SNGLS Creation and S-DTV CODE Smart Project Creation Conditions: Explanatory Note & Governance Terms

1. <u>Generation of Tokens; Users; Acceptance of Risks</u>

1 **Generation of Tokens Generally:** By transferring Ether (ETH) to the Smart Contract System and the Smart Contract System creating SINGULAR Tokens (SNGLS), the Token Generator understands, accepts, and intends to become a User of the S-DTV platform and its utilities, to be built on the Ethereum blockchain. The Token Generator understands that the only way to become a User of the S-DTV platform and its utilities is to generate or otherwise obtain a SNGLS token, and that SNGLS tokens enable the operation of the S-DTV platform and its utilities. The Token Generator transfers ETH to the Smart Contract System for the express purpose of becoming a User of the S-DTV platform and its utilities, both its initial projects and utilities and its intended future utilities and functions. SNGLS are only for use in connection with the CODE Smart Project under the terms of the Smart Contract System, and only constitute a transferable representation of the right to participate as a User in the S-DTV Project and utilities.

2 **Generation of Tokens During Token Creation Phase:** By transferring ETH to the Smart Contract System and the Smart Contract System creating SNGLS during the token creation phase, the User understands and accepts that by generating SNGLS during the token creation phase, the User will participate in the launch of a Smart Contract System for the decentralized development of the S-DTV CODE Smart Project (CODE Smart Project), intended to consist of the following S-DTV Projects (for further information on the individual S-DTV Projects, visit: https://singulardtv.com/)

- the Singular Television Series (Season 1 of "Singular", which will be a three-episode mini-series that presents the Singular Multiverse to the world and launches the franchise);

- the S-DTV Documentary Division (established with the production and distribution of one feature length documentary about the rise of Ethereum and blockchain technology, and an eight-episode short form documentary series);

- the S-DTV Rights Management Platform (the creation of a rights/revenue/royalty management platform for film and television); and

- launch and brand the S-DTV TVOD distribution portal and acquire the rights to exhibit film and television properties from around the world.

3 **Representations and Warrantees Associated with Generation of Tokens:** By creating SNGLS, the User represents and warrants that:

User has a sophisticated and deep understanding of the functionality, usage, storage, transmission mechanisms and intricacies associated with cryptographic tokens, like bitcoin (BTC), Ether (ETH), and other cryptographic tokens based, for instance, on the Ethereum ERC-20

Token standard (**https://github.com/ethereum/EIPs/issues/20**), created to enable different functions, and blockchain-based software systems;

- User has carefully reviewed the code of the Smart Contract System located on the Ethereum blockchain at the addresses set forth under [correct cite] and fully understands and accepts the functions implemented therein;

- User is legally permitted to create and obtain SNGLS in the User's jurisdiction;

- User is legally permitted to receive software and contributing to the Smart Contract System for the development of the CODE Smart Project;

- User is of a sufficient age to legally create and obtain SNGLS;

- User will take sole responsibility for any restrictions and risks associated with the creation of SNGLS by the Smart Contract System as set forth in these Terms;

- User is not submitting ETH to the Smart Contract System to obtain SNGLS for the purpose of investment;

- User is not obtaining or using SNGLS for any illegal purposes;

- User is obtaining SNGLS issued by the Smart Contract System for the primary purpose to enable, participate in, and support the development, testing, deployment and operation of the CODE Smart Project being aware of the commercial risks associated with the CODE Smart Project;

- User understands that the creation of SNGLS is not intended in any way to involve the purchase of shares or any equivalent in any existing or future public or private company, corporation or other entity in any jurisdiction;

- User understands that the transfer of ETH to the Smart Contract System, the creation of SNGLS and the development of the CODE Smart Project carries significant regulatory, reputational and/or financial risks as further set forth in the Terms;

- User understands and expressly accepts that there is no warranty whatsoever on SNGLS, the Smart Contract System and/or the success of the CODE Smart Project, expressed or implied, to the extent permitted by law, and that SNGLS are created and obtained and the Smart Contract System is used at the sole risk of the User on an "as is" and "under development" basis and without, to the extent permitted by law, any warranties of any kind, including, but not limited to, warranties of title or implied warranties, merchantability or fitness for a particular purpose; and that

- User understands that User has, other than as implemented in the Smart Contract System in case the Activation Threshold has not been reached, no right against any other party to

request any refund of the ETH submitted to the Smart Contract System for the creation of the SNGLS under any circumstance.

