

Emphy Token Terms and Conditions

The following Terms and Conditions (“Terms”) govern the initial sale of cryptographic tokens - EmphyCoin Tokens (“EPY”) - that are required to transact on the Emphy software ecosystem described in Emphy Whitepaper (“Emphy Ecosystem”) to users (“Users” collectively, and “User” individually).

The information contained in the Emphy Whitepaper and on Emphy website are of descriptive nature only, are not binding and do not - unless explicitly referred to herein - form part of the Terms or the agreement between the parties.

By participating in the presale and initial sale of EPY, the User expressly acknowledges and represents that he/she has carefully reviewed the Terms and fully understand the risks, costs, and benefits of purchasing EPY and agrees to be bound by the Terms. As set forth below, the User further represents and warrants that, to the extent permitted by law, he/she is authorized to purchase EPY in his/her relevant jurisdiction, is of a legal age to be bound by these Terms, and will not hold Emphy, its parent and affiliates, and the officers, directors, agents, joint ventures, employees and suppliers of Emphy or our parent or affiliates, now or in the future and any other member of the Emphy Team (collectively the “Emphy”) liable for any losses or any special, incidental, or consequential damages arising out of, or in any way connected to the initial sale of EPY.

The User understands and accepts that while the individuals and entities, including Emphy Foundation, incorporated under the law of Estonia (hereinafter Emphy), assigned to this task will make reasonable efforts to develop and complete the Emphy Ecosystem and Emphy Project, it is possible that such development may fail and User’s EPY may become useless and/or valueless due to technical, commercial, regulatory or any other reasons (see also Chapter 4 regarding Risks).

The User is aware of the risk that even if all or parts of the Emphy Ecosystem are successfully developed and released in full or in parts, due to a lack of public interest, the Emphy Project could be fully or partially abandoned, remain commercially unsuccessful or shut down for lack of interest, regulatory or other reasons. The User therefore understands and accepts that purchasing EPY carries significant financial, regulatory and/or reputational risks (including the complete loss of value of purchased EPY, if any, and attributed features of the Emphy Project).

This document does not constitute a prospectus of any sort, is not a solicitation for investment and does not pertain in any way to a presale and initial public offering or a share/equity offering and does not pertain in any way to an offering of securities in any jurisdiction.

Only individuals, entities, or companies that have significant experience with, and understanding of the usage and intricacies of cryptographic tokens, like bitcoin (“BTC”), and blockchain-based software systems should participate in the initial sale of EPY. Users should have functional understanding of storage and transmission mechanisms associated with cryptographic tokens. While the Emphy Team will be available to assist Users of EPY during and after the presale and initial sale, Emphy will not be responsible for lost BTC, any other cryptocurrency or EPY resulting from actions taken by, or omitted by Users. Note, in particular, that Users should take great care to write down their wallet password and not lose it so as to be sure that they will be able to access their EPY when it becomes available after the initial sale.

The User acknowledges that the presale and initial sale of EPY is not available to residents of the United States of America.

1. CREATION AND SALE OF EPY

1.1. No Ownership, Revenue or Governance Rights

User understands and accepts that EPY does not represent or constitute any ownership right or stake, share or security or equivalent rights nor any right to receive future revenues, shares or any other form of participation or governance right in or relating to the Emphy Project and/or EPY. Ownership of EPY carries no rights, express or implied, other than the right to participate in the Emphy Project if and to the extent the Emphy Project has been successfully completed and launched. By receiving EPY no form of partnership, joint venture or any similar relationship between the Users and Emphy and/or other individuals or entities involved with the setting up of the Emphy Project is created.

1.2. Initial Presale and Sale Period

The PRESALE of EPY will begin on 10th of September 2017 at 12:00 GMT. The initial sale period will run for 7 days and will end on 16th of September 2017 at 11:59:59 GMT or when the total number of sold EPYs reaches 2,000,000; whichever condition is met sooner.

The PUBLIC INITIAL SALE of EPY will begin on 7th of October 2017 at 12:00 GMT. The initial sale period will run for 30 days and will end on 5th of November 2017 at 11:59:59 GMT or when the total number of sold EPYs reaches 10,300,000; whichever condition is met sooner.

Emphy reserves the right to change the date when the initial sale will begin and further reserves the right to extend the sale period for any reason, including the unavailability of the website Emphy.io or other unforeseen security or procedural issues. Though it does not currently anticipate doing so, Emphy also reserves the right to shorten the initial sale period for any reason.

