 711,421            |
|  | <hr/> <hr/>        | <hr/> <hr/>        |
| <u><b>LIABILITIES AND SHAREHOLDERS' EQUITY</b></u>                                   |                    |                    |
| <b>CURRENT LIABILITIES</b>   |                    |                    |
| User Assets (Virtual Currency)   | 528,662            | 673,466            |
|  | <hr/>              | <hr/>              |
| TOTAL CURRENT LIABILITIES  | 528,662            | 673,466            |
|  | <hr/>              | <hr/>              |
| <b>NON-CURRENT LIABILITIES</b>   |                    |                    |
| Coinseed Tokens  | 141,410            | -                  |
|  | <hr/>              | <hr/>              |
| TOTAL LIABILITIES  | 670,072            | 673,466            |
|  | <hr/> <hr/>        | <hr/> <hr/>        |
| <b>SHAREHOLDERS' EQUITY</b>  |                    |                    |
| Common Stock (10,000,000 shares authorized; 8,000,000 issued;<br>\$.00001 par value) | 80                 | 80                 |
| Additional Paid in Capital   | 65,108             | 40,000             |
| Retained Earnings (Deficit)  | (198,522)          | (2,125)            |
|  | <hr/>              | <hr/>              |
| TOTAL SHAREHOLDERS' EQUITY   | (133,334)          | 37,955             |
|  | <hr/>              | <hr/>              |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY   | \$ 536,738         | \$ 711,421         |
|  | <hr/> <hr/>        | <hr/> <hr/>        |

Reviewed- See accompanying notes.

**COINSEED, INC.**  
**INCOME STATEMENT**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

|                                   | <u><b>2018</b></u>       | <u><b>2017</b></u>      |
|-----------------------------------|--------------------------|-------------------------|
| <b>Operating Income</b>           |                          |                         |
| Revenue                           | \$ 279,257               | \$ 8,056                |
| Cost of Sales                     | 142,362                  | 2,731                   |
| <b>Gross Profit</b>               | <hr/> 136,895            | <hr/> 5,325             |
| <b>Operating Expense</b>          |                          |                         |
| Advertising                       | 176,196                  | 7,000                   |
| General & Administrative          | 12,412                   | 450                     |
| Rent                              | 5,400                    | -                       |
|                                   | <hr/> 194,008            | <hr/> 7,450             |
| <b>Net Income from Operations</b> | (57,113)                 | (2,125)                 |
| <b>Other Income (Expense)</b>     |                          |                         |
| Coinseed Dividends                | -                        | -                       |
| <b>Net Income</b>                 | <hr/> <u>\$ (57,113)</u> | <hr/> <u>\$ (2,125)</u> |

**COINSEED, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

|   | <u><b>2018</b></u>     | <u><b>2017</b></u>     |
|---|------------------------|------------------------|
| <b>Cash Flows From Operating Activities</b>     |                        |                        |
| Net Income (Loss) For The Period                | \$ (57,113)            | \$ (2,125)             |
| <b>Net Cash Flows From Operating Activities</b> | <u>(57,113)</u>        | <u>(2,125)</u>         |
| <b>Cash Flows From Investing Activities</b>     |                        |                        |
| Purchase (Sale) of Virtual Currency             | 173,018                | (36,773)               |
| <b>Net Cash Flows From Investing Activities</b> | <u>173,018</u>         | <u>(36,773)</u>        |
| <b>Cash Flows From Financing Activities</b>     |                        |                        |
| Increase in Coinseed Token Liability            | (141,410)              | -                      |
| Change in Additional Paid in Capital            | 25,188                 | -                      |
| Prior Period Adjustment to Retained Earnings    | 2,125                  | -                      |
| <b>Net Cash Flows From Investing Activities</b> | <u>(114,097)</u>       | <u>-</u>               |
| <b>Cash at Beginning of Period</b>              | 1,102                  | 40,000                 |
| <b>Net Increase (Decrease) In Cash</b>          | <u>1,808</u>           | <u>(38,898)</u>        |
| <b>Cash at End of Period</b>                    | <u><u>\$ 2,911</u></u> | <u><u>\$ 1,102</u></u> |

Reviewed- See accompanying notes.