4   **Determination of User Regulatory or Tax Implications:** User understands that User bears the sole responsibility to determine if User's contribution to the Smart Contract System for the development of the CODE Smart Project, the transfer of ETH to the Smart Contract System, the creation or ownership of SNGLS, the potential appreciation or depreciation in the value of SNGLS over time, any distribution of revenues as described in these Terms, the generation, sale, or additional purchase of SNGLS and/or any other action or transaction related to the CODE Smart Project, have regulatory or tax implications for him; by creating or holding SNGLS, and to the extent permitted by law, User agrees not to hold any third party (including developers, auditors (e.g. the Guard), contractors or founders) liable for any regulatory or tax liability associated with or arising from the creation or possession of SNGLS or any other action or transaction related to the CODE Smart Project.

5   **User's Wallet and Private Keys:** As part of the token generation process, the User will generate a wallet seed, need to provide a password, and save User's private wallet keys. The password will be used to encrypt the User's seed and private keys to the User's Wallet. Following the creation of SNGLS by the Smart Contract System, the SNGLS will be transferred to the User's Wallet by the Smart Contract System. The User understands that User must keep User's seed, password and private keys safe and that User may not share them with anybody. The User further understands that if User's seed is lost or stolen, User will not be able to generate a new password or recover User's private keys, and if the User also loses User's private keys and password, the ETH or SNGLS associated with the User's Wallet will be unrecoverable and will be permanently lost. Furthermore, the User understands that there is no recovery mechanism for lost seeds, and without the seeds there is no recovery mechanism for lost passwords and private keys, so no one will be able to help the User retrieve or reconstruct a lost seed, password and private keys and provide the User with access to any lost SNGLS or ETH. Furthermore, the User understands that it is not possible to reconstruct a lost or stolen wallet.

6   **Not a Prospectus or Solicitation of Investment; Not an Offering of Securities:** This contract does not constitute a prospectus of any sort, is not a solicitation for investment and does not pertain in any way to an offering of securities in any jurisdiction. This contract is not made in accordance with, or subject to, laws or regulations of any jurisdiction that are designed to protect investors.

2. Development of the S-DTV CODE Smart Project, S-DTV Platform, and Utilities

7   **Development and Execution of the S-DTV Platform and Utilities:** The User understands and accepts that in order to create the S-DTV platform and its utilities, the development and execution of the CODE Smart Project will be assigned to a third party contractor, SingularDTV GmbH (to be founded), domiciled in Switzerland (acting as the Workshop). The Workshop has the right to engage subcontractors to perform the entire or partial development and execution of the S-DTV Projects. In order to allow the Workshop to develop and execute the CODE Smart Project, the

sole and exclusive usage rights to any and all IPR have been and are being assigned and transferred to the Workshop.

8 **Payment in ETH and Allocation of SNGLS to Contractor for Development and Execution of the S-DTV Platform and Utilities:** The User understands and accepts that for the purpose of the development and execution of the CODE Smart Project, the Workshop receives the full amount of ETH transferred to the Smart Contract System during the Creation Period as a flat fee, as well as an allocation consisting of 400 Million SNGLS (Pool B, as described below). This flat fee covers all expenses, charges and other costs that may arise by the Workshop and/or its subcontractors as part of the development and execution of the CODE Smart Project. It remains at the Workshop's sole discretion to decide how to allocate the funds in order to develop and execute the CODE Smart Project.

3. Risks Associated with the S-DTV CODE Smart Project

9 **Potential for Failure of the CODE Smart Project:** The User understands and accepts that while a diverse group of individuals and entities will make reasonable efforts to develop and complete the S-DTV Projects (smart contract programmers and releasers, and/or any other person and/or affiliates involved with the setting up and execution of the CODE Smart Project are hereinafter referred to as "Workshop"), it is possible that such efforts may fail, that the S-DTV Platform and utilities may not come to fruition, and that User's SNGLS become useless and/or valueless due to technical, commercial, regulatory or any other reasons (see also [proper cite] regarding Risks). The User is also aware of the risk that even if all or parts of the CODE Smart Project are successfully developed and released in full or in parts, due to a lack of public interest, the CODE Smart Project could be fully or partially abandoned, remain commercially unsuccessful or shut down for lack of interest or other reasons. **The User therefore understands and accepts that the transfer of ETH to the Smart Contract Systems and the creation of SNGLS by the Smart Contract Systems carry significant reputational, regulatory and/or financial risks (including the complete loss of the attributed features of the CODE Smart Project and the value of purchased SNGLS)**.

