

**REPUBLIC CORE LLC****UP TO 91,666,666.67 REPUBLIC NOTES**

Republic Core LLC (“**we**”, the “**Company**” or “**Republic Core**”), a Delaware limited liability company (formerly known as Republic Block LLC), is providing this private placement memorandum (the “**Memorandum**”) in connection with an offering under Rule 506(c) of Regulation D under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) of up to 91,666,666.67 of its non-membership interests in digital form (each a “**Republic Note**”) on a continuous, best efforts basis, for cash (the “**Cash Offering**”) as further described below. We may conduct a separate offering under Regulation A under the Securities Act (the “**Reg A Offering**”) in the near future with respect to any Republic Notes not sold in the Cash Offering, and for other purposes, as described below. The Cash Offering to which this Memorandum relates are being conducted to raise money for our general operations and working capital needs and to provide rewards in connection with previous participation in the “Republic Ecosystem,” as defined below.

Republic Core is a technology company that provides services to other member companies in the “**Republic Ecosystem**,” a multi-faceted technical and advisory business focused on capital markets that consists of OpenDeal, Inc. dba Republic (“**Republic Parent**”) and its affiliates (which includes Republic Core). The Republic Note is a security that will be issued by Republic Core in digital form and cryptographically secured on the Algorand blockchain. See “Description of Securities.” Each Republic Note will represent a right to receive a portion of Republic Core Proceeds (as defined below), as and when Republic Core shares such Republic Core Proceeds with Republic Note holders in the form of dividends. See “Dividend Policy.” Because Republic Core’s revenue is earned through Republic Core assisting other Republic Ecosystem entities in driving their businesses, the Republic Note represents an opportunity for holders to share indirectly in the business success of multiple Republic Ecosystem entities. See “Our Business – Republic Core.”

Holders of Republic Notes will not have any of the benefits traditionally associated with holders of debt instruments, other than dividend opportunities, nor will they have any rights traditionally associated with holders of equity. The only right associated with Republic Notes will be the right to receive dividends. There are significant limitations on the obligations of Republic Core to pay dividends to the holders of Republic Notes, and dividends may never be paid. See “Dividend Policy.”

The Cash Offering under this Memorandum will consist of the following:

- **Cash Offering:** up to 91,666,666.67 Republic Notes, at a price of \$0.12 each, to “**accredited investors**” (as such term is defined under Regulation D) *provided that*, as of the date of this Memorandum, we will only offer up to 66,666,666.66 Republic Notes in the Cash Offering, and we reserve the right to raise that number to 91,666,666.67 in our sole discretion and without notice beyond updating the webpage used for the Offering. Investors in the Cash Offering must pay for their Republic Notes in cash (or in equivalent amounts of Bitcoin, USDC or Ether).

The maximum gross cash and cryptocurrency proceeds we will receive as a result of the Cash Offering will not exceed \$11,000,000, although we initial plan to only offer \$8,000,000 worth of Republic Notes at the start of the Cash Offering.

In addition to the Cash Offering we are conducting under this Memorandum, we also intend to issue Republic Notes to persons who have engaged in past and future activities that we believe demonstrate support for, engagement with and use of the Republic Ecosystem. We also intend to issue Republic Notes to fulfill obligations incurred under previous agreements by Republic Core and/or Republic Parent. These other offerings may or may not be conducted as part of the Reg A Offering. All of these offerings, including the Cash Offering and the Reg A Offering, will be referred to collectively as the “**Republic Note Offerings**.” If all the Republic Note Offerings are completed as intended and the cumulative maximum number of Republic Notes is sold, a total of 367,184,781.67 Republic Notes will be outstanding upon completion of the Republic Note Offerings.

The Cash Offering will continue until the earlier of (i) we sell all of the Republic Notes being offered in the Cash Offering, (ii) we announce the discontinuation of the Cash Offering, or (iii) the commencement of the Reg A Offering. There is a minimum purchase requirement of \$1,000. We reserve the right to impose a maximum investment limit, in our sole discretion.

The Company may, in its discretion, cancel the Republic Notes at any time after the five (5) year anniversary of the Initial Delivery Date (as defined below) of the Republic Notes if the Company has not realized the minimum \$2,000,000 in distributions that be qualified as dividends to Republic Note Holders (the Threshold Amount, as defined below). Upon cancellation, all rights in connection with Republic Notes will cease and a holder of Republic Notes will no longer be entitled to dividends or any other economic or other benefit. In general, the Company would expect to cancel the Republic Notes only if the total dividend has failed to exceed the Threshold Amount following a sufficiently extensive period of time or once the Company’s contractual rights to receive Republic Core Proceeds from the Clients terminates. Although the purpose of the Company’s cancellation rights is to help the Company avoid incurring unnecessary administrative costs, there can be no assurance that the Company will not cancel the Republic Notes at a time when there is still the possibility of a dividend payment, and thereby deny the holders of Republic Notes dividends that could otherwise be payable, which could result in investors losing their entire investment.

**Republic Notes are speculative securities. Investing in our Republic Notes involves a high degree of risk. You should invest in them only if you can afford a complete loss of your investment. See “Risk Factors.”**

**The Republic Notes sold in the Cash Offering will be “restricted securities” for purposes of the Securities Act, and will be transferable pursuant to Rule 144 under the Securities Act only after a holding period of one year from their issuance and compliance with other applicable provisions of Rule 144.**

The Republic Notes will not trade on a stock exchange, securities exchange, crypto-asset exchange or other trading market. This means that, when the restrictions on resale are satisfied, it may be difficult for you to sell your Republic Notes. See “Plan of Distribution – Transferability of Republic Notes.” While we intend to take the necessary steps to qualify the Republic Notes to trade on a compliant exchange, when such an exchange exists, we have not taken any steps to date and there is no guarantee that there will be such an exchange or that we will be successful in qualifying the Republic Notes to trade on any such exchange. As a result, you should be prepared to hold your Republic Notes indefinitely, as there is no guarantee that Republic Note holders will be able to sell or exchange their Republic Notes. Republic Notes may remain illiquid for a significant period of time or indefinitely.

***No sale may be made to you in the Cash Offering if you are not an accredited investor.***

THIS IS NOT AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED HEREIN IN ANY JURISDICTION IN WHICH OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. THE SECURITIES MAY NOT BE OFFERED FOR SALE OR RESOLD OR OTHERWISE TRANSFERRED UNLESS PERMITTED UNDER THE TRANSFER RESTRICTIONS DESCRIBED HEREIN, AND UNLESS THEY ARE REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT AND APPLICABLE STATE LAWS OR ARE EXEMPT FROM SUCH REGISTRATION AND QUALIFICATION.

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www.republic.co (the contents of which do not constitute part of this Memorandum).

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We are offering to sell, and seeking offers to buy, Republic Notes only in jurisdictions where such offers and sales are permitted. Please read the information in this Memorandum, and any accompanying Memorandum supplements or amendments, carefully. When considering whether to acquire Republic Notes, you should rely only on the information contained in this Memorandum. We have not authorized anyone to provide you with any information other than the information contained in this Memorandum. The information contained in this Memorandum is accurate only as of its date, regardless of the time of its delivery or of any sale or delivery of our securities. Neither the delivery of this Memorandum nor any sale or delivery of Republic Notes shall, under any circumstances, imply that there has been no change in our affairs or in the information contained in this Memorandum since the date of this Memorandum. This Memorandum will be updated and made available for delivery only to the extent required by the federal securities laws.

Unless otherwise indicated, data contained in this Memorandum concerning the financial services technology industry and other industries, and markets relevant to our operations, are based on information from various public sources. Although we believe these data are generally reliable, such information is inherently imprecise, and our estimates and expectations based on these data involve a number of assumptions and limitations. As a result, you are cautioned not to give undue weight to these data, estimates or expectations.

Prospective investors should not construe the contents of this Memorandum as legal, tax or financial advice. Each prospective investor should, and by accepting delivery of this Memorandum agrees to, consult their own professional advisors as to the legal, tax, financial or other matters relevant to the suitability of an investment in these securities for such investor.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

We own or have rights to certain trademarks and trade names that we use in conjunction with the operations of our business. Each trademark, trade name or service mark of any other company appearing or incorporated by reference herein belongs to its holder. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the “®” or “™” symbols, but such references are not intended to indicate, in any way, that we will

not assert, to the fullest extent possible under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, such other companies.

Some of the statements in this Memorandum constitute forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar matters that are not historical facts. In some cases, you can identify forward-looking statements by terms such as "anticipate", "assume", "believe", "continue", "could", "estimate", "expect", "intend", "may", "plan", "potential", "predict", "should", "will" and "would" or the negatives of these terms, or other comparable terminology.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual outcomes to differ adversely from those expressed or implied by the forward-looking statements. You should not place undue reliance on forward-looking statements. The cautionary statements set forth in this Memorandum, including in "Risk Factors" and elsewhere, identify important factors that you should consider in evaluating our forward-looking statements. Although we believe that our forward-looking statements are reasonable, we cannot assure their accuracy or any particular actual outcomes. No assurance can be given to any investor by anyone that the outcomes reflected in our forward-looking statements will be attained or that deviations from them will not be adverse. We undertake no obligation, other than as may be required by law, to update our forward-looking statements beyond the date of this Memorandum.

## SUMMARY

*The following summary highlights selected information contained in this Memorandum. This summary does not contain all the information that may be important to you. You should read all the information contained in this Memorandum, including, but not limited to, the “Risk Factors” section.*

### Republic Core

Republic Core is a technology company and one of the member companies of the Republic Ecosystem. We are working, along with the rest of the Republic Ecosystem, to expand and democratize access to capital markets. Other members of the Republic Ecosystem include, but are not limited to, Republic Parent, OpenDeal Portal LLC (“**Republic Crowd-Invest**”) and Republic Maximal LLC (“**Republic Private Capital**”).

Specifically, Republic Core is a multi-faceted technical and advisory business committed to providing technological tools, support and infrastructure to other member companies within the Republic Ecosystem and their members. In addition to providing technical and community-support services, Republic Core provides platform services using intellectual property that it licenses from Republic Parent under a semi-exclusive, revocable, perpetually renewable license. The same intellectual property will be used for the issuance and maintenance of the Republic Note. Republic Core also operates SheWorx, a community of over 20,000 female business founders, and provides related marketing and branding services.

Republic Core is a wholly owned subsidiary of Republic Parent. Republic is a brand known for its mission of, and track record in, improving access and inclusion in entrepreneurship and helping democratize the private capital markets. Republic has raised over \$16 million in funding from AngelList, Binance Labs, the Algorand Foundation, East Chain Company, ZhenFund, Passport Capital, and over a dozen other noted institutional investors. Republic has also fostered a growing network of advisors who are leaders in tech (such as Naval Ravikant and Peter Diamandis), finance (such as Cody Willard and Jeffery Tarrant), and impact (such as Shiza Shahid, former CEO of the Malala Fund).

Republic Core is the functional core of the Republic Ecosystem. In the future, in the ordinary course of business, we may also provide services to unaffiliated clients who share the Republic mission of making the private capital markets more accessible to investors and entrepreneurs of any background or net worth, although we have no current plans to do so.

### The Republic Ecosystem

The Republic Ecosystem is a group of companies working to help private businesses and technology startups raise capital from both non-accredited and accredited investors. The nexus of the Republic Ecosystem is the Republic Ecosystem website at [www.republic.co](http://www.republic.co) (the “**Site**”). The Site enables visitors to engage with products and offerings on Republic Crowd-Invest, and provides educational information and content about other member entities of the Republic Ecosystem. Since April 16, 2019, members of the Site have been able to earn rewards for registering and interacting with the Site, helping to further Republic’s goal of engaging “the crowd” in the process of helping companies raise capital and providing financial education and investment opportunities to the general public.

The first company in the Republic Ecosystem was Republic Crowd-Invest, a funding portal that has been operating under Regulation Crowdfunding since July 2016. Republic Parent originally operated Republic Crowd-Invest, but later contributed its SEC license, and the Financial Industry Regulatory Authority (“**FINRA**”) membership to the current entity operating Republic Crowd-Invest, in 2018. As of March 15, 2020, Republic Crowd-Invest had facilitated over \$37.5 million of investments into over 160 companies across a range of industries, including fintech, consumer packaged goods (CPG), biotechnology, blockchain, Software as a Service (SaaS), hardware, cannabis, and many others. In 2018, over 50% of companies successfully fundraising on Republic Crowd-Invest had women or other under-represented minorities on their founding teams. Since 2018, Republic Crowd-Invest has partnered with Sony Entertainment to produce *Meet the Drapers*, a reality crowd-invest television show currently in its third season on Sony Cable Television ([www.meetthedrapers.com](http://www.meetthedrapers.com)), which features entrepreneurs pitching their companies to notable venture capitalists while simultaneously allowing the viewing audience to invest in the companies via Republic Crowd-Invest.

In 2019, Republic added Republic Private Capital, an investment advisory firm, to its ecosystem. As an Exempt Reporting Adviser, Republic Private Capital advises a number of venture funds and special purpose vehicles that invest primarily in technology companies, and whose investors are principally qualified clients, qualified purchasers and institutional investors. As of March 15, 2020, Republic Private Capital had over \$63 million of assets under management.