**COINSEED, INC.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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|  | <u><b>2018</b></u>  | <u><b>2017</b></u> |
|--|---------------------|--------------------|
| Starting Equity                              | \$ 37,955           | \$ 40,080          |
| Issuance of Stock                            | 25,108              | -                  |
| Prior Period Adjustment to Retained Earnings | 2,125               | -                  |
| Sale of Coinseed Tokens                      | (141,410)           |                    |
| Net Income                                   | (57,113)            | (2,125)            |
| Ending Equity                                | <u>\$ (133,334)</u> | <u>\$ 37,955</u>   |

Reviewed- See accompanying notes.

COINSEED, INC.  
NOTES TO FINANCIAL STATEMENTS (REVIEWED)  
DECEMBER 31, 2018 AND 2017

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NOTE A- ORGANIZATION AND NATURE OF ACTIVITIES

Coinseed, Inc. ("the Company") is a corporation organized under the laws of the State of Delaware. The Company is a software developer in the virtual currency sector. As of December 31, 2018, the Company's sole product was a mobile app for trading virtual currencies online.

NOTE B- GOING CONCERN MATTERS

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operation for the foreseeable future. However, management has identified the following conditions and events that created an uncertainty about the ability of the Company to continue as a going concern. The Company recorded net operating losses during the years ended December 31, 2018 and 2017.

The following describes management's plans that are intended to mitigate the conditions and events that raise substantial doubt about the Company's ability to continue as a going concern. The Company will carry out an equity crowdfund offering. The Company's ability to meet its obligations as they become due is dependent upon the success of management's plans, as described above.

These conditions and events create an uncertainty about the ability of the Company to continue as a going concern through February 26, 2020 (one year after the date that the financial statements are available to be issued). The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

NOTE C- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Significant Risks and Uncertainties

The Company is subject to customary risks and uncertainties with development of new technology including, but not limited to, new technological innovations, protection of proprietary technology, dependence on key personnel, costs of services provided by third parties, the need to obtain additional financing, and limited operating history.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant

COINSEED, INC.  
NOTES TO FINANCIAL STATEMENTS (REVIEWED) (CONTINUED)

estimates inherent in the preparation of these financial statements include, but are not limited to, fair values of virtual currency holdings.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Virtual Currency

Virtual currency assets are treated as held for investment and carried at fair value as of the balance sheet date.

Virtual currencies held on behalf of users of the Company's virtual currency trading app are carried at historical cost.

Revenue

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the fee for the arrangement is fixed or determinable and collectability is reasonably assured. The Company's derives revenue from the conversion of virtual currencies through its mobile application.

Rent

The Company currently occupies office space under a month to month operating lease. There are no future minimum payments due under the lease.

Advertising

The Company records advertising expenses in the year incurred.

Income Taxes

The Company applies ASC 740 Income Taxes ("ASC 740"). Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial statement reported amounts at each period end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents the tax expense for the period, if any and the change during the period in deferred tax assets and liabilities. ASC 740 also provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. A tax benefit from an uncertain position is recognized only if it is "more likely than not" that the position is sustainable upon examination by the relevant taxing authority based on its technical merit.

The Company is subject to tax filing requirements as a corporation in the federal jurisdiction of the United States. The Company sustained net operating losses during fiscal years 2017 and 2018. Net operating losses will be carried forward to reduce taxable income in future years. Due to management's uncertainty as to the timing and valuation of any benefits associated with the net operating loss carryforwards, the

COINSEED, INC.  
NOTES TO FINANCIAL STATEMENTS (REVIEWED) (CONTINUED)

Company has elected not to recognize an allowance to account for them in the financial statements. Under current law, net operating losses may be carried forward indefinitely. The Company's federal tax filings for 2017 and 2018, will remain subject to review by the Internal Revenue Service until 2021, and 2022, respectively.

The Company is subject to franchise tax filing requirements in the State of Delaware. The Company's tax filings in the State of Delaware for 2017 and 2018 will remain subject to review by that State until 2021, and 2022, respectively.