10 **Terms and Conditions are Those of the Smart Contract System Code:** The User furthermore understands and accepts that **because the creation of the SNGLS, any implemented governing rights of the User as well as the assignment of the execution of the CODE Smart Project are smart contract based, the terms and conditions applicable thereon are set forth in the Smart Contract System Code, consisting of three interconnected software codes, existing on the Ethereum blockchain at:**

> 11 **Contract SingularDTVFund was created at address 0xe736091fc36f1ad476f5e4e03e4425940822d3ba.**

> 12 **Contract SingularDTVCrowdfunding was created at address 0xbdf5c4f1c1a9d7335a6a68d9aa011d5f40cf5520.**

13 **Contract SingularDTVToken was created at address 0xaec2e87e0a235266d9c5adc9deb4b2e29b54d009**.

14 To the extent the terms contained herein or in any other document or communication contradict to the ones set forth in the Smart Contract System, the terms of the Smart Contract System prevail. Furthermore, neither this document nor any other document or communication may modify or add any additional obligations or covenants to the Workshop or publisher of these terms or developer of the Smart Contract system functions and/or any other person and/or affiliates involved with the deployment of the Smart Contract System and the setting up the CODE Smart Project beyond those set forth in the Smart Contract System.

15 **User Review of the Smart Contract System Code:** By transferring ETH to the Smart Contract System, the User expressly agrees to all of the terms and conditions set forth in Smart Contract System Code existing on the Ethereum blockchain (at the addresses set forth under para 3) and in this document (together the "Terms"), which is incorporated by reference herein. **The User further confirms to have carefully reviewed the Smart Contract System Code, its functions and these Terms and to fully understands the risks and costs of creating SNGLS and contributing into a Smart Contract System of the development of the CODE Smart Project.**

16 **No Expectation of Influence Over Governance:** The User understands and accepts that User may not have any expectation of influence over governance on the CODE Smart Project. Rather, User understands that User gains the right to use and contribute to the S-DTV Platform and its utilities.

17 **Substantial Development and Possibility of Significant Changes:** The User understands and accepts that the CODE Smart Project and/or particular S-DTV Projects will need to go through substantial development works as part of which they may become subject of significant conceptual, technical and commercial changes before release.

4. Distribution Pools of SNGLS Tokens

18 **Total Amount of SNGLS and Distribution Pools:** During the Creation Period, a total of **1 billion SNGLS** (Launch Quantity) are planned to be created by the Smart Contract System, all of equal value and functionality, however, divided by the Smart Contract System into three different pools

- **POOL A OF 500 MILLION SNGLS** intended to be created by Users through the Smart Contract System during the Creation Period;

- **Pool B of 400 million SNGLS**, already created in the Smart Contract System: Upon deployment of the Smart Contract System, the Smart Contract System allocates the Pool B to the Workshop pursuant the Smart Contract (see below para 12);

- **Pool C of 100 million SNGLS**, already created in the Smart Contract System: Upon deployment of the Smart Contract System, the Smart Contract System allocates the Pool C to early contributors pursuant the Smart Contract (see below para 12).

19 **Creation Period:** The Creation Period starts with the deployment of the Smart Contract System and lasts until the 500 million tokens of Pool A have been created or for a maximal duration of 4 weeks (maximal duration of Creation Period), whichever is earlier.

20 **Activation Threshold:** If less than 34 million SNGLS of Pool A are created during the maximal duration of the Creation Period (Activation Threshold), the project is considered to have failed and each User will have the possibility to initiate the transfer of the respective amount of ETH submitted to the Smart Contract System from the Smart Contract System's address back to the address used to transfer the ETH to the Smart Contract System. **This Activation Threshold-dependent withdrawal right is not associated with the ownership of SNGLS but rather is associated with the address that the User used to transfer ETH to the Smart Contract System and is not transferable to third parties.** For that reason, SNGLS should not be transferred to third parties before the Activation Threshold has been reached.

21 **Creation of SNGLS:** The creation and allocation of SNGLS of Pool A by the Smart Contract System are initiated by the User sending an amount of ETH to the Smart Contract System, located on the Ethereum blockchain at the addresses set forth under para 3, which triggers a smart contract operation. The Smart Contract System creates and allocates the corresponding SNGLS to the User's wallet address, from where the ETH were sent from. Issuance of SNGLS (meaning that respective entries of the Public Key (PUK) of User) are made by the Smart Contract System on the blockchain according to the allocation information in the Smart Contract System.

22 **Maximum SNGLS Quantity:** If during the Creation Period the Activation Threshold has been reached but less than 500 million SNGLS of Pool A have been created, additional creation periods may be initialized through the deployment of a new Smart Contract System. Once the maximum quantity of SNGLS in the individual Pools have been created and allocated (Pool A: 500 million, Pool B: 400 million, Pool C: 100 million), no additional SNGLS will be created. Each SNGLS will have the same functions implemented.