1.3. EPY value and cap

Emphy has determined that the crowdsale of EPY proceeds on the following basis:

Minimal purchase sum of EPY on both PRESALE and PUBLIC INITIAL SALE is \$100.

PRESALE:

1. The value of EPY during PRESALE is \$0,06 per EPY, with 2,000,000 EPY available;

Emphy shall stop accepting new purchase orders during presale of EPY once total number of sold EPY reaches EPY 2,000,000.

PUBLIC INITIAL SALE:

1. The value of first 6,000,000 EPY during INITIAL SALE is \$0,08 per EPY;
2. The value of next 3,000,000 EPY during INITIAL SALE is \$0,09 per EPY;
3. The value of next 1,300,000 EPY during INITIAL SALE is \$0,10 per EPY;

Emphy shall stop accepting new purchase orders during initial sale of EPY once total number of sold EPY reaches EPY 10,300,000. However the actual amount of EPY sold in the initial sale may be different from the aforementioned value due to the fact that transactions may clear or be cancelled after the end of the initial sale.

1.4. Disclosure of Transactions

In the spirit of openness and to enable Users to have as much information as possible to guide their decision making process, Emphy will disclose in real time the total number of EPY sold in order to enable the User to develop an understanding of the size of the existing EPY pool at the time of submitting their EPY purchase order.

1.5. Sale on Emphy EPY Website

Emphy will maintain an interface, which can be used to purchase EPY. The interface will be available at emphy.io. Instructions for purchasing EPY using the interface will be embedded and available for review on the

Emphy website during the initial sale period. Failure to follow these instructions may limit, delay, or prevent a User from purchasing EPY. Any questions about these instructions should be directed to sale@emphy.io

1.6. Obligation to Determine if User Can Purchase EPY in User's Jurisdiction and Pay Applicable Taxes

The initial sale constitutes a sale of cryptographic tokens (EPY) for obtaining a right to use future software services provided through the Emphy Ecosystem under Estonian law. This service is going to be provided by Emphy Foundation, an Estonian entity, operating under Estonian law. It is the responsibility of each User of EPY to determine if the User can legally purchase EPY in the User's jurisdiction. In case any taxes have to be paid on the purchase of EPY in the jurisdiction where the User is located, the User shall undertake to pay such taxes.

1.7. KYC

During the initial sale Emphy shall conduct Know Your Customer („KYC“) procedure for all Users purchasing EPY at a total value exceeding 2 BTC (or equivalent in ETH). This would entail Users to submit Photo of their Passport or ID and utility bill. For legal persons, in addition, to submit their owner's structure and extract from company registry.

1.8. Acceptance of the Terms and Representations and Warranties of the User

By placing a purchase order of EPY, the User:

- (i) Consents and agrees to the Terms;
- (ii) Represents and warrants that the User is legally permitted to purchase EPY in the User's jurisdiction to have a possibility to obtain service of Estonian origin;
- (iii) Represents and warrants that the User is of a sufficient age to legally purchase EPY or has received permission from a legal guardian who has reviewed and agreed to these Terms;
- (iv) Represents and warrants that the User will take sole responsibility for any restrictions and risks associated with the purchase of EPY as set forth below;
- (v) Represents and warrants that User is not purchasing EPY for the purpose of speculative investment;
- (vi) Represents and warrants that the User is purchasing EPY for the use of the Emphy Ecosystem, or to facilitate development, testing, deployment and operation of applications using the Emphy Ecosystem;
- (vii) Represents and warrants that the User has an understanding of the usage and intricacies of cryptographic tokens, like BTC, and blockchain-based software systems;
- (viii) Represents and warrants that the User is not a citizen or resident of a country, whose legislation conflicts with the present allocation of EPY and/or the Emphy Project in general and
- (ix) Represents and warrants that the User is not a resident of the United States of America.

1.9. Independent Confirmation of Purchases

During the initial sale process on the Emphy.io website, Emphy will provide Users with a unique intermediary ETH/BTC address. Using this address, Users can track and confirm that the User's BTC/ETH has been received at that address and has been subsequently and automatically sent to the initial address. Knowledge of the unique intermediary BTC/ETH address does not constitute a receipt or indicate in any way that any party possessing such knowledge has rights to or ownership of the purchased EPY.