Recently Adopted Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In November 2015, the FASB issued ASU (Accounting Standards Update) 2015-17, *Balance Sheet Classification of Deferred Taxes*, or ASU 2015-17. The guidance requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. This guidance was effective in the first annual period ended after December 15, 2016, and interim periods thereafter, for public entities. For all entities other than public business entities, the guidance becomes effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The adoption of ASU 2015-17 had no material impact on the Company's financial statements and related disclosures.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*, or ASU 2016-18. The amendments of ASU 2016-18 were issued to address the diversity in classification and presentation of changes in restricted cash and restricted cash equivalents on the statement of cash flows which is currently not addressed under Topic 230. ASU 2016-18 would require an entity to include amounts generally described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning of period and end of period total amounts on the statement of cash flows. This guidance is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2017, for both public entities and no later than for annual reporting periods beginning after December 15, 2018, for non-public entities. Early adoption is permitted, and the standard must be applied retrospectively. The adoption of ASU 2016-18 had no material impact on the Company's financial statements and related disclosures.

In May 2014, the FASB issued ASU, 2014-09—*Revenue from Contracts with Customers (Topic 606)*, or ASU 2014-09, and further updated through ASU 2016-12, or ASU 2016-12, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount to which an entity expects to be entitled to when products are transferred to customers. This guidance is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2017, for public entities and no later than for annual reporting periods beginning after December 15, 2018, for non-public entities. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. The adoption of ASU 2014-09 had no material impact on the Company's financial statements and related disclosures.

COINSEED, INC.  
NOTES TO FINANCIAL STATEMENTS (REVIEWED) (CONTINUED)

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In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, or ASU 2016-02, which supersedes the guidance in ASC 840, *Leases*. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. This guidance is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2018 for public entities and no later than for annual reporting periods beginning after December 15, 2019, and interim period within fiscal years beginning after December 15, 2019 for non-public entities. The adoption of ASU 2016-02 had no material impact on the Company's financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-based Payment Accounting*, or ASU 2016-09. ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Some of the areas of simplification apply only to non-public companies. This guidance was effective on December 31, 2016 for public entities. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted for an entity in any interim or annual period for which financial statements have not been issued or made available for issuance. An entity that elects early adoption must adopt all amendments in the same period. The adoption of ASU 2016-09 had no material impact on the Company's financial statements and related disclosures.

In May 2017, the FASB issued ASU 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting*, or ASU 2017-09, which clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. This guidance is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2017, for both public entities and non-public entities. Early adoption is permitted. The adoption of ASU 2017-09 had no material impact on the Company's financial statements and related disclosures.

#### NOTE D- COINSEED TOKENS

In 2018, the Company held a public offering of utility tokens ("Coinseed Tokens") for non-US purchasers. Tokens were sold in exchange for virtual currency at the rate of 0.0022222 Ether per Coinseed token. Coinseed Token holders are entitled to 50% of portfolio conversion fees derived from the Company's trading application on a monthly basis, payable in virtual currency.

#### NOTE E- FAIR VALUE MEASUREMENTS

Fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants based on the highest and best use of the asset or liability. As such, fair value is a market-based measurement that should be determined based on

COINSEED, INC.  
NOTES TO FINANCIAL STATEMENTS (REVIEWED) (CONTINUED)

assumptions that market participants would use in pricing an asset or liability. The Company uses valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

*Level 1* - Observable inputs, such as quoted prices for identical assets or liabilities in active markets;  
*Level 2* - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities, or market-corroborated inputs; and  
*Level 3* - Unobservable inputs for which there is little or no market data which require the reporting entity to develop its own assumptions about how market participants would price the assets or liabilities.

The valuation techniques that may be used to measure fair value are as follows:

*Market approach* - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

*Income approach* - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about those future amounts, including present value techniques, option-pricing models, and excess earnings method.

*Cost approach* - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

NOTE F- CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and cash equivalents with a limited number of high-quality financial institutions and at times may exceed the amount of insurance provided on such deposits.

NOTE G- SUBSEQUENT EVENTS

Management considered events subsequent to the end of the period but before February 26, 2019, the date that the financial statements were available to be issued.