23 **Exchange Value:** The initial exchange value per each SNGLS of Pool A will be 0.00116 ETH. After an initial period of 10 days, the initial exchange value will increase 12.5% every 4 days up to a final exchange value of 0.00174 ETH. The User understands and accepts that in course of the Creation Period, the exchange value of the SNGLS may be subject to additional changes as further specified in the Smart Contract System.

24 **Pre-Allocated SNGLS:** The User understands and accepts that, as noted above, out of the Launch Quantity,

- **400 million SNGLS (Pool B)** will be directly released by the Smart Contract System to the Workshop as part of the development and execution of the CODE Smart Project. These 400 million SNGLS are locked through a smart contract function and may not be transferred by the Workshop for a period of two years starting the end of the Creation Period.

- **100 million SNGLS (Pool C)** will be directly released by the Smart Contract System to early contributors who have made early financial contributions, and/or worked to develop

the ideas, implementations and supporting structures of the CODE Smart Project, in order to allow them to become Users of the S-DTV Platform and its utilities.

5. <u>Intellectual Property Rights; Allocation of Potential Net Revenue; Transfer of Singles</u>

25 **Intellectual Property Rights:** The User understands and accepts that the sole and exclusive usage rights these IPR are assigned and transferred to the Workshop.

26 **Transfer of Revenues from IPR:** All Revenues out of the IPR generated as part of the CODE Smart Project, whether arising with the Workshop, its subcontractors or the diverse user community, will be transferred in ETH to the Smart Contract System and assigned to the individual SNGLS according to the respective function in the Smart Contract System. The Workshop will commit itself to reinvest the Revenues generated in connection with SNGLS owned by The Workshop into the further development of the CODE Smart Project. The Workshop will further commit itself to transfer to the Smart Contract System in ETH 2.5% of future net license revenues that arise out of new projects that base on the Singular Television Series, Season 1 of "Singular" (new episodes/season as well as spinoffs).

27 **Allocation of Potential Net License Revenue:** As one of the benefits associated with the creation or allocation of SNGLS to a User, the User receives the right to receive pro-rata net license revenue generated by the intellectual property rights developed as part of the individual S-DTV Projects (IPR) as specified in the Smart Contract System Code, if - and only if - the CODE Smart Project successfully generates such revenues (Revenues).

28 **No Ownership Right or Stake:** The User understands and accepts that SNGLS are not intended to, and do not, represent or constitute any ownership right or stake, share or security, commodity or equivalent right in or relating to the CODE Smart Project, the Workshop, individual S-DTV Projects and/or any software, any public or private company, corporation, entity, intellectual or other property right or title.

29 **User Representations and Warrantees Specifically Associated with IPR, Allocation of Potential Net Revenue, and Transfer of SNGLS:** Without disregard to User representations and warrantees listed in these Terms, User specifically represents and warrants that:

- User is not submitting ETH to the Smart Contract System to obtain SNGLS for the purpose of investment; and that

- User understands that SNGLS are not designed to create any form of currency, that no market liquidity may be guaranteed, and that the value of SNGLS over time may experience extreme volatility or depreciate in full.

7. <u>Audit and Approval of Smart Contract System; Associated Risks; No Warranty</u>

30 **Audit by Legal and Technical Experts:** The Smart Contract System has been, on a reasonable effort basis, audited and approved by legal and technical experts (the Guard) with regard to the conformity of the Smart Contract System's functionality to the content of these Terms. The technical experts of the Guard have further confirmed that the Smart Contract System has, with regard to both accuracy and security, been programmed according to the current state of the art.

31 **No Warranty; Associated Risks:** However, User understands and accepts that smart contract technology is still in an early development stage and its application of experimental nature which carries significant operational, technological, regulatory, reputational and financial risks. Accordingly, while the audit conducted by the Guard raises the level of security and accuracy, the User understands and accepts that the audit does not amount to any form of warranty, including direct or indirect warranties that the Smart Contract System and the SNGLS are fit for a particular purpose or do not contain any weaknesses, vulnerabilities or bugs which could cause, inter alia, the complete loss of ETH and/or SNGLS.

8. Risks Associated with Blockchain- and Ethereum-Based Smart Contract Systems

32 **Restatement of Risks and Additional Risks:** The User understands and accepts the risks in connection with transferring ETH to the Smart Contract System and creating SNGLS as exemplary set forth above and hereinafter. In particular, but not concluding, the User understands the inherent risks listed hereinafter:

- **Risk of software weaknesses**: The User understands and accepts that the Smart Contract System concept and the underlying software application and software platform (i.e. the Ethereum blockchain) are still in an early development stage and unproven; the User also understands that there is no warranty that the process for creating SNGLS will be uninterrupted or error-free and that there is an inherent risk that the software could contain weaknesses, vulnerabilities or bugs causing, inter alia, the complete loss of ETH and/or SNGLS.