1.10. Receipt of EPY and User Email

As part of the sale process and in order to purchase EPY, the User will need to provide an email address (the "User Email"). The User Email will be used to email the User a notice of the creation of User's account on the Emphy token ecosystem service where the purchased EPY shall be delivered. By purchasing EPY and to the extent permitted by applicable law, the User agrees not to hold any members of the Emphy liable for any losses or any special, incidental, or consequential damages arising out of or in any way connected to, User's failure to

access their account.

1.11. Process of Initial Sale of EPY

EPY will be created and delivered to the User through the following process:

- (i) The User registers on the website emphy.io, providing all necessary information and agrees to the Terms;
- (ii) The User places a purchase order of EPY and pays the corresponding sum in BTC or ETH;
- (iii) Within 5 days after the end of the initial sale of EPYs, the purchased amount of EPY (including PRESALE and INITIAL PUBLIC SALE) will be issued to the User on the webpage emphy.io;
- (iv) In case the User has purchased EPY in an amount exceeding 2 BTC (or equivalent in ETH), the User completes KYC procedure, after which EPY may be withdrawn to the wallet provided by the User. In case the amount of EPY purchased is below 2 BTC (or equivalent in ETH), EPY may be immediately withdrawn to the wallet provided by the User.

1.12. No Refund

All purchases of EPY are final and non-refundable. By purchasing EPY the User acknowledges that he/she has no right to request a refund for any reason, and that the User will not receive money or other compensation for any EPY that remains unused.

1.13. Fraudulent Attempts to Double Spend BTC or ETH

Emphy will monitor all potential transactions for fraudulent attempts to double spend BTC or ETH. Any detected double spend of BTC or ETH will result in no EPY being delivered to the associated User.

1.14. Rejected Transactions

Emphy shall maintain the right to reject any transaction of purchase of EPY in case the User has not complied with the Terms or has not transferred necessary funds in BTC or ETH to purchase requested amount of EPY within 24 hours after placing an order to purchase EPY. In case of rejection of a transaction, Emphy shall have the right to freely sell EPY created for such transactions to other Users.

1.15. Emphy will not Purchase EPY During Initial Sale

Emphy warrants that it will not purchase EPY in its own initial sale. Furthermore Emphy warrants that it will not acquire EPY from any third party during the period of the initial sale of EPY.

2. Emphy Project Execution

The User understands and accepts that for the purpose of the development and execution of the Emphy Project, Emphy receives the full amount of BTC and ETH transferred during the initial sale period. This amount covers expenses, charges and other costs that may arise by Emphy and/or its subcontractors as part of the development and execution of the Emphy Project. It remains at Emphy's sole discretion to decide how to allocate the funds in order to develop and execute the Emphy Project. Emphy has the right to engage subcontractors to perform the entire or partial development and execution of the Emphy Project. The scope of the development work will be triggered by the amount of funds received during the initial sale.

The User understands and accepts that the User may not have any expectation of influence over governance on the Emphy Project.

The User understands and accepts that the Emphy Project will need to go through substantial development works as part of which it may become subject of significant conceptual, technical and commercial changes before release.

3. Emphy Token Ecosystem

The User understands and accepts that smart contract technology is still in an early development stage and its application is of experimental nature, which carries significant operational, technological, financial, regulatory

and reputational risks.

4. Risks

The purchase of EPY carries with it significant risk. Prior to purchasing EPY, the User should carefully consider the below risks and, to the extent necessary, consult a lawyer, accountant, and/or tax professionals prior to determining whether to purchase EPY. In particular, but not concluding, the User understands the inherent risks listed hereinafter:

Risk of software weaknesses: The User understands and accepts that smart contract system concept; the underlying software application and software ecosystem (i.e. the Ethereum blockchain) is still in an early development stage and unproven. Thus there is no warranty that the process of creating and distributing EPY will be uninterrupted or error-free and there is an inherent risk that the software could contain weaknesses, vulnerabilities or bugs causing, inter alia, the complete loss of BTC, ETH and/or EPY.

Regulatory risk: The User understands and accepts that the blockchain technology allows new forms of interaction and that it is possible that certain jurisdictions will apply existing regulations on or introduce new regulations addressing blockchain technology based applications, which may be contrary to the current setup of the smart contract system and Emphy Ecosystem. This may, inter alia, result in substantial modifications of the smart contract system and/or the Emphy Project, including its termination and the loss of EPY for the User.

Risk of abandonment / lack of success: The User understands and accepts that the creation of the EPY and the development of the Emphy Project may be abandoned for a number of reasons, including lack of interest from the public, lack of funding, lack of commercial success or prospects (e.g. caused by competing projects). The User therefore understands that there is no assurance that, even if the Emphy Project is partially or fully developed and launched, the User will receive any benefits through the EPY held by him/her.

Risk associated with other applications: The User understands and accepts that the Emphy Project may give rise to other alternative projects, promoted by unaffiliated third parties, under which EPY will have no intrinsic value.

Risk of loss of private key: EPY can only be accessed by using an Ethereum wallet with a combination of User's account information (address), private key and password. The private key is encrypted with a password. The User understands and accepts that if his/her private key file or password respectively got lost or stolen, the obtained EPY associated with the User's account (address) or password will be unrecoverable and will be permanently lost.

Risk of theft: The User understands and accepts that the smart contract system concept, the underlying software application and software ecosystem (i.e. the Ethereum blockchain) may be exposed to attacks by hackers or other individuals that could result in theft or loss of EPY, BTC or ETH, impacting the ability to develop the Emphy Project.

Risk of Ethereum mining attacks: The User understands and accepts that, as with other cryptocurrencies, the blockchain used for the smart contract system is susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and race condition attacks. Any successful attacks present a risk to the smart contract system, expected proper execution and sequencing of EPY transactions, and expected proper execution and sequencing of contract computations.

Risk of incompatible Wallet service: The User understands and accepts, that the wallet or wallet service provider used for purchasing EPY, has to be technically compatible with the EPY. Failure to assure this may have the result that User will not gain access to his/her EPY.

Risks related to intellectual property rights claims: Intellectual property rights claims may adversely affect the operation of the Emphy Ecosystem. Third parties may assert intellectual property claims relating to the holding and transfer of digital assets and their source code. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the Emphy Ecosystem's long-term viability or the ability of end-users to hold and transfer EPY may adversely affect the value of EPY. Additionally, a meritorious intellectual property claim could prevent Emphy and other end-users from accessing the Emphy Ecosystem or holding or transferring their EPYs.

5. No Liability

The User bears the sole responsibility to determine if the purchase, ownership or use of EPY, the potential appreciation or depreciation in the value of EPY over time (if any), the allocation of EPY and/or any other action or transaction related to the Emphy Project have tax implications for him/her. In case of any tax obligations, the User shall be under obligation to pay all and any applicable tax. By purchasing, holding or using EPY the User agrees not to hold any third party (including developers, auditors, contractors or founders of Emphy) liable for any tax liability associated with or arising from the creation, ownership or use of EPY or any other action or transaction related to the Emphy Project.

The User acknowledges and agrees that, to the fullest extent permitted by any applicable law, the User will not hold any developers, advisors, auditors contractors or founders of Emphy liable for any damages or injury whatsoever caused by or related to the use of or the inability to use EPY or the Emphy Ecosystem under any cause or action whatsoever of any kind in any jurisdiction, including, without limitation, actions for breach of warranty, breach of contract or tort (including negligence) and that developers, auditors, advisors, contractors or founders of Emphy Project shall not be liable for any indirect, incidental, special, exemplary or consequential damages, including for loss of profits, goodwill or data, in any way whatsoever arising out of the use of, or the inability to use of the Emphy Ecosystem and/or EPY.

The User further specifically acknowledges that developers, advisors, auditors, contractors or founders of the Emphy Project are not liable, and the User agrees not to seek to hold them liable, for the conduct of third parties, including other creators of EPY, and that the risk of purchasing, holding and using EPY rests entirely with the User.

By purchasing, holding or using EPY, and to the extent permitted by law, the User agrees not to hold any third party (including developers, auditors, advisors, contractors or founders) liable for any regulatory implications or liability associated with or arising from the purchase, ownership or use of EPY or any other action or transaction related to the Emphy Project.

6. Privacy

Although Emphy requires Users to provide an email address and other information, Emphy will not publish any identifying information related Users without the prior written consent of the User unless required to do so under applicable law. Emphy may request Users from time to time to provide additional information. The User undertakes to provide such information. Users may be contacted via email by Emphy regarding purchase or delivery of EPY and the use of the Emphy Ecosystem.

7. Disclaimer of Warranties

The user expressly agrees that the user is purchasing EPY at the user's sole risk and that EPY is provided on an "as is" basis without warranties of any kind, either express or implied, including, but not limited to, warranties of title or implied warranties, merchantability or fitness for a particular purpose (except only to the extent prohibited under applicable law with any legally required warranty period to the shorter of thirty days from first use or the minimum period required). Without limiting the foregoing, none of the emphy parties warrant that the process of purchasing EPY will be uninterrupted or error-free.

8. Limitations Waiver of Liability

The user acknowledges and agrees that, to the fullest extent permitted by any applicable law, the disclaimers of liability contained herein apply to any and all damages or injury whatsoever caused by or related to use of or inability to use EPY or the Emphy ecosystem under any cause or action whatsoever of any kind in any jurisdiction, including, without limitation, actions for breach of warranty, breach of contract or tort (including negligence) and that none of the Emphy parties shall be liable for any indirect, incidental, special, exemplary or consequential damages, including for loss of profits, goodwill or data, in any way whatsoever arising out of the use of, or inability to use, or purchase of, or inability to purchase, EPY. The user further specifically acknowledges that Emphy parties are not liable for the conduct of third parties, including other users of EPY, and that the risk of purchasing and using EPY rests entirely with the user. To the extent permissible under applicable laws, under no circumstances will any of the Emphy parties be liable to any user for more than the amount the user have paid to Emphy for the purchase of EPY. Some jurisdictions do not allow the exclusion of certain warranties or the limitation or exclusion of liability for certain types of damages. Therefore, some of the

above limitations in this section and elsewhere in the terms may not apply to a user.

9. Dispute Resolution

Emphy and the User agree to make good faith efforts to resolve any dispute, controversy or claim arising between them relating to this initial sale and their respective rights and obligations hereunder arising under these Terms.

Terms are governed by the laws of the Republic of Estonia.

Dispute settlement will be conducted in accordance with the Estonian legislation and applicable court will be Harju Maakohus situated in Tallinn, Republic of Estonia.

10. Force Majeure

Emphy is not liable for failure to perform caused by:

- (i) unavoidable casualty,
- (ii) delays in delivery of materials,
- (iii) embargoes,
- (iv) government orders,
- (v) acts of civil or military authorities,
- (vi) acts by common carriers,
- (vii) emergency conditions (including weather conditions), or
- (viii) any similar unforeseen event that renders performance commercially implausible.

If an event of force majeure occurs, the party injured by the other's inability to perform may elect to suspend the Agreement, in whole or in part, for the duration of the force majeure circumstances. The party experiencing force majeure circumstances shall cooperate with and assist the injured party in all reasonable ways to minimize the impact of force majeure on the injured party.

11. Complete Agreement

These Terms set forth the entire understanding between each User and Emphy with respect to the sale and use of EPY. For facts relating to the sale and use of EPY, the User agrees to rely only on the Terms and understands that the Terms alone govern the sale and use of EPY and supersede any public statements about the initial sale made by third parties or by Emphy or individuals associated with any Emphy Parties, past and present and during the initial sale.

12. Severability

The User and Emphy agree that if any portion of these Terms is found illegal or unenforceable, in whole or in part, such provision shall, as to such jurisdiction, be ineffective solely to the extent of such determination of invalidity or unenforceability without affecting the validity or enforceability thereof in any other manner or jurisdiction and without affecting the remaining provisions of the Terms, which shall continue to be in full force and effect.

13. No Waiver

The failure of Emphy to require or enforce strict performance by the User of any provision of these Terms or Emphy's failure to exercise any right under these agreements shall not be construed as a waiver or relinquishment of Emphy's right to assert or rely upon any such provision or right in that or any other instance. The express waiver by Emphy of any provision, condition, or requirement of these Terms shall not constitute a waiver of any future obligation to comply with such provision, condition or requirement. Except as expressly and specifically set forth in this these Terms, no representations, statements, consents, waivers, or other acts or omissions by Emphy shall be deemed a modification of these Terms nor be legally binding, unless documented in physical writing, hand signed by the User and a duly appointed officer, employee, or agent of Emphy.

14. Updates to the Terms

Emphy reserves the right, at its sole discretion, to change, modify, add, or remove portions of the Terms at any time before or during the initial sale by posting the amended Terms on the Emphy token website (Emphy.io). Any User will be deemed to have accepted such changes by purchasing EPY. The Terms may not be otherwise amended except in a signed writing executed by both the User and Emphy. For purposes of this agreement, "writing" does not include an e-mail message. If at any point the User does not agree to any portion of the then-current version of the Terms, the User should not purchase EPY.

15. Cooperation with Legal Authorities

Emphy will cooperate with all law enforcement enquiries, subpoenas, or requests provided they are fully supported and documented by the law in the relevant jurisdictions. In accord with one of the core principles of the Emphy project — transparency — Emphy will endeavor to publish any legal enquiries upon receipt.