In addition to Republic Crowd-Invest and Republic Private Capital, the Republic Ecosystem is composed of other businesses in validation or dormant stages, and we expect that more businesses will be added over time. We estimate that, as of March 15, 2020, over 700,000 members have been registered through Republic Ecosystem affiliates, including accounts for individual investors, high net worth individuals and venture capital firms, among others. We define “members” as any person who has made an account, or in certain circumstances associated with acquisitions, on whose behalf an account has been made, on the website found at <https://republic.co>, including but not limited to its branches at <https://republiclabs.co>, <https://advisory.republic.co>, and <https://fig.co>; these members have been registered with Republic Parent, Republic Crowd-Invest, Republic Private Capital, the Capital R, Republic Advisory Services, Fig Publishing, Inc. (“**Fig**”) and the brands maintained by Republic Core, including SheWorx and RenGen. In limited circumstances, a member may only have an email address associated with the Site that allows them to receive a newsletter or statutorily required disclosures. All such accounts are being serviced by Republic Core.

Republic Core provides ongoing services to Republic Crowd-Invest and Republic Private Capital, and expects to provide services to other affiliates in the future, in exchange for certain cash payments. Republic Core has structured a class of digital securities, the Republic Note, and is offering the Republic Note in the Republic Note Offerings, to provide holders with portions of its revenue and to further incentivize the activities and engagements of participants within the Republic Ecosystem. Non-recurring portions of Republic Core’s revenue are derived from (i) any realized in-kind commissions that Republic Crowd-Invest has earned and will earn from companies successfully raising funds on [www.republic.co](http://www.republic.co), and (ii) any realized carried interest that Republic Private Capital has earned and will earn from the investment funds it advises. The Company will accumulate a cash balance from this non-recurring revenue. Using this accumulated cash, the Company will make dividend payments to the holders of Republic Notes. As a result, holders of Republic Notes will share indirectly in the growth and success of Republic Core, which in turn will benefit from Republic’s success as a fundraising and investing ecosystem.

### **Relationship between the Company and Republic Parent**

Republic Core was created by Republic Parent in 2019 as a vehicle to acquire various pieces of intellectual property that Republic Parent believed would be valuable to the Republic Ecosystem. Since our formation, we have been wholly dependent on Republic Parent for all of our operating capital, intellectual property, staff and operations. Throughout the Republic Ecosystem’s growth, Republic Parent realized that numerous services and functions were being replicated both through the Republic Ecosystem Site, and at individual entity levels, sometimes at high cost and in a less than efficient manner, therefore in the latter half of 2019, in anticipation of our assumption of the role of becoming the functional core of the Republic Ecosystem, Republic Parent took various steps to provide for a consolidation of services and functions within the Republic Ecosystem. As of January 1, 2020, Republic Core and Republic Parent entered into that certain Intercompany Licensing and Asset Transfer Agreement (the “**Intercompany Agreement**”) to achieve the consolidation goals previously mentioned. Specifically, the Intercompany Agreement had Republic Parent (i) provides to Republic Core a license (the “**Republic IP License**”) to (A) licensed trademarks and trade dress associated with the operations of the Clients and (B) software which is necessary for the operations of such Client’s operations, including a codebase (collectively the “**Republic IP**”) and (ii) transferred, assigned and contributed to Republic Core assets, including employee and service agreements that support the operations of Republic Core’s current Clients. The Republic IP License is a semi-exclusive, worldwide, revocable one-year license which will require Republic Core to make necessary payments to Republic Parent and meet the terms and conditions including the payment of \$12,500 quarterly (“**Republic IP License Fee**”) by Republic Core to Republic Parent. Any adjustment to the Republic IP License Fee will be made at the renewal of the term of the Intercompany Agreement, with reasonable notice provided by Republic Parent to Republic Core. The Republic IP License states that the parties intend that Republic Core will enter into separate service agreements with its current Clients in order for such entities to continue their operations, and providing such services to Clients are an express condition of the Republic IP License, pursuant to written master service agreements that Republic Core has

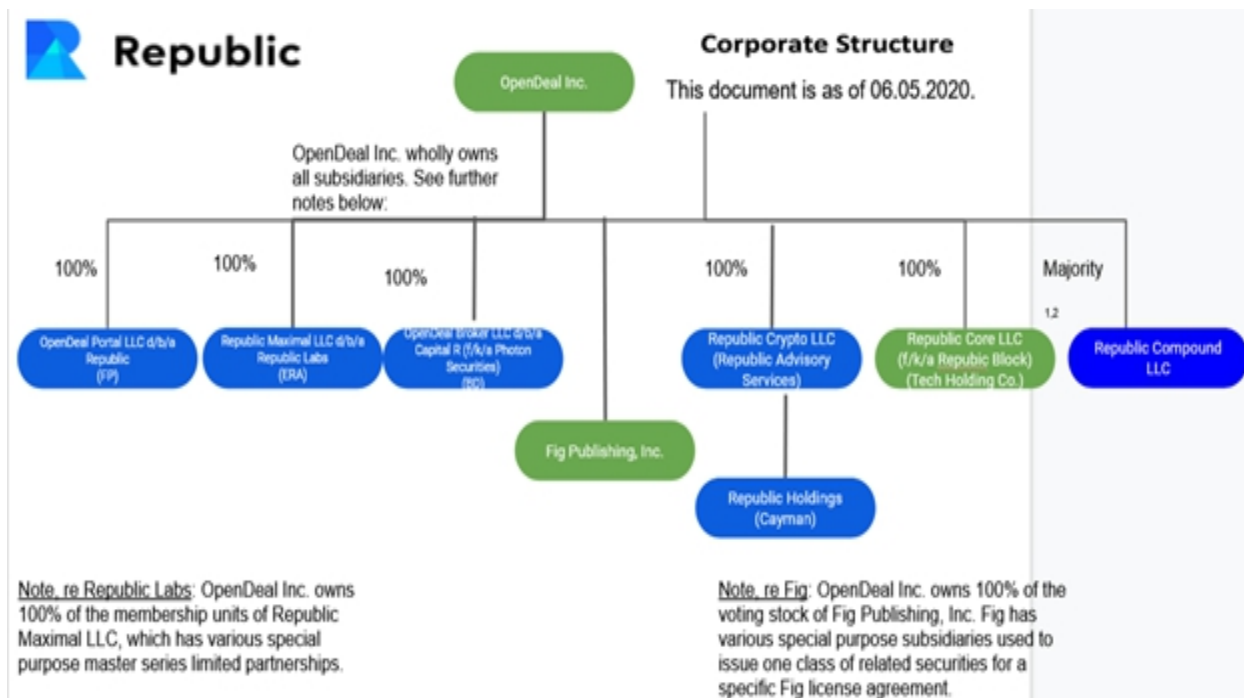
entered into with each Client (collectively, our “**Client Contracts**”), in each case effective as of April 1, 2020. See “Certain Relationships and Related Party Transactions -- Intercompany Agreement between Republic Parent and Republic Core.”

The Company believes the Republic IP License Fee is fair given the length of time and capital expenditure made by Republic Parent developing the IP and securing the related assets. The Company acknowledges that the below-market cost of the Republic IP License Fee is borne by the ancillary costs associated with the use of the Republic IP License.

In a series of separate actions, Republic Parent intends to assign the obligation to fulfill certain Simple Agreements for Future Equity and Securities Tokens (“**SAFE-STs**”) previously issued by Republic Parent, with respect to the issuance of Republic Notes, to Republic Core. This was done as the monies contributed by SAFE-ST investors with respect to their Republic Note allocations (as then contemplated by the SAFE-ST) were largely for the development of the Republic IP that Republic Core uses today. Each SAFE-ST specifically contemplated an affiliate of Republic Parent developing and issuing what has become Republic Notes and therefore the intent of the contract is being fulfilled. The requirement to fulfill these obligations reduces Republic Core’s ability to sell the Republic Notes for cash or other valuable consideration that can be used to fund operations.

The Intercompany Agreement provides Republic Core assets are both revenue generating as well as cost generating. The Company expects the Republic IP License Fee to have a material effect on the Company’s finances, as it exceeds the gross fees paid by Republic Core’s current clients on a quarterly basis. We currently provide these services to two clients: Republic Crowd-Invest and Republic Private Capital (together, our “**Clients**”). The Company anticipates adding new clients to account for the shortfall, although it does not anticipate adding new clients in the short term. Further, Republic Core will undertake the obligation to pay the salaries of certain personnel contributed to Republic Core by the Intercompany Agreement, adding further burdens on Republic Core’s capitalization. Republic Parent has not provided any firm commitments to fund Republic Core in the future, and Republic Parent’s willingness to do so should not be considered guaranteed. We believe that we are reasonably assured that Republic Parent has the intent to and will provide operating capital to us if we are in need of it, in order to protect its inherent investment in our success and the key-person status we play within the Republic Ecosystem. Our inability to operate and provide services to our Clients would hamper their ability to operate and generate revenue, which would reduce the value and reputation of the Republic Ecosystem and therefore Republic Parent’s holdings. Therefore we believe, although there are no commitments or stated intent of Republic Parent to fund cash flow deficits and/or provide direct or indirect financial assistance to us, that if there was a need, Republic Parent would be willing and able to meet that need.

According to December 2019 research available at [MarketStudyReport.com](https://www.marketstudyreport.com), the worldwide crowdfunding market is projected to reach \$28.77 billion by 2025. According to Peter Diamandis, writing in *Entrepreneur* in 2018, Goldman Sachs has described securities crowdfunding as potentially the most disruptive of all the new models of finance. Private investing among institutional and high net worth investors has long been a trillion-dollar global industry. Republic aims to be a leading brand through which accredited, non-accredited, and institutional investors can invest in the next generation of businesses and technologies that define the ways we will live and work. An organizational chart of Republic Parent, Republic Core and related subsidiaries and affiliates within the Republic Ecosystem is depicted below.



- <sup>1</sup> Republic Core has entered into an intercompany agreement with Republic Parent (referred to on this organizational chart as OpenDeal Inc.). See “Certain Relationships and Related Party Transactions – Intercompany Agreement Between Republic Parent and Republic Core.”
- <sup>2</sup> Republic Core has entered into master service agreements (referred to in this Memorandum as Client Contracts) with Republic Crowd-Invest (referred to on this organizational chart as OpenDeal Portal LLC) and Republic Private Capital (referred to on this organizational chart as Republic Maximal LLC). See “Certain Relationships and Related Party Transactions – Master Service Agreement with Republic Crowd-Invest” and “Certain Relationships and Related Party Transactions – Master Service Agreement with Republic Private Capital.”

## The Republic Core Business

### *Our Technology and Advisory Services*

Republic Core provides back-end, front-end, technical and strategic support to financial service providers, including funding portals and investment advisors, within the Republic Ecosystem (“**Core Business Services**”). Specifically, Republic Core focuses on clients that create marketplaces or platforms (often, but not necessarily, web-based) that facilitate investments in private securities (“**Fundraising Platforms**”). We currently provide these services to two Clients, Republic Crowd-Invest and Republic Private Capital.

The services we provide to our Clients include technical facilitation for multiple forms of Fundraising Platform operations, including but not limited to: (i) payment processing and escrow custody, (ii) online hosting infrastructure, (iii) know your customer (KYC) and anti-money laundering (AML) solutions, (iv) investor and issuer onboarding and (v) investor and issuer communications, in each of the foregoing cases through relevant third-party providers where necessary, as well as (vi) the bundling of relevant services that are often needed for a Fundraising Platform to launch, including Slack, Amazon Web Services, BlockScore, FullStory, Intercom and Trello, among others.

Republic Core also provides product consultancy services to its Clients in two main areas: (i) technical and legal product infrastructure, and (ii) community engagement and user incentivization. Republic Core specializes in enhancing engagement and community for Fundraising Platforms, focusing on methods and processes for engaging user bases, growing customer support and loyalty, and creating brand awareness and engagement. Republic Core also advises its Clients on sophisticated tools that can be used to engage customers, and on broad strategies that



draw on Republic Core management's expertise in crowdfunding, the digital asset space and financial services. For example, Republic Core provides technical tools and programming for Republic Crowd-Invest's loyalty rewards program as well as first-in-class products like Airdrops ([www.republic.co/crypto/airdrops](http://www.republic.co/crypto/airdrops)), Sharedrops ([www.republic.co/sharedrops](http://www.republic.co/sharedrops)), and Autopilot ([www.republic.co/autopilot](http://www.republic.co/autopilot)).

Republic Core also owns RenGen ([www.rengenlabs.com](http://www.rengenlabs.com)), formerly known as SaffLaunch, a currently inactive platform that once provided a range of services, including KYC, AML, accreditation, and flow of funds applications in the form of software-as-a-service. Republic acquired RenGen from RGL, LLC in 2019. Before its acquisition, RenGen supported various securities offerings, including tZero's token presale, which raised over \$130 million in 2018. Republic Core has since integrated RenGen technologies into the services it provides to its Clients.

The members of Republic Core's management team have extensive experience in venture investing, blockchain, law, engineering and community building. The Company's technology includes innovative user engagement tools and programs that have been successfully deployed to service Republic Crowd-Invest and its partners, such as "Airdrop," "Sharedrop" and "Autopilot", described above. These tools are part of the Republic IP License.

Airdrops and Sharedrops are engagement and incentive tools originally created by Republic Parent. Autopilot is a tool that allows for passive investment into private equities. The fundamental IP and core personnel for the development and maintenance of these products were transferred to and are currently managed by Republic Core. Republic Core personnel advise Clients on the use of the products as currently designed and potential alternative use cases.

An Airdrop or Sharedrop allows companies to offer securities in exchange for non-cash consideration. A company may seek to raise funds through the Regulation Crowdfunding offering exemption, but offer the security in exchange for alternative forms of value. For example, a company seeking to increase usage of its application may offer securities in exchange for evidence that such an application has been downloaded.

Autopilot is a passive investment tool. It allows funding platforms to create easy-to-use investment options to allocate capital based on parameters set by a platform or individual investor.

Separate from the third party technology and advisory services it provides to third parties, Republic Core also operates SheWorx, a global female business founder community and events platform that seeks to empower its 20,000+ members to build and scale successful companies. SheWorx has hosted over 300 events since 2015, in New York, San Francisco, and Los Angeles, as well as internationally in Singapore, London, Toronto and Tel Aviv. Republic acquired SheWorx in 2019, aiming to further grow SheWorx as a brand in female founder empowerment and, where relevant, introduce its Clients' services to the SheWorx community. In 2019, SheWorx launched an Equity Crowdfunding Challenge ([www.SheWorx.com/republic](http://www.SheWorx.com/republic)), through which a curated group of companies received funding to launch offerings on Republic Crowd-Invest. As of the date of this Memorandum, we expect that the SheWorx business line will not be contributing revenue to dividend payments made to Republic Note holders.

### ***Our Business Model***

Republic Core is primarily focused on providing Core Business Services on an as-needed basis to its current Clients. Over time, we hope to provide Core Business Services to Fundraising Platforms within the Republic Ecosystem, including those that focus on particular industries or asset classes, such as video games, real estate, collectibles and other alternative assets, although we do not anticipate adding new clients in the short term. We may, in due course, offer some of our services to non-affiliate businesses, although we have no current plans to do so.

As consideration for providing Core Business Services to our Clients, Republic Core receives quarterly cash payments pursuant to written master service agreements that Republic Core has entered into our Client Contracts with each Client, in each case effective as of April 1, 2020. These quarterly cash payments include a fixed amount (the “**Fixed Quarterly Cash Fee**”) and, from time to time, may include additional cash amounts (“**Republic Core Proceeds**”) if and when a Client receives cash proceeds from the liquidation of securities or carried interests that it has acquired in the normal course of its business. The Fixed Quarterly Cash Fee is subject to renegotiation with each Client on an annual basis. Additionally, the Company may pass certain expenses through to each Client, as well as charge additional fees for special projects and custom Fundraising Platforms support.

For example, Republic Crowd-Invest generates revenue by charging its Clients for facilitating crowdfunding investments into their businesses. Currently, Republic Crowd-Invest charges nearly every company that raises capital on its platform a 6% cash commission and a 2% securities commission (in the same form and manner as the securities sold by such company acting as an issuer through Republic Crowd-Invest) of the total amount of capital raised. For illustrative purposes, if Company C were to raise \$500,000 through a crowdfunding securities offering on Republic Crowd-Invest, then, at the close of the offering, Republic Crowd-Invest would receive a \$30,000 cash commission and \$10,000 worth of securities in Company C (on the same terms as applied to the investors participating in the offering). Later, and from time to time, Republic Crowd-Invest may receive cash proceeds from the liquidation of the securities, if Company C is acquired, goes public or experiences some other liquidity event. Under its Client Contract with Republic Core, Republic Crowd-Invest must pay Republic Core a quarterly cash fee of \$10,000 and 100% of the cash proceeds Republic Crowd-Invest receives from the liquidation of securities, as and when they may be liquidated. Therefore, in a quarter in which securities held by Republic Crowd-Invest are liquidated, the Company would receive from Republic Crowd-Invest the quarterly cash fee of \$10,000 and any cash from the securities liquidation, and the latter amount would be distributable by the Company to Republic Note holders as dividends, subject to the Company’s dividend policy. The Company would be entitled to receive from Republic Crowd-Invest the quarterly cash fee and cash from liquidated securities holdings during the term of the Client Contract between the Company and Republic Crowd-Invest. The Client Contract is for a fixed period but perpetually renews automatically unless terminated for cause.

For a table of the securities that Republic Crowd-Invest has acquired as partial compensation for the crowdfunding issuances that have taken place on its portal, see “Our Business—Our Business Model.”

Similarly, as the investment adviser of funds and special purpose vehicles (“SPVs”) that invest, directly and through intermediate SPVs, in private companies, Republic Private Capital is typically entitled to receive carried interest from each such fund or SPV. Typically, Republic Private Capital receives (i) a management fee in the form of cash payments and (iii) a net weighted-average carried interest typically ranging from 1% to 15% (where fluctuations primarily depend on whether there are sub-advisers or other carry recipients with respect to the fund or the limited partners of the fund have demanded and received carry reductions for contributing considerable capital). For illustrative purposes, if an SPV advised by Republic Private Capital deploys \$1,000,000 into Company C, and as a result Republic Private Capital was entitled to a 6% net weighted-average carried interest (after taking into effect other carry recipients or concessions), then if Company C is later acquired at 2 times its value at the time of the initial investment, then, upon liquidation, Republic Private Capital should receive cash proceeds from its carried interest equal to 6% of the \$1,000,000 in profit realized by the SPV, or a sum of \$60,000 (before taking into account relevant expenses). Under its Client Contract with Republic Core, Republic Private Capital must pay Republic Core a \$10,000 cash fee quarterly and 25% of the cash proceeds (if any) that Republic Private Capital may receive from time to time from its net weighted-average carried interests. Therefore, in a quarter in which Republic Private Capital receives cash proceeds from its net weighted-average carried interests, the Company would receive from Republic Private Capital the quarterly cash fee of \$10,000 and 25% of any cash proceeds from the net weighted-average carried interests, and the latter amount would be distributable by the Company to Republic Note holders as dividends, subject to the Company’s dividend policy. The Company would be entitled to receive from Republic

Private Capital the quarterly cash fee and cash proceeds from net weighted-average carried interests during the term of the Client Contract between the Company and Republic Private Capital. The Client Contract is perpetual unless terminated for cause by either party or by the mutual agreement of the parties. For the avoidance of doubt, *net weighted-average carried interest* refers to the carried interest actually earned by Republics Labs after taking in to effect standard concessions to investors, allocations of carried interest to sub-advisors and other third-parties, and dispositions to the principals of Republic Private Capital to account as a form of compensation for services. Additionally, from time to time, Republic Private Capital may have carried interest from an SPV or vehicle not under Republic Private Capital's advisement, and such carried interest is still considered payable to the Company and has the same economic upside potential for both Republic Private Capital and the Company.

For a table of the carried interests to which Republic Private Capital is entitled as partial compensation for its advisory services, see "Our Business—Our Business Model."

In the ordinary course of their operations, both Clients have the ability to revise or eliminate the receipt of securities or carried interest at or near the closing of the relevant fund or investment. For example, in the ordinary course of Republic Private Capital's business, certain large investors will be able to negotiate carried interest reductions. We do not believe there is a compelling business reason or economic interest for either Client to revise or eliminate the receipt of securities or carried interest outside the ordinary course of their operations. Nevertheless, each Client's ability to do so is outside the Company's control.

The definition of Republic Core Proceeds may only change if (i) we consider certain revenues or proceeds from new clients or additional revenues from existing clients to be Republic Core Proceeds and or (ii) an existing Client cancels their Client Contract with us or materially changes it in which case no future proceeds may be expected therefrom.

### ***Our Products and Services Strategy***

Republic Core plans to make all of its current suite of services more reliable, scalable, and fault-tolerant. Republic Core also intends to expand its suite of services to include:

- ***Investor Accreditation as-a-Service:*** Republic Core is working on accreditation services that allow investors using Fundraising Platforms to accredit themselves by either (i) self-certifying that they are accredited investors (in connection with transactions where such certification is appropriate), or (ii) providing relevant financial documentation and evidence to help verify their accredited investor status under relevant laws.
- ***Easy Digital Wallet Creation and Tracking:*** In connection with the Cash Offering, Republic Core is working in collaboration with CoMakery, a token issuance and management platform, to help create a solution that allows members to easily create a digital asset wallet address and corresponding private key tied to their username and password on the Site.
- ***Smart Crowd:*** Republic Core is building technology that allows issuers of securities to collect and manage investor data in order to leverage investors' expertise, connections, and skills in order to address the issuers' potential future needs.
- ***IRA Support:*** Republic Core is working to allow Fundraising Platforms to integrate with third-parties that connect self-directed IRA holders with investment opportunities.

### ***Our Company Strengths***

The members of Republic Core's management team have extensive experience in venture investing, blockchain, law, engineering, and community building. The Company's technology includes innovative user engagement tools and programs that have been successfully deployed to service Republic Crowd-Invest and its partners, such as Airdrop, Sharedrop, and Autopilot, described above. These tools are part of the Republic IP License.

## The Republic Note

The Republic Note is a security issued by Republic Core in digital form. Each Republic Note represents a right to receive a portion of Republic Core Proceeds, as and when Republic Core shares such proceeds with Republic Note holders in the form of dividends. Because Republic Core's revenue is earned through Republic Core assisting other Republic Ecosystem entities in driving their businesses, the Republic Note represents an opportunity for holders to share indirectly in the business success of multiple Republic Ecosystem entities. Republic Notes issued or sold as part of the Cash Offering pursuant to this Memorandum may only be issued or sold to accredited investors.

All Republic Notes are either “**Issued Republic Notes**”, “**Reserve Republic Notes**” or “**Locked Republic Notes**.”

- Issued Republic Notes are Republic Notes that have been sold (for cash or other consideration), awarded, granted, or otherwise issued by Republic Core to holders, and are outstanding. Issued Republic Notes are eligible to receive Distributions, as defined below.
- Reserve Republic Notes are Republic Notes that have not yet been issued by the Company to holders, but are not locked. Reserve Republic Notes are not eligible to share in Distributions, but Republic Core may issue them at any time, at which point they become Issued Republic Notes and are eligible to share in Distributions.
- Locked Republic Notes are Republic Notes that are locked by Republic Core and are not in circulation, and will only be released from lock-up in accordance with the release schedule set forth further below. Locked Republic Notes are not eligible to receive Distributions.

## Dividends

Republic Core will periodically, and at least twice in any twelve-month period (on June 30 and December 31), calculate the total amount of Republic Core Proceeds it has received since its last such calculation or Distribution (such sum, the “**Distributable Amount**”). The Distributable Amount under each Client Contract will include realized in-kind commissions from securities obtained prior to the effective date and realized carried interest from investments by funds and special purpose vehicles made prior to the effective date. For clarification, no carried interest has been realized by Republic Private Capital to date. Republic Crowd-Invest has had one redemption of a security interest, but otherwise has had no liquidation events that resulted in a cash realization to Republic Crowd-Invest -- the disposition of those securities would be included in the Distributable Amounts due to Republic Core. Republic Core will make its first calculation pursuant to the foregoing no later than the first June 30 or December 31 that occurs after the Initial Delivery Date.

Whenever this calculation yields a Distributable Amount that exceeds \$2,000,000 (the “**Threshold Amount**”) (or a smaller amount that Republic Core deems, in its sole business discretion, to be practical to distribute), Republic Core will, within 48 hours, take a “snapshot” of all outstanding Issued Republic Notes and, within a reasonable time period (which is expected to be approximately 30-60 days), make pro rata payments in the form of dividends to the digital wallet addresses that were holding Issued Republic Notes at the time of the snapshot (each such payment event, a “**Dividend Distribution**”) in an aggregate amount equal to the Distributable Amount minus the reasonably estimated total amount of network transaction fees to be paid by Republic Core to issue that dividend and, in the event that the Distributable Amount is \$2,000,000 or greater, minus a \$35,000 flat fee (the “**Distribution Fee**”) intended to help cover the maintenance and upkeep costs for the Republic Note Smart Contract, as defined below (the “**Total Dividend Amount**”). The network transaction fees will be established by the network, not by the Company, and the Company can provide no assurances that the network transaction fees will not be larger than expected. The amount of the Distribution Fee may be adjusted annually (and, we expect, incrementally) based on changes in these costs.

In no event shall Republic Core be obligated to make more than a single Dividend Distribution in any calendar quarter. If, after a Dividend Distribution has been made in a particular calendar quarter, the Distributable Amount exceeds the Threshold Amount a second time in that calendar quarter, Republic Core shall not be obligated to make a second Dividend Distribution in that same calendar quarter. Instead, Republic Core may, in its discretion, refrain

making the next Dividend Distribution until the first 15 calendar days of the next calendar quarter. Republic Core reserves the right, in its discretion, to make more than one Dividend Distribution in any calendar quarter.

Public notice of a Dividend Distribution and the intended distribution date will be issued at least 15 calendar days prior to any distribution. Holders of Republic Notes may be required to submit certain information for tax withholding and reporting purposes, and a failure to provide the requisite information within six months after the relevant distribution date will result in a forfeiture of the distribution amount, in which case the holder may be entitled to a credit in an equivalent amount to invest on Republic Crowd-Invest.

The portion of the Total Dividend Amount due to the digital wallet address of a particular holder of Issued Republic Notes (each an “**Individual Dividend Amount**”) will be calculated as follows:

$$\begin{aligned} & \text{(Total number of Issued Republic Notes in wallet} \div \\ & \text{Total number of Issued Republic Notes)} \times \\ & \text{Total Dividend Amount} = \text{Individual Dividend Amount} \end{aligned}$$

Individual Dividend Amounts will not differ from Republic Note holder to Republic Note holder based on the amount of time individual holders have held their Republic Notes. In the event that the cost of distributing an Individual Distribution Amount to a Republic Note holder’s wallet is greater than the Individual Distribution Amount, the funds owed will not be distributed and will be reserved and re-allocated to future distributions.

The Threshold Amount may not be changed, but Republic Core reserves the right, in its sole business discretion, to make a Dividend Distribution when the Distributable Amount is below the Threshold Amount. The Company will accumulate a cash balance from its non-recurring revenue from Clients and will use this accumulated cash to make dividend payments to the holders of Republic Notes. Until a Dividend Distribution is made, Republic Core shall be entitled to use the Republic Core proceeds in its sole discretion. Republic Core reserves the right to pay dividends in the form of what is commonly referred to in the digital asset industry as “stablecoins”, which are cryptocurrencies that are designed to have low price volatility, for example by being pegged to a conventional, stable asset or basket of assets, or through other means compatible with our technology and holders’ interests. Stablecoins are not necessarily stable in price or value and, in the event a holder of Republic Notes receives a stablecoin as part of a Dividend Distribution, they should understand the risks associated with holding or using such an asset. Holders of Republic Notes should be aware that the SEC may consider particular stablecoins to be a security.

Republic Core’s management will be responsible for regularly considering, and ultimately determining, whether the company may make payments to Republic Note holders in stablecoins. In making this determination, Republic Core’s management will refer to the relevant legal and regulatory standards for such determination in effect at the time of such determination, will consult with legal counsel and will, if possible and appropriate, seek consultation with relevant regulatory authorities including, we expect, the U.S. Securities and Exchange Commission (the “SEC”). In the event that under current guidance, Republic Core cannot take the position that a stablecoin distributable through the Algorand blockchain does not constitute a security under the federal and state securities laws of the United States, Republic Core may withhold distributions until such time as the distribution would be permissible or another form of consideration can be compliantly provided to Republic Note holders. Our management may also assess other criteria for making this determination, including any criteria based on additional guidance we receive from U.S. regulators.

The Algorand ecosystem is new and evolving. We anticipate that by the earliest time we are required to review Republic Core Proceeds to see if a Distribution should be made (December 31, 2020), there will be a stablecoin or other equivalent asset available to be distributed on Algorand that, in our reasonable judgment, is not or is unlikely to be considered a security. Whether or not a given asset is considered a security is a facts and circumstances analysis. At the time Republic Core decides to purchase and or distribute stablecoins, it will make a best efforts analysis and determination as to the legal character of the asset. We do not intend to hold stablecoins intended to be used as part of a Dividend Distribution for a significant period of time. In the event that Republic Core decides to issue a Dividend Distribution in stablecoin or another digital asset equivalent, Republic Core shall seek to convert the cash into stablecoin equivalent at the best available rate as close to the time a Distribution is made as practicable.

In all events, Republic Core shall not pay any dividend to any persons if prohibited from doing so by any federal or state laws or regulations or the laws of other relevant jurisdictions. For an example, see “Dividend Policy.”

In the event that Republic Core does not find a suitable stablecoin with which to make Dividend Distributions to Republic Note holders, Republic Core may delay a Dividend Distribution for a reasonable time until a suitable stablecoin, which Republic Core reasonably determines would not be considered a security under U.S. securities laws, may be used. In the event that no such option is determined by Republic Core to be available within a reasonable time frame, Republic Core will endeavor to find alternative means for offering Republic Note holders equivalent or near equivalent value. Such options may include (i) offering cash equivalent for Republic Note holders in corresponding dollar equivalent amount to be used to invest on or purchase other goods on Republic Crowd-Invest and or Republic Private Capital, or (ii) to the extent practicable and advisable, endeavor to offer cash distributions through other means, including but not limited to cash transfers to Republic Note holders’ bank accounts.

In the fiscal year ending December 31, 2019, Republic Crowd-Invest earned \$1,600.20 from its securities holdings. Republic Private Capital earned no revenue from realized carried interest. Therefore, Republic Core Proceeds for the most recent fiscal year would have totaled \$1,600.20, which is less than the Threshold Amount for a Dividend Distribution. As a result, there would have been no dividend paid to Republic Note holders in 2019.

The only term of the Dividend that can be changed is the Distribution Fee. Changes to the Distribution Fee and the procedures for making those changes are outlined above.

In the event Republic Parent experiences a change of control, the Company may choose to make an offer for all outstanding Republic Notes at a price set by an independent third party, or determined by looking at the 30-day average trading price, or set using another reasonable method. Such offer shall remain open until such time as the Company has redeemed all Republic Notes outstanding, or has otherwise given Republic Note holders a reasonable amount of time to tender their Republic Notes. Upon the expiration of the offer, the Company shall cancel all Republic Notes, including any Republic Notes still outstanding, and have no further obligations with respect thereto. Any Republic Note not repurchased by the Company within 90 calendar days of providing notice of such change of control to all holders, if not offered by its holder to the Company, will be automatically cancelled.

We may not have sufficient funds to repurchase the Republic Notes in cash at such time or have the ability to arrange necessary financing on acceptable terms. In addition, our ability to repurchase the Republic Notes for cash may be limited by law or the terms of other agreements relating to any indebtedness of ours that may be outstanding at the time.

We will deliver Republic Notes to participants in the Offering within 30-90 days after the qualification of the Regulation A Offering or, in the event no Reg A Offering occurs, on or before the one year anniversary of the close of the Cash Offering (the “**Initial Delivery Date**”). All deliveries of Republic Notes will be made to investors’ respective digital wallets. Only purchasers who have provided Republic Core with their Algorand wallet address will be able to receive Republic Notes. Notwithstanding the foregoing, we will not deliver any Republic Notes to any particular investor in the Offering until such investor pays us in cash or cryptocurrencies and completes our subscription process. See “Plan of Distribution.”

The Company may, in its discretion, cancel the Republic Notes at any time after the five (5) year anniversary of the Initial Delivery Date of the Republic Notes if the Company has not realized the minimum \$2,000,000 in distributions that be qualified as dividends to Republic Note Holders (the Threshold Amount). Upon cancellation, all rights in connection with Republic Notes will cease and a holder of Republic Notes will no longer be entitled to dividends or any other economic or other benefit. In general, the Company would expect to cancel the Republic Notes only if the total dividend has failed to exceed the Threshold Amount following a sufficiently extensive period of time or once the Company’s contractual rights to receive Republic Core Proceeds from the Clients terminates. Although the purpose of the Company’s cancellation rights is to help the Company avoid incurring unnecessary administrative costs, there can be no assurance that the Company will not cancel the Republic Notes at a time when there is still the possibility of a dividend payment, and thereby deny the holders of Republic Notes dividends that could otherwise be payable. If the Company cancels the Republic Notes, investors could lose their entire investment.

### ***Breakeven Analysis***

The breakeven analysis below indicates the approximate dividend returns in U.S. dollars required for a hypothetical initial investment in a single Republic Note, assuming a selling price of \$0.12, to equal the amount invested. This breakeven analysis is an approximation only. It assumes the following: (i) that there are, at all times, 367,184,781.67 outstanding Republic Notes; (ii) that Republic Core Proceeds will equal \$5,000,000 during each six-month period; (iii) that there will be two dividends per year; (iv) that the Distribution Fee of \$35,000 per Dividend Distribution will remain static and will not increase; and (v) that network transaction fees associated with each Dividend Distribution will be \$50,000. Using these assumptions, a cumulative Total Dividend Amount per Republic Note exceeding \$0.12 would be realized as a result of the first dividend in the fifth year after investment. For a discussion of dividend mechanics and the Distribution Fee and the network transaction fees associated with each dividend, see “Dividend Policy.” Actual results may differ from these assumptions.

	<b>Cumulative Republic Core Proceeds</b>	<b>Cumulative Total Dividend Amount (After Expenses)</b>	<b>Cumulative Total Dividend Amount per Note</b>
Year 1, First Dividend	\$ 5,000,000.00	\$ 4,915,000.00	\$ 0.01339
Year 1, Second Dividend	\$10,000,000.00	\$ 9,830,000.00	\$ 0.02677
Year 2, First Dividend	\$15,000,000.00	\$14,745,000.00	\$ 0.04016
Year 2, Second Dividend	\$20,000,000.00	\$19,660,000.00	\$ 0.05354
Year 3, First Dividend	\$25,000,000.00	\$24,575,000.00	\$ 0.06693
Year 3, Second Dividend	\$30,000,000.00	\$29,490,000.00	\$ 0.08031
Year 4, First Dividend	\$35,000,000.00	\$34,405,000.00	\$ 0.09370
Year 4, Second Dividend	\$40,000,000.00	\$39,320,000.00	\$ 0.10709
Year 5, First Dividend	\$45,000,000.00	\$44,235,000.00	\$ 0.12047

### ***Digital Form***

Republic Notes will not be represented in paper form or by other physical or conventional book-entry means. Instead, they will exist digitally and will be cryptographically secured on the Algorand blockchain. Republic Notes will be divisible to eight decimal places.

Algorand is a blockchain protocol that uses “pure proof-of-stake” to maintain consensus among network participants as to the validity of transactions. The Algorand blockchain includes software server nodes, called “validators”, that stake a given number of Algos (“Algos” being the token native to the Algorand network) in order to participate in the validation of transactions, including transactions in Republic Notes. Validators are randomly and secretly selected to propose the addition of particular blocks, which include particular transactions, to the Algorand blockchain, or to vote on block-addition proposals made by other validators. When the addition of blocks is agreed, the blocks are added to the blockchain and their transactions become validated. Each validator’s influence on the addition to the blockchain of blocks assigned to it increases in proportion to the number of Algos it has staked. To the best of our knowledge, the node operators that maintain the Algorand blockchain are independent and not controlled by the Algorand Foundation, and they are not controlled by Republic. Node operators can participate in validating transactions using the Algorand protocol from any location in the world.

Algorand’s pure proof-of-stake protocol differs from “proof-of-work” validation techniques used by Ethereum 1.0 and Bitcoin. Each of Ethereum 1.0 and Bitcoin rely on node operators to secure the network by presenting proof that they have solved novel computational challenges presented to them (their “proof of work”). The first node that solves the challenge has the opportunity to validate the next block of transactions and earn a reward in the form of the coins used on that network. The network algorithm established to determine the history of transactions then selects the longest sequence of transaction blocks with solved proofs of work as the valid transaction history. However, if node operators choose to acknowledge different sequences of transaction blocks, the history of transactions can “fork” into multiple histories that are then each maintained, verified and extended. The term “fork” is used to refer both to any situation in which there are two or more competing versions of a blockchain on a

network (a situation that may arise and resolve itself in the ordinary course of network operations due to lags in communication between persons running Algorand software) and any software update that is proposed for adoption by the nodes of a blockchain network that may result in a persistent fork on the network, with core nodes that adopt the update recognizing one version of the blockchain and those which do not recognize another.

Third party groups or individuals involved in the network may at any time propose upgrades or changes to the open-source software underlying the Republic Note in a way that could result in the creation of a “fork” in the Algorand blockchain. The Company believes that the Algorand blockchain protocol is designed to minimize the risk of forks, though the risk still exists. The Algorand blockchain is designed to prevent multiple proposed blocks relating to the same transactions from being added to the chain, because only one block can reach the required threshold of votes. As a result, it is a goal of the Algorand design that only one transaction history can be validated, rather than multiple, inconsistent transaction histories, and users can thereby rely on such transactions to be final.

We do not believe that third party modifications to the open-source software underlying the Republic Note present significant risks to the Republic Note or to Republic Note holders. See “Description of Securities – Non-Membership Interests – The Republic Note – Digital Form.”

Additionally, the Algorand blockchain offers low transaction fees, a throughput of greater than 1,000 transactions per second, atomic swap capability, native digital assets, and other features that, in our view, make it a suitable network on which to create and manage the Republic Note.

Neither the Company nor any third party will maintain an examinable, centralized register of Republic Notes and their owners, nor serve as a transfer agent to effect transfers of Republic Notes. However, a determination at any time of all Republic Note balances can be made by examining the Algorand blockchain, which can be done using tools such as [www.algoexplorer.io](http://www.algoexplorer.io).

The Republic Notes will be created, and certain aspects of their ownership and transfer will be managed by, certain digital asset software deployed on the Algorand blockchain (such software, the “**Republic Note Smart Contract**”). We are in the process of developing the Republic Note Smart Contract with our own team, in partnership with the Algorand Foundation and CoMakery, a blockchain technology firm. The Republic Note Smart Contract is in mid to late stage development. It draws on the architecture of an existing digital asset “smart contract” software framework that CoMakery previously created that follows the ERC-1404 industry standard built on the Ethereum blockchain. This framework affords issuers certain features that are generally sought out by digital security issuers including the ability to mint, clawback and burns. CoMakery intends to implement this framework on the Algorand blockchain. The completion of this implementation is dependent on the deployment of Algorand smart contract functionality to the Algorand main network by developers working in the Algorand ecosystem. As a result, the Republic Note Smart Contract, when implemented, will allow us to mint new tokens, claw back tokens from a user’s wallet, or destroy tokens. These material provisions are managed by using CoMakery’s token management software. We currently estimate that the release date for this smart contract functionality will be sometime in July 2020, though the release of these features is out of our control. Based on this timeline we believe we will be able to mint, issue, and deploy Notes around September 2020. Assuming this timeline, we believe the development of the Republic Note Smart Contract will cost an additional \$30,000 to develop.

The Republic Note Smart Contract can be upgraded to remedy identified problems, such as bug fixes, or to implement functionality improvements by Republic Core. Only Republic Core can change the Republic Note Smart Contract, though certain changes to the underlying network outside of Republic Core’s control may incidentally affect the functionality of the contract. We do not anticipate making any modifications that could remove or adversely impact any of the material rights of Republic Note holders. However, Republic Note holders would not have any right to block, approve or vote on any new features that might be introduced. All upgrades and Republic Note balance changes will be publicly recorded on the Algorand blockchain.

Republic Note holders will be able to consult an Algorand blockchain node, blockchain explorer or the Republic website to determine the transfer restrictions placed on their wallet. Republic Note holders will also be notified via email within a reasonable time frame in the event that a material change to the terms or structure of the Republic Note Smart Contract is implemented. Any changes to the Republic Note Smart Contract will not affect the user’s ability to hold or interact with Dividend payments made to a Republic Note holder’s wallet.



The Republic Note Smart Contract will give Republic Core the ability to monitor, and exert control over, certain aspects of Republic Note ownership and transfer. Once such capability is a “whitelist” function for prospective holders. Once Republic Core has run the KYC, AML and other checks included in its Republic Note subscription process, if the prospective holder is approved, the holder’s wallet address will be able to receive Republic Notes. The holder’s KYC, AML and other data will be retained, but not on-chain; instead, it will be silo’ed and secured by Republic Core itself and remain in Republic Core’s control. Transfers between wallet addresses will be similarly managed. The Republic Note Smart Contract allows Republic Core to create permissioned categories for which to enforce trading restrictions among Republic Note holders. Categories may be given certain permissions so that Republic Notes may be traded only amongst addresses within a given category, or only between certain categories. Republic Note holders in a particular category will be allowed to trade with any address permitted by such category. If a Republic Note holder attempts to send a Republic Note to an address that is not included in any permissioned category, or in a category for which it is not allowed to trade with, the transaction will be denied by the Algorand network. Therefore, if a holder were to attempt to send a Republic Note to a prospective holder who has not been whitelisted, the Republic Note Smart Contract would prevent the transaction from being completed.

### ***Republic Note Supply and Economics***

A total of 800,000,000 Republic Notes (the “**Total Republic Note Supply**”) will be generated by the Republic Note Smart Contract within 30-90 days after the last date of the cash portion of the Republic Note Offerings (such generation date, the “**TGE**”). No more Republic Notes will be generated after that date. Republic Core plans to allocate and issue the Total Republic Note Supply as follows:

- **Investors in the Republic Note Offerings and General Reserve:** Republic Core will keep 40% of the Total Republic Note Supply, or 320,000,000 Republic Notes, for investors including in part for the Republic Note Offerings and as a General Reserve from which it may make future issuances, in such amounts, at such times, and with such process and pricing as Republic Core may determine in its sole discretion, subject to applicable laws. When any of the General Reserve Republic Notes are issued, they will become Issued Republic Notes and be eligible to share in Distributions.
- **Locked Reserve:** Republic Core will keep 30% of the Total Republic Note Supply, or 240,000,000 Republic Notes, locked, as Locked Republic Notes, to be moved to the General Reserve in accordance with the timetable set forth below. Once such Republic Notes are in the General Reserve, Republic Core may issue them in such amounts, at such times and with such process and pricing as Republic Core may determine in its sole discretion, subject to applicable laws. When any of such Republic Notes are issued, they will become Issued Republic Notes and be eligible to share in Distributions.
- **Community Reserve:** Republic Core will keep 20% of the Total Republic Note Supply, or 160,000,000 Republic Notes, for investors including in part for the Republic Note Offerings and as a Community Reserve from which it may make future issuances to partners, advisors, Site members and other participants in the Republic community, in such amounts, at such times, and with such process and pricing as Republic Core may determine in its sole discretion, subject to applicable laws. When any of the Community Reserve Republic Notes are issued, they will become Issued Republic Notes and be eligible to share in Distributions.
- **Associate Reserve:** Republic Core will keep up to 10% of the Total Republic Note Supply, or 80,000,000 Republic Notes, as an Associate Reserve from which it may make future issuances to Republic’s current and future employees, equity investors, contributors and other associated persons and entities, in such amounts, at such times, and with such process and pricing as Republic Core may determine in its sole discretion, including in part for the Republic Note Offerings, subject to applicable laws. When any of the Associate Reserve Republic Notes are issued, they will become Issued Republic Notes and be eligible to share in Distributions.

The 240,000,000 Locked Republic Notes will be released from lock-up in accordance with the release schedule set forth below:

<b>Tranche</b>	<b>Release Date</b>	<b>Number of Locked Republic Notes Moved to General Reserve</b>	<b>Number of Locked Republic Notes Remaining Locked</b>
0	Through 12/31/2022	0	240,000,000
1	1/1/2023	20,000	220,000,000
2	4/1/2023	20,000	200,000,000
3	7/1/2023	20,000	180,000,000
4	10/1/2023	20,000	160,000,000
5	1/1/2024	20,000	140,000,000
6	4/1/2024	20,000	120,000,000
7	7/1/2024	20,000	100,000,000
8	10/1/2024	20,000	80,000,000
9	1/1/2025	20,000	60,000,000
10	4/1/2025	20,000	40,000,000
11	7/1/2025	20,000	20,000,000
12	10/1/2025	20,000	0

Based on the foregoing, set forth below are estimates of the approximate cumulative numbers, over time, of (i) Issued Republic Notes (eligible to share in Distributions); (ii) General Reserve, Community Reserve and Associate Reserve Republic Notes (ineligible to share in Distributions, but capable of being issued by Republic Core at any time and thereby becoming eligible to share in Distributions); and (iii) Locked Republic Notes (ineligible to share in Distributions, but once unlocked capable of being issued by Republic Core at any time and thereby becoming eligible to share in Distributions). These numbers are estimates only. There can be no assurance that actual numbers will not differ because of, among other uncertainties, Republic Core's inability to determine in advance how successful the Republic Note Offerings may be, and whether, when and to what extent it may issue Republic Notes from the General, Community and Associate Reserves.

<b>Event</b>	<b>Number of Issued Republic Notes</b>	<b>Number of General Reserve, Community Reserve and Associate Reserve Republic Notes <sup>(4)</sup></b>	<b>Number of Locked Republic Notes</b>
Prior to Completion of the Offering	0	560,000,000	240,000,000
Completion of the Republic Note Offerings <sup>(1)</sup>	367,184,781.67	192,815,218.33	240,000,000
Completion of issuances from the Community Reserve <sup>(2)</sup>	483,184,781.67	76,815,218.33	240,000,000
Completion of issuances from the Associate Reserve <sup>(3)</sup>	536,684,781.67	23,315,218.33	240,000,000
First Scheduled Release of Locked Republic Notes	536,684,781.67	43,315,218.33	220,000,000
Last Scheduled Release of Locked Republic Notes	536,684,781.67	263,315,218.33	0

(1) Assumes all Republic Notes offered in the Republic Note Offerings are sold and issued.

(2) Assumes all Republic Notes in the Community Reserve are issued.

(3) Assumes all Republic Notes in the Associate Reserve are issued.

(4) Assumes no Reserve Republic Notes are issued, other than as indicated in this table.

The Republic Notes issued in connection with obligations arising from private transactions previously undertaken by Republic Core and its parent will be "restricted securities" for purposes of the Securities Act, and will be transferable pursuant to Rule 144 under the Securities Act only after a holding period of one year from their issuance and compliance with other applicable provisions of Rule 144.

**Corporate Information**

Republic Core LLC is a Delaware limited liability company formed on March 8, 2019. We are headquartered at 335 Madison Avenue, Suite 7E, New York, NY 10017, USA, telephone +1-212-401-6930. Our email address is [core@republic.co](mailto:core@republic.co).

## THE OFFERINGS

<b>Issuer:</b>	Republic Core LLC, a Delaware limited liability company (formerly known as Republic Block LLC).
<b>Securities offered:</b>	Up to 91,666,666.67 of Republic Core's non-membership interests, Republic Notes, in digital form.
<b>Offering type:</b>	An offering pursuant to Rule 506(c) of Regulation D (" <b>Regulation D</b> ") under the Securities Act by us on a continuous, best efforts basis.
<b>The Cash Offering:</b>	Up to 91,666,666.67 Republic Notes, to "accredited investors" (as such term is defined under Regulation D) <i>provided that</i> , as of the date of this Memorandum, we will only offer up to 66,666,666.66 Republic Notes, and we reserve the right to raise that number to 91,666,666.67 in our sole discretion and without notice beyond updating the webpage used for the Cash Offering.
<b>Number of Republic Notes Outstanding before the Republic Note Offerings:</b>	0
<b>Number of Republic Notes to be Outstanding after the Republic Note Offerings:</b>	367,184,781.67 (assuming all Republic Notes offered are sold and issued in the Republic Note Offerings).
<b>Price per Republic Note:</b>	<p>\$0.12 each, which investors must pay for in cash (or in equivalent amounts of Bitcoin (BTC), Ether (ETH) or USDC). We do not intend to hold on to any Bitcoin, USDC or Ether received as payment; we intend to convert those cryptocurrencies to US dollars almost immediately upon receipt.</p> <p>The cash equivalent value of any cryptocurrency payment will be determined by a third party payment provider to be selected by the Company (the "Provider"). The Provider will offer exchange rates for 15 minute windows based on various market averages. This exchange rate will be prominently displayed to prospective investors ahead of the time the investment is completed. This conversion price will be locked in for 15 minutes. A purchaser who elects to invest using Bitcoin, USDC or Ether as payment will elect to invest using cryptocurrency and see the rate. The purchaser will have 15 minutes to send the cryptocurrency to the address provided. If the cryptocurrency is not delivered in the 15 minute window, the investment will be returned and the subscription will be rejected, although the Company reserves the right to allow the potential investor to fulfill the subscription using the original amount of cryptocurrency. Purchasers will not be able to revoke a subscription in the Cash Offering, but they will be able to see the price/exchange rate before committing to the investment.</p>
<b>Minimum offering amount:</b>	No minimum amount of Republic Notes must be sold in order for us to accept investor payments (in the form of cash or cryptocurrencies) and consummate sales.
<b>Minimum purchase requirements:</b>	<b>Cash Offering:</b> At least \$1,000 of Republic Notes, although we reserve the right to waive this minimum purchase requirement in one or more cases, and/or impose maximum investment limits, in our sole discretion.
<b>Maximum offering proceeds:</b>	The maximum gross cash and cryptocurrency proceeds we will receive in the Cash Offering will not exceed \$11,000,000. No minimum amount of Republic

Notes must be sold in order for us to accept investor payments (in the form of cash or cryptocurrencies) and consummate sales.

No other persons will receive proceeds from the Cash Offering. We estimate that the total expenses of the Cash Offering will be approximately \$135,000. See “Plan of Distribution.”

**Duration of the Cash Offering:** We will commence all of the Cash Offering as soon as possible. The Cash Offering will continue until the earlier of (i) we sell all of the Republic Notes being offered in the Cash Offering, (ii) we announce the discontinuation of the Cash Offering, or (iii) the commencement of the Reg A Offering. We may in all events terminate the Cash Offering early, whether extended or not, without advance notice. See “Plan of Distribution”.

**Delivery:** We will deliver Republic Notes to participants in the Offering on the Initial Delivery Date. All deliveries of Republic Notes will be made to investors’ respective digital wallets. Notwithstanding the foregoing, we will not deliver any Republic Notes to any particular investor in the Offering until such investor pays us in cash or cryptocurrencies, in full payment of the purchase price of such investment, and completes our subscription process. See “Plan of Distribution.”

**Payment; Subscription Process** The purchase process will consist of an investor completing our subscription process and making payment, and then receiving Republic Notes thereafter on the Initial Delivery Date. See “Plan of Distribution – Payment by Investors” and “Plan of Distribution – Our Subscription Process.”

If a subscription is rejected for any reason, and if payment was made in Bitcoin, USDC or Ether, a refund of the purchase price will be made pursuant to the refund policy of any Provider. Cash received from converted payments made in cryptocurrency will be placed into the same bank account established by Prime Trust, LLC for the benefit of the Cash Offering.

**Restricted Securities:** The Republic Notes sold in the Offering will be “restricted securities” under U.S. federal securities laws and will be transferable pursuant to Rule 144 under the Securities Act only after a holding period of one year from their issuance and compliance with other applicable provisions of Rule 144. Additionally, there is no guarantee that any exchanges capable and willing to support trading in Republic Notes will be developed and approved. As a result, you should be prepared to hold your Republic Notes indefinitely, as there is no guarantee that holders will be able to sell or exchange their Republic Notes. Republic Notes may remain illiquid for a significant period of time or indefinitely. Holders of Republic Notes that wish to transfer their Republic Notes on any other trading platform, exchange or bulletin board will be required to make their own determination as to whether such transfer is in compliance with U.S. federal and state securities laws. See “Plan of Distribution – Transferability of Republic Notes.”

**Voting rights:** None. Each Republic Note will entitle a holder to zero (0) votes on all matters submitted to a vote of Company securityholders.

**Dividends:** Republic Core will periodically, and at least twice in any twelve-month period (on June 30 and December 31), calculate the Distributable Amount. Republic Core will make its first calculation pursuant to the foregoing no later than the first June 30 or December 31 that occurs after the Initial Delivery Date.

Whenever this calculation yields a Distributable Amount that exceeds the “**Threshold Amount**” (or a smaller amount that Republic Core deems, in its sole

business discretion, to be practical to distribute), Republic Core will, within 48 hours, take a “snapshot” of all outstanding Issued Republic Notes and, within a reasonable time period (which is expected to be approximately 30-60 days), make pro rata payments in the form of a Dividend Distribution in an aggregate amount equal to the Distributable Amount minus the reasonably estimated total amount of network transaction fees to be paid by Republic Core to issue that dividend and, in the event that the Distributable Amount is \$2,000,000 or greater, minus the Distribution Fee, which is intended to help cover the maintenance and upkeep costs for the Republic Note Smart Contract (the “**Total Dividend Amount**”). The amount of the Distribution Fee may be adjusted annually (and, we expect, incrementally) based on changes in these costs.

In no event shall Republic Core be obligated to make more than a single Dividend Distribution in any calendar quarter. If, after a Dividend Distribution has been made in a particular calendar quarter, the Distributable Amount exceeds the Threshold Amount a second time in that calendar quarter, Republic Core shall not be obligated to make a second Dividend Distribution in that same calendar quarter. Instead, Republic Core may, in its discretion, refrain making the next Dividend Distribution until the first 15 calendar days of the next calendar quarter. Republic Core reserves the right, in its discretion, to make more than one Dividend Distribution in any calendar quarter.

Public notice of a distribution and the intended distribution date will be issued at least 15 calendar days prior to any distribution. Holders of Republic Notes may be required to submit certain information for tax withholding and reporting purposes, and a failure to provide the requisite information within six months after the relevant distribution date will result in a forfeiture of the distribution amount, in which case the holder may be entitled to a credit in an equivalent amount to invest on Republic Crowd-Invest.

The Individual Dividend Amount will be calculated as follows:

$$\begin{aligned} & \text{(Total number of Issued Republic Notes in wallet} \div \\ & \text{Total number of Issued Republic Notes)} \times \\ & \text{Total Dividend Amount} = \text{Individual Dividend Amount} \end{aligned}$$

Individual Dividend Amounts will not differ from Republic Note holder to Republic Note holder based on the amount of time individual holders have held their Republic Notes. In the event that the cost of distributing an Individual Distribution Amount to a Republic Note holder’s wallet is greater than the Individual Distribution Amount, the funds owed will not be distributed and will be reserved and re-allocated to future distributions.

The Threshold Amount may not be changed, but Republic Core reserves the right, in its sole business discretion, to make a Dividend Distribution when the Distributable Amount is below the Threshold Amount. The Company will accumulate a cash balance from its non-recurring revenue from Clients and will use this accumulated cash to make dividend payments to the holders of Republic Notes. Until a Dividend Distribution is made, Republic Core shall be entitled to use the Republic Core proceeds in its sole discretion. Republic Core reserves the right to pay dividends in the form of what is commonly referred to in the digital asset industry as “stablecoins”, which are cryptocurrencies that are designed to have low price volatility, for example by being pegged to a conventional, stable asset or basket of assets, or through other means compatible with our technology and holders’ interests. Stablecoins are not necessarily stable in price or value and, in the event a holder of Republic Notes receives a stablecoin as part of a

Dividend Distribution, they should understand the risks associated with holding or using such an asset. Holders of Republic Notes should be aware that the SEC may consider particular stablecoins to be a security.

Republic Core's management will be responsible for regularly considering, and ultimately determining, whether the company may make payments to Republic Note holders in stablecoins. In making this determination, Republic Core's management will refer to the relevant legal and regulatory standards for such determination in effect at the time of such determination, will consult with legal counsel and will, if possible and appropriate, seek consultation with relevant regulatory authorities including, we expect, the SEC. In the event that under current guidance, Republic Core cannot take the position that a stablecoin distributable through the Algorand blockchain does not constitute a security under the federal and state securities laws of the United States, Republic Core may withhold distributions until such time as the distribution would be permissible or another form of consideration can be compliantly provided to Republic Note holders. Our management may also assess other criteria for making this determination, including any criteria based on additional guidance we receive from U.S. regulators.

The Algorand ecosystem is new and evolving. We anticipate that by the earliest time we are required to review Republic Core Proceeds to see if a Distribution should be made (December 31, 2020), there will be a stablecoin or other equivalent asset available to be distributed on Algorand that, in our reasonable judgment, is not or is unlikely to be considered a security. Whether or not a given asset is considered a security is a facts and circumstances analysis. At the time Republic Core decides to purchase and or distribute stablecoins, it will make a best efforts analysis and determination as to the legal character of the asset. We do not intend to hold stablecoins intended to be used as part of a Dividend Distribution for a significant period of time. In the event that Republic Core decides to issue a Dividend Distribution in stablecoin or another digital asset equivalent, Republic Core shall seek to convert the cash into stablecoin equivalent at the best available rate as close to the time a Distribution is made as practicable.

In all events, Republic Core shall not pay any dividend to any persons if prohibited from doing so by any federal or state laws or regulations or the laws of other relevant jurisdictions. See "Dividend Policy."

In the event that Republic Core does not find a suitable stablecoin with which to make Dividend Distributions to Republic Note holders, Republic Core may delay a Dividend Distribution for a reasonable time until a suitable stablecoin, which Republic Core reasonably determines would not be considered a security under U.S. securities laws, may be used. In the event that no such option is determined by Republic Core to be available within a reasonable time frame, Republic Core will endeavor to find alternative means for offering Republic Note holders equivalent or near equivalent value. Such options may include (i) offering cash equivalent for Republic Note holders in corresponding dollar equivalent amount to be used to invest on or purchase other goods on Republic Crowd-Invest and or Republic Private Capital, or (ii) to the extent practicable and advisable, endeavor to offer cash distributions through other means, including but not limited to cash transfers to Republic Note holders' bank accounts.

The only term of the Dividend that can be changed is the Distribution Fee. Changes to the Distribution Fee and the procedures for making those changes are outlined above.

**Repurchase by the Company:** In the event Republic Parent experiences a change of control, the Company may choose to make an offer for all outstanding Republic Notes at a price set by an independent third party, or determined by looking at the 30-day average trading price, or set using another reasonable method. Such offer shall remain open until such time as the Company has redeemed all Republic Notes outstanding, or has otherwise given Republic Note holders a reasonable amount of time to tender their Republic Notes. Upon the expiration of the offer, the Company shall cancel all Republic Notes, including any Republic Notes still outstanding, and have no further obligations with respect thereto. Any Republic Note not repurchased by the Company within 90 calendar days of providing notice of such change of control to all holders, if not offered by its holder to the Company, will be automatically cancelled.

We may not have sufficient funds to repurchase the Republic Notes in cash at such time or have the ability to arrange necessary financing on acceptable terms. In addition, our ability to repurchase the Republic Notes for cash may be limited by law or the terms of other agreements relating to any indebtedness of ours that may be outstanding at the time.

**Cancellation by the Company:** The Company may, in its discretion, cancel the Republic Notes at any time after the five (5) year anniversary of the Initial Delivery Date of the Republic Notes if the Company has not realized the minimum \$2,000,000 in distributions that be qualified as dividends to Republic Note Holders. Upon cancellation, all rights in connection with Republic Notes will cease and a holder of Republic Notes will no longer be entitled to dividends or any other economic or other benefit. In general, the Board would expect to cancel the Republic Notes only if the total dividend has failed to exceed the Threshold Amount following a sufficiently extensive period of time or once the Company's contractual rights to receive Republic Core Proceeds from the Clients terminates. Although the purpose of the Company's cancellation rights is to help the Company avoid incurring unnecessary administrative costs, there can be no assurance that the Company will not cancel the Republic Notes at a time when there is still the possibility of a dividend payment, and thereby deny the holders of Republic Notes dividends that could otherwise be payable. If the Company cancels the Republic Notes, investors could lose their entire investment.

**Use of proceeds:** Assuming all Republic Notes offered in the Offering are sold, we expect to receive, in cash and in cryptocurrency payments acceptable to us, gross proceeds of \$11,000,000 and net proceeds, after deducting the expenses of the Offering, of an estimated \$10,866,500. We intend to use the net proceeds of the Offering to fund our current operations, including completion of the development of the Republic Note Smart Contract; expand our available product and service offerings; and develop additional ways of supporting the Republic Ecosystem through technology solutions. In addition, although we have no current plans to do so, we may in the future make loans, on commercial terms, to other entities within the Republic Ecosystem, and such amounts loaned could include proceeds from the Offering. We do not intend and are not obligated to pay dividends to Republic Parent using proceeds from the Offering (as distinct from Individual Dividend Amounts to which Republic Parent may be entitled by virtue of holding Republic Notes). We intend to utilize the proceeds of the Offering to focus on the growth of Republic Core, and will not use such proceeds as a means directly to finance the growth of our affiliated entities, although the Company's growth may lead to the Company providing more services to more affiliates, which may indirectly help those affiliates grow. Pursuant to a fee for service agreement with Republic Parent, we are obligated to pay a total of \$2,000,000 to Republic Parent



**Certain material U.S. federal income tax considerations:**

during a one-year period beginning upon the completion of the Offering as consideration for the services and support it has provided and will continue to provide towards the development of the Republic Note, the Republic Note Smart Contract and the preparation for and execution of the Offering. The expected use of net proceeds from the Offering represents our intentions based upon our current plans and business conditions, which could change in the future. The amounts and timing of our actual expenditures may vary significantly depending on numerous factors. As a result, our management will retain broad discretion over the allocation of the net proceeds from the Offering. See “Use of Proceeds.” For a description of certain material U.S. federal income tax consequences of the purchase, ownership, and disposition of our Republic Notes, see “Certain Material U.S. Federal Income Tax Considerations.”

**Risk factors:**

**Investing in our Republic Notes involves a high degree of risk. See “Risk Factors.”**

## **RISK FACTORS**

*You should carefully consider the risks described below, together with all of the other information contained in this Memorandum, before making an investment decision. The occurrence of any of the risks described below could have material adverse effects on the Republic Notes and our business, financial condition, results of operations, and prospects. Additional risks and uncertainties that we do not presently know or that we currently deem immaterial may also have similar, material adverse effects.*

### **Risks Related to Our Business**

***We are an early stage company and since inception we have incurred a net loss and generated limited revenues.***

Republic Core was formed in 2019. Accordingly, the company has a limited history upon which an evaluation of its performance and future prospects can be made. Our current and proposed operations are subject to all the business risks associated with new enterprises. These include likely fluctuations in operating results as the company reacts to developments in its market and seeks to achieve and manage growth. Republic Core has incurred a net loss and has generated limited revenues since inception.

There is no assurance that we will be profitable or generate sufficient revenues to pay dividends to the holders of Republic Notes. As of December 31, 2019, Republic Core's accumulated deficit was \$9,157. We anticipate that Republic Core's operating expenses will increase in the foreseeable future as we seek to grow our business, attract members, and further enhance and develop the Republic Ecosystem. These efforts may prove to be more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these expenses. Republic Core may incur additional net losses in the future.

***Republic Core has a limited operating history, which may make it difficult to evaluate the potential success of our business and to assess our future viability.***

Republic Core was formed in Delaware on March 8, 2019 as a wholly owned subsidiary of Republic Parent. We have only recently started operations and have to date relied substantially on Republic Parent for support in the conduct of our business. Republic Core has encountered, and will continue to encounter, risks and difficulties frequently experienced by growing companies in rapidly developing and changing industries, including challenges in forecasting business prospects accurately, determining appropriate allocations of limited resources, gaining market acceptance, managing a complex regulatory landscape, and developing new products and services. Investors should consider Republic Core's business and prospects in light of the risks and difficulties it faces as an early stage company.

***Our revenues have been and will continue to be dependent on our provision of services to a limited number of Clients, currently all of whom who are affiliates of ours.***

A significant portion of our revenue is derived from two Clients. Under Republic Core's current business model, it receives cash payments for services that it provides to other companies that are also part of the Republic Ecosystem, and that are affiliates of ours. There can be no assurance that we will be able to provide such services on terms that would be consistent with those offered on an arm's-length basis to independent third parties. For example, it is our intention to help strengthen the entire Republic Ecosystem by providing valuable products and services. But it is conceivable that our affiliates, including with the support of Republic Parent, could require us to provide such products and services but not compensate us at market rates, while hampering our ability to object to such compensation or to stop providing such goods and services. Consequently, adverse performance by, or unreasonable requirements imposed on us by, Republic Core affiliates, including with the support of Republic Parent, could have an adverse effect on our financial condition, results of operations and prospects. See "Certain Relationships and Related Party Transactions".

***Our auditors have stated in their audit report that there is substantial doubt about our ability to continue as a going concern.***

We began operations on March 8, 2019 and we have a limited operating history. Our ability to continue as a going concern, including for one year from the issuance date of our most recent financial statements, is dependent upon raising funds in the Cash Offering and achieving and sustaining profitable operations. We plan to have substantially expanded operations in 2020 and beyond, which we expect to fund initially from Client revenue and the net proceeds of the Cash Offering (and the Reg A Offering, if any). But we may need to raise additional capital before we achieve financially sustainable or profitable operations, and there can be no assurance we will be able to raise such capital, on acceptable terms or at all, or achieve such operations.

***A significant portion of our operations has been conducted with the assistance of Republic Parent, which is also in the early stages of its business. Republic Parent has no obligation to continue to support our operations.***

Republic Parent was formed in April 2016. Republic Parent is currently in the early stages of its business and has a limited operating history. We have in the past been dependent on the support of Republic Parent. A significant portion of our operations has been conducted with the assistance of Republic Parent. Our operations and financial condition are subject to the risk that Republic Parent may be unable to extend us support in the future, either intentionally or as a result of its own business experiencing difficulties. In any such case, we may be forced to delay, scale back or discontinue our operations, and our Republic Notes would be adversely affected.

***Republic Parent, Republic Core's Client affiliates and Republic Core may require additional capital to support business growth, and this capital may not be available on acceptable terms, if at all.***

Republic Parent, Republic Core's Client affiliates and Republic Core intend to continue to make investments in people and technologies to support the growth of the Site and the Republic Ecosystem and may require additional funds to respond to business challenges, including the need to develop new products and services, improve operating infrastructure, or acquire complementary businesses and technologies. Accordingly, Republic Parent, Republic Core's Client affiliates and Republic Core may need to engage in equity, debt or other types of financings to secure additional funds including but not limited to, Republic Core issuing additional Republic Notes. Any financing that Republic Parent, Republic Core's Client affiliates or Republic Core secure in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for Republic Parent, Republic Core's Client affiliates or Republic Core to pursue business opportunities, including potential acquisitions, or make the necessary capital investments to grow the Republic Ecosystem and the Republic Core business. If Republic Parent, Republic Core's Client affiliates or Republic Core is unable to obtain adequate financing on satisfactory terms when necessary, our business may be harmed.

***We are a wholly owned subsidiary of Republic Parent, and therefore Republic Parent has effective control over our decision-making.***

Republic Parent owns, and will be able to exercise voting rights with respect to, all of our outstanding membership units. The holders of Republic Notes will not have any voting rights. As a result, Republic Parent will continue to hold all of the voting power of our outstanding equity interests following each offering of Republic Notes. This gives Republic Parent effective control over our decision-making. Republic Parent is entitled to vote its shares in its own interest, which may not always be in the interest of, and could be adverse to, holders of Republic Notes.

***Republic Parent controls both of our Clients.***

Each of our Clients are subsidiaries of Republic Parent. This gives Republic Parent effective control over their decision-making. Republic Parent may choose to exercise that control in ways that may adversely affect the interests of holders of Republic Notes, such as, for example, by affecting when each of our Clients takes the necessary steps to realize Distributable Amounts.

***Republic Parent and Clients of ours that are also affiliates of ours may have conflicts of interest with us and Republic Parent may favor its own interests or those of its equity holders or one or more of our Client affiliates over our interests or over the interests of Republic Note holders.***

Conflicts of interest may arise between Republic Parent and Clients of ours that are also affiliates of ours, on the one hand, and us, on the other hand. In resolving these conflicts of interest, Republic Parent may favor its own interests or those of its equity holders or one or more of our Client affiliates, over our interests or over the interests of Republic Note holders. Actual, potential, or perceived conflicts of interest among us, Republic Parent and our Client affiliates may arise in circumstances where we, Republic Parent or our Client affiliates are faced with making decisions that could have different implications for the other party or parties. Any such conflicts may not be resolved in the interest of Republic Core or the holders of Republic Notes.

***Our management will have broad discretion over the use of the net proceeds from the Offering.***

The Company has discretion in deciding how to use the net proceeds from the Offering. The net proceeds will be used for such purposes as our management finds to be in our best interests, in particular when addressing changed circumstances or opportunities. As a result of the foregoing, our success will be substantially affected by the quality of our discretion and judgment with respect to the application and allocation of the net proceeds of the Offering. The Company may choose to use the proceeds in a manner with which you would not agree. Any failure by Republic Core's management to apply the net proceeds effectively could harm the Company and its operations.

***Republic Core may not be able to competently provide the services it has contracted to provide.***

Republic Core has a limited operating history and is providing, in part, novel products and services. If Republic Core is unable to provide products and services effectively, Republic Core may lose its sources of revenue.

***Our management team does not have experience successfully operating businesses building a new internet infrastructure.***

The Republic Notes and the Site represent a new business venture for Republic Parent and Republic Core's management team. While Republic Core's management team has experience with various aspects of Republic Core's technology and intended business and operations models, this experience does not assure the success of the Republic Notes and features dependent on the use of blockchain technology.

***We rely on third parties to maintain and operate certain elements of our infrastructure.***

Republic Parent and Republic Core use data centers located in Virginia to operate and maintain the Site and the Company's blockchain platform infrastructure. For example, portions of our infrastructure are hosted on Amazon Web Services. The elements of this complex system that are operated by third parties are beyond the day-to-day control of Republic Core, and such third-parties would be difficult to replace. We expect our dependence on these third parties to continue. Nevertheless, Republic Core's existing third-party hosting providers have no obligation to renew their agreements with Republic Core on commercially reasonable terms or at all, and certain of the agreements governing these relationships may be terminated by either party at any time, with limited notice. If any of our arrangements with third parties are terminated by such parties, our Clients and their members could experience interruptions on the Site, as well as downtime, delays, and unforeseen expenses. Further, third-party cloud providers can decide to shut down our accounts for various reasons with limited notice. As a result, our operations and prospects could be adversely affected by the actions or inaction of third parties beyond our control.

***We rely on third party providers, suppliers and licensors to supply some of the hardware, software, and operational support necessary to our provision of products and services.***

We obtain some of the foregoing from a limited number of vendors, some of which do not have a long operating history or may not be able to continue to supply what we desire. Some of our hardware, software, and operational support vendors represent our sole source of supply or have, either through contract or as a result of intellectual property rights, a position of some exclusivity. If demand exceeds these vendors' capacity or if these vendors experience operating or financial difficulties, or are otherwise unable to provide what we need in a timely manner, at

our specifications and at reasonable prices, our ability to provide some products or services might be adversely affected, or the need to procure or develop alternative sources of the affected materials or services might delay our ability to serve our Clients. These events could adversely affect our operations, results, and financial condition.

***A violation of privacy or data protection laws by Republic Core or members of the Site could have an adverse effect on our operations and financial condition.***

Republic Core is subject to applicable privacy and data protection laws and regulations. The laws and regulations relating to privacy and data protection are evolving, may impose inconsistent or conflicting standards among jurisdictions, can be subject to significant change and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. For example, a new EU data protection regime, the General Data Protection Regulation (“GDPR”) became effective on May 25, 2018, and, in addition to imposing stringent obligations relating to privacy, data protection, and information security, authorizes fines up to 4% of global annual revenue or €20 million, whichever is greater, for some types of violations. Further, in June 2018, California enacted the California Consumer Privacy Act, or CCPA, that will, among other things, require covered companies to provide new disclosures to California consumers, and afford such consumers new abilities to opt-out of certain sales of personal information, which went into effect on January 1, 2020. The CCPA provides for civil penalties for violations, as well as a private right of action that may increase related litigation. A third version of the regulations implementing the CCPA was released on March 11, 2020, and it is possible that it will be amended again before it is finalized. We cannot yet predict the impact of the CCPA on our business or operations, but it may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply.

In addition to government regulation, privacy advocates and industry groups may propose self-regulatory standards from time to time. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards or to facilitate compliance with such standards. We also expect that there will continue to be new proposed laws, regulations and standards relating to privacy and data protection in various jurisdictions, and we cannot determine the impact such future laws, regulations and standards may have on our business. Future restrictions on the collection, use, sharing or disclosure of data, or associated requirements, could require us to incur additional costs or modify our platform, possibly in a material manner, which we may be unable to achieve in a commercially reasonable manner or at all, and which could limit our ability to develop new features. Because the interpretation and application of laws, standards, contractual obligations, and other obligations relating to privacy and data protection are uncertain, it is possible that these laws, standards, contractual obligations, and other obligations may be interpreted and applied in a manner that is inconsistent with our data management practices, our privacy, data protection, or data security policies or procedures, or the features of the Site.

Any violations of laws and regulations relating to privacy, data protection, or the safeguarding of private information could subject our Company or any members to fines, penalties or other regulatory actions, as well as to civil actions by affected parties. Any such violations could result in negative publicity and harm to our or our members’ reputations. Any such violations also could adversely affect the ability of Republic Parent, Republic Core, and other affiliates in the Republic Ecosystem to further develop, which could have an adverse effect on our operations and financial conditions, and could also negatively affect the Republic Notes. Additionally, privacy and personal information security concerns, whether valid or not valid, may inhibit market adoption of the Site.

***In the normal course of our operations, we collect and store certain business, personal and other information that we, our Clients and others generate or possess, including in systems and devices that are controlled by third parties, such as cloud storage companies. We could be harmed if the security of such information is compromised.***

In the normal course of our operations, we collect and store certain business, personal and other information that we, our Clients and others generate or possess. Some of this collection and storage occurs in or through systems and devices that are controlled by third parties, such as cloud storage companies. We may on occasion share some of such information with third-party vendors that assist with certain aspects of our business. Security could be compromised, and confidential Client or other information misappropriated. The misappropriation, loss or other compromise of any such information could disrupt our operations, damage our reputation, and expose us to claims, any of which could have an adverse effect on our financial condition and results of operations.

***Republic Core may be subject to cyberattacks, security breaches, and the loss or theft of Republic Notes.***

Republic Core may be subject to cyberattacks, security breaches, and the loss or theft of Republic Notes. These attacks could include, among others, man-in-the-middle, phone hijacking, smurfing, spoofing and other denial of service attacks, where communications between computers are intercepted or interrupted, or social engineering attacks, including phishing emails, where attackers use impersonation to gain access to assets or private information (such as private keys to digital wallets).

An attack on or a breach of security of Republic Core could result in a loss of confidential or private data, unauthorized use or transfer of digital assets, damage to Republic Core's reputation, failures in computer systems and other harms. Any attack or breach could adversely affect the development and implementation of the Republic Note Smart Contract, which could have an adverse effect on your Republic Notes.

***The development and operation of the Republic Notes require us to protect our technology and intellectual property rights.***

Republic Core's ability to develop and operate the Republic Notes may depend on technology and intellectual property rights that Republic Core may hold or license from unaffiliated third parties. If for any reason Republic Core were to fail to comply with its obligations under applicable license agreements, adequately protect its owned intellectual property, or fail to obtain and maintain rights to the technology and intellectual property that the Republic Note Smart Contract and Republic Notes require, this could have an adverse effect on Republic Core's operations and financial condition.

***It may be difficult and costly to protect the intellectual property rights of Republic Core, and Republic Core may not be able to ensure their protection.***

Republic Core primarily relies on trade secret protections and confidentiality or license agreements with its employees, members, and others to protect its intellectual property rights. However, the steps it takes to protect its intellectual property rights may be inadequate. In order to protect its intellectual property rights, Republic Core may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce its intellectual property rights could be costly and time-consuming, and could result in the impairment or loss of portions of its intellectual property. Furthermore, its efforts to enforce intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of those and related rights. The counterparty in such disputes could prevail, or Republic Core could incur substantial legal expenses even if it were to prevail. Republic Core's failure to secure, protect, and enforce its intellectual property rights, or the cost of successfully or unsuccessfully seeking to protect those rights, could adversely affect its business. In addition, any litigation divert the attention of Republic Core's management and key personnel from the further development of the Republic Core business, which would adversely affect your Republic Notes.

***Republic Core may be sued by third parties for alleged infringement of their proprietary rights, which could harm our business.***

The success of Republic Core depends in part on not infringing on the intellectual property rights of others. Our competitors, as well as a number of other entities and individuals, may own or claim to own intellectual property relating to our operations. From time to time, third parties may claim that we are infringing their intellectual property rights. Republic Core may be unaware of the intellectual property rights that others may claim cover some or all of its technology or services. Any claims or litigation could cause Republic Core to incur significant expenses and, if successfully asserted against Republic Core, could require that Republic Core to pay substantial damages or settlement costs, including royalty payments, and to obtain licenses, modify applications, refund fees, or comply with other unfavorable terms, any of which could be costly. Even if Republic Core were to prevail in this type of dispute, any litigation regarding Republic Core's intellectual property could be costly and time-consuming and divert the attention of Republic Core's management and key personnel from the further development of the Republic Core business, which would adversely affect your Republic Notes.

***The development and commercialization of our services is highly competitive.***

Republic Core's competitors include major companies worldwide. Many of these competitors have significantly greater financial, technical and human resources than Republic Core and superior expertise in research and development, and thus may be better equipped to develop and commercialize products and services. These competitors also compete with us 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, competitors may commercialize products and services more rapidly or effectively than we can, which could adversely affect our competitive position.

***Industry consolidation may result in increased competition, which could result in a loss of Clients or a reduction in revenue.***

Some of our competitors have made or may make acquisitions or may enter into partnerships or other strategic relationships to offer more comprehensive services than they individually had offered or achieve greater economies of scale. In addition, new entrants not currently considered to be competitors may enter our market through acquisitions, partnerships, or strategic relationships. We expect these trends to continue as companies attempt to strengthen or maintain their market positions. The potential entrants may have competitive advantages over us, such as greater name recognition, longer operating histories, more varied services and larger marketing budgets, as well as greater financial, technical, and other resources. The companies resulting from combinations or that expand or vertically integrate their business to include the market that we address may create more compelling service offerings and may offer greater pricing flexibility than we can, or may engage in business practices that make it more difficult for us to compete effectively, including on the basis of price, sales and marketing programs, technology, or service functionality. These pressures could result in a loss of Clients or business opportunities or a reduction in our revenue.

***In general, demand for our products and services may be highly correlated with general economic conditions.***

Declines in economic conditions in the U.S. or in other countries in which our Company and our Clients operate may adversely affect our financial condition and operating results. The Company and its industry may have increased excess capacity as a result. An increase in excess capacity may result in declines in prices for the Company's products and services.

***If we do not respond to technological changes or upgrade our websites and technology systems as markets require, our growth prospects and results of operations could be adversely affected.***

To remain competitive, we must continue to enhance and improve the functionality and features of our websites and technology infrastructure. As a result, we will need to continue to improve and expand our infrastructure and software capabilities. These improvements may require us to commit substantial financial, operational and technical resources, with no assurance that our business will improve. Without such improvements, our operations might suffer from unanticipated system disruptions, slow performance or unreliable service levels, any of which could negatively affect our reputation and ability to attract and retain Clients. We may face significant delays in introducing new products, services, and enhancements. If competitors introduce new products and services using new technologies or if new industry standards and practices emerge, our existing websites and our technology and systems may become obsolete or less competitive, and our business may be harmed.

***Republic Core's operations involve various risks and hazards. If we do not adequately insure against them, unanticipated losses could adversely affect our financial condition and operating results.***

Republic Core maintains, or is in the process of securing, insurance against potential liabilities related to our operations. We believe our existing and planned levels of insurance coverage will reasonably limit our likely exposure to unanticipated losses. However, our current and anticipated insurance coverage may not be adequate to cover claims or liabilities, and we could be forced to bear significant losses. Substantial claims in excess of our insurance coverage could adversely affect our financial condition and operating results. Due to future claims or liabilities, or to market conditions, our insurance premiums could increase.

***Republic Core's business is subject to the risks of earthquakes, fire, power outages, floods, epidemics and other catastrophic events, and to interruption by man-made problems such as strikes and terrorism.***

A significant natural disaster, such as an earthquake, fire, power outage, flood, epidemic or other catastrophic event, or interruptions by strikes, terrorism or other man-made problems, could have an adverse effect on our business, operating results and financial condition. Despite any precautions we may take, the occurrence of a natural disaster or other unanticipated problems could result in lengthy interruptions in our services. The risks of such an event may be further increased if our disaster recovery plans prove to be inadequate.

Republic Core does not currently maintain business interruption insurance to compensate us for potentially significant losses, including potential harm to our business resulting from interruptions in our ability to provide products or services. Any significant natural disaster or man-made business interruption could have an adverse effect on our financial condition, results of operations, the Site or the Republic Notes.

***We are subject to income taxes and other tax liabilities.***

Significant judgment is required in determining our provision for income taxes and other tax liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe that our tax estimates are reasonable: (i) there is no assurance that the final determination of tax audits or tax disputes will not be different from what is reflected in our income tax provisions, expense amounts for non-income based taxes and accruals and (ii) any material differences could have an adverse effect on our financial position and results of operations in the period or periods for which determination is made.

***We are not subject to Sarbanes-Oxley provisions or regulations and lack the financial controls and safeguards required of companies subject to those provisions and regulations.***

We do not have the internal infrastructure necessary, and are not required, to complete an attestation concerning our financial controls that would be required if Section 404 of the Sarbanes-Oxley Act of 2002 applied to us. There can be no assurance that there are no significant deficiencies or material weaknesses in the quality of our financial controls. We expect to incur additional expenses and diversion of management's time if and when it becomes necessary for us to perform heightened accounting system and accounting process evaluations, testing and remediation.

***From time to time, Republic Parent or Republic Core may evaluate and consummate acquisitions, which could require significant attention from our management, disrupt our business, and adversely affect our financial condition or operating results.***

Republic Parent or Republic Core may evaluate and consider strategic transactions, combinations, acquisitions, or alliances to enhance existing business or develop new products and services. These transactions could be material to Republic Core's financial condition and ability to contribute to further developing the Site and the Republic Ecosystem. If a transaction is consummated, we may be unable to obtain the benefits or avoid the difficulties and risks of the transaction. Any acquisition will involve risks commonly encountered in business relationships, including:

- difficulties in assimilating and integrating the operations, personnel, systems, data, technologies, products, and services of the acquired business;
- inability of the acquired technologies, products, services, or businesses to achieve expected levels of revenue, profitability, productivity, or other benefits;
- difficulties in retaining, training, motivating, and integrating key personnel;
- diversion of management's time and resources from normal daily operations;
- difficulties in successfully incorporating licensed or acquired technology and rights into our business;



- difficulties in maintaining uniform standards, controls, procedures and policies within the combined organizations;
- difficulties in retaining and growing relationships with our current Clients and new clients, employees, and suppliers of the acquired business;
- risks of entering markets in which we have no or limited experience;
- regulatory risks, including remaining in good standing with existing regulatory bodies and receiving any necessary pre-closing or post-closing approvals, as well as being subject to new regulators with oversight over the acquired business;
- assumption of contractual obligations that contain terms that are not beneficial to us, require us to license or waive intellectual property rights, or increase our liability exposure;
- failure to successfully further develop acquired technologies;
- liability for activities of the acquired business before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities, and other known and unknown liabilities;
- potential disruptions to ongoing business; and
- unexpected costs and unknown risks and liabilities associated with the acquisition.

Any future acquisitions may not be successful, may not benefit Republic Core's business strategy, may not generate sufficient revenue to offset the associated acquisition costs, or may not otherwise result in the intended benefits. In addition, Republic Core cannot assure you that any future acquisition of new businesses or technology will lead to the successful development of new or enhanced products or services or that any new or enhanced products or services, if developed, will achieve market acceptance or prove to be successful.

***Expanding Republic Core's operations internationally could subject Republic Core to new challenges and risks.***

Republic Core may seek to expand its business internationally. Managing any international expansion will require additional resources and controls. Republic Core could also be exposed to international operations by the inadvertent or purposeful expansion of Republic Core's Clients into non-U.S. business environments. Any expansion internationally could subject Republic Core's business to risks associated with international operations, including:

- adjusting the pricing functions that Republic Core uses for name registration and other similar activities;
- conformity with applicable business customs, including translation into foreign languages and associated expenses;
- potential changes to Republic Core's established business model;
- the need to support and integrate with local third-party service providers;
- competition with service providers that have greater experience in the local markets than Republic Core does or that have pre-existing relationships in those markets;
- difficulties in staffing and managing foreign operations in an environment of diverse culture, laws and customs, and the increased travel, infrastructure, and legal and compliance costs associated with international operations;
- compliance with multiple, potentially conflicting, and changing governmental laws and regulations, including securities, employment, tax, privacy and data protection laws and regulations;

- compliance with U.S. and foreign anti-bribery laws, including the Foreign Corrupt Practices Act and the UK Anti-Bribery Act;
- difficulties in collecting payments in foreign currencies and associated foreign currency exposure;
- restrictions on repatriation of earnings;
- compliance with potentially conflicting and changing tax laws in jurisdictions where Republic Core conducts business and applicable U.S. tax laws as they relate to international operations, the complexity of these tax laws, and potentially adverse tax consequences due to changes in these laws; and
- regional economic and political conditions.

As a result of these risks, any potential future international expansion efforts that Republic Core may undertake or may be exposed to may not be successful.

### **Risks Related to an Investment in Republic Notes**

***There are numerous risks with respect to how we structure our business and the Republic Notes. Only investors who can bear the loss of their entire investment should purchase our Republic Notes.***

Our business model, and at least some of the terms of our Republic Notes, are novel. As with any new business model, and any new investment opportunity, there are numerous risks, including the risks outlined in this “Risk Factors” section. However, because of the newness of our business model, and our securities, there may possibly be additional risks and uncertainties that we are unable to reasonably foresee at this time. An investment in our Republic Notes is highly risky and speculative. Our Republic Notes are suitable for purchase only for investors of adequate financial means. If you cannot afford to lose all of the money you plan to invest in Republic Notes, you should not purchase them.

***Reliably valuing us or the Republic Notes is difficult.***

The price of the Republic Notes being offered hereby was established by the Company. Unlike listed companies whose publicly traded securities are valued through market-driven stock prices, the value of private companies, especially startups, and the value of their securities, are difficult to assess. Further, it is difficult to correlate the value of the Republic Notes to the value of the Company. You risk overpaying for your investment. Substantial time may pass before reliable valuations of the Company and the Republic Notes are available, if ever.

***The Republic Notes have no history and thereby face significant uncertainties around their valuation.***

The Republic Notes have no performance history. Investors will have limited ability to compare them against other, similar instruments. An investment in the Republic Notes should be evaluated taking into account the lack of previous investments, business models and technological systems against which the Republic Notes may be usefully compared.

***It is difficult to predict the amounts and timing of dividends we may issue to Republic Note holders. Dividends may not be large or frequently paid, if at all.***

Republic Core will periodically, and at least twice in any twelve-month period (on June 30 and December 31), calculate the total amount of Republic Core Proceeds it has received since its last such calculation and, whenever this calculation yields a Distributable Amount that exceeds the \$2,000,000 Threshold Amount (or a smaller amount that Republic Core deems, in its sole business discretion, is advisable to distribute), Republic Core will issue dividends to Republic Note holders. See “Dividend Policy.” The basis for each dividend calculation is the amount of available Republic Core Proceeds. We will receive Republic Core Proceeds from time to time, if and when a Client receives cash proceeds from securities or carried interests that it has acquired in the normal course of its business. However, we cannot predict when or how often Clients will receive such cash proceeds, or in what amounts. As a

result, there can be no assurance as to when or how often, or in what amounts, we will have Republic Core Proceeds that would be distributable as dividends. In addition, if we receive Republic Core Proceeds, but these proceeds do not exceed the \$2,000,000 Threshold Amount (or a smaller amount that Republic Core deems, in its sole business discretion, is advisable to distribute), then there will be no dividends paid, and the next earliest time any of such Republic Core Proceeds might be distributed would be following the next dividend calculation time – and then only if the \$2,000,000 Threshold Amount (or a smaller amount that Republic Core deems, in its sole business discretion, is advisable to distribute), is met at that time. As a consequence of the foregoing, dividends paid to Republic Note holders may not be paid frequently, or at all, and if paid may not constitute large payments.

***The size of your dividends may decrease as and to the extent we issue additional Republic Notes.***

A total of 800,000,000 Republic Notes will be generated. These will be divisible into various categories, depending on how quickly and with what likelihood they will be issued by us. See “Description of Securities – Republic Note Supply and Economics”. Issued Republic Notes are eligible to receive dividends. As described in our dividend policy