- **Regulatory and reputational 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 which may, inter alia, result in substantial modifications of the Smart Contract System and/or the CODE Smart Project, including its termination and the loss of SNGLS for the User.

  By creating or holding SNGLS, and to the extent permitted by law, the User agrees not to hold any third party (including developers, auditors (e.g. the Guard), contractors or founders) liable for any regulatory liability associated with or arising from the creation or ownership of SNGLS or any other action or transaction related to the CODE Smart Project.

- **Risk of abandonment / lack of success**: The User understands and accepts that the creation of the SNGLS and the development of the CODE Smart 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 CODE Smart Project is partially or fully developed and launched, User will receive any revenues through the SNGLS held by him.

■ **Risk associated with other applications**: The User understands and accepts that the CODE Smart Project and/or particular S-DTV Projects may give rise to other, alternative projects, promoted by unaffiliated third parties, under which SNGLS will have no intrinsic value.

■ **Risk of Loss of private key**: SNGLS can only be accessed with a wallet seed or combination of private key and password. The private key is encrypted with a password. The User understands and accepts that if his wallet file or password respectively his private key got lost or stolen, the obtained SNGLS associated with the User's Wallet or password will be unrecoverable and will be permanently lost with the wallet seed.

■ **Risk of theft:** The User understands and accepts that the Smart Contract System concept, the underlying software application and software platform (i.e. the Ethereum blockchain) may be exposed to attacks by hackers or other individuals that that could result in theft or loss of SNGLS or ETH, impacting the ability to develop the CODE Smart 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 SNGLS transactions, and expected proper execution and sequencing of contract computations.

9. Underline: User Responsibility for Taxes; Specific Release of Liability

33 **Sole Responsibility of User:** The User bears the sole responsibility to determine if User contribution into the Smart Contract System for the development of the CODE Smart Project, the creation or ownership of SNGLS, the potential appreciation or depreciation in the value of SNGLS over time, the distribution of revenues through the SNGLS, the sale and purchase of SNGLS and/or any other action or transaction related to the CODE Smart Project have tax implications for him.

34 **Specific Release of Tax Liability:** By creating or holding SNGLS, and to the extent permitted by law, the User agrees not to hold any third party (including developers, auditors (e.g. the Guard), contractors or founders) liable for any tax liability associated with or arising from the creation or ownership of SNGLS or any other action or transaction related to the CODE Smart Project.

10. <u>Release of Liability Generally</u>

35 The User acknowledges and agrees that, to the fullest extent permitted by any applicable law, the User will not hold any developers, auditors (e.g. the Guard), contractors or founders of the SNGLS, the Smart Contract System and/or the CODE Smart Project liable for any and all damages or injury whatsoever caused by or related to the use of, or the inability to use, SNGLS or the Smart Contract System 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 (e.g. the Guard), contractors or founders of the Smart Contract System, the SNGLS and/or the CODE Smart 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 Smart Contract System, the CODE Smart Project and/or SNGLS.

36 The User further specifically acknowledges that developers, auditors (e.g. the Guard), contractors or founders of the SNGLS, Smart Contract System and/or the CODE Smart 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 SNGLS, and that the risk of creating, holding and using SNGLS rests entirely with the User.

11. <u>Additional Provisions</u>

37 **Risks Associated With Mining-Based Smart Contract Systems:** The User understands and accepts that a network of miners will be ultimately in control of the Smart Contract System. The User understands that a majority of these miners could agree at any point to make changes to the official Smart Contract System and to run the new version of the Smart Contract System. Under such a scenario, SNGLS will likely have no intrinsic value.

38 **Location of Smart Contract System:** The Smart Contract System is located in Alderney, Guernsey, Channel Islands. Consequently, the SNGLS creation and allocation and the assignment of the development and execution of the CODE Smart Project to the Workshop (to be founded) are considered to be executed in Alderney.

39 **Severability:** The User agrees 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.

40 **Terms Supersede Public Statements:** The Terms govern the creation, transfer and holding of SNGLS and supersede any public statements about the launch of SNGLS and/or the Smart Contract System made by anyone in the past, present and future.

41 **Applicable Law:** The applicable law is Swiss law. Any dispute arising out of or in connection with the creation of the SNGLS and the development and execution of the CODE Smart Project shall be finally settled by the ordinary courts of the registered domicile of the defendant.

Final Version / September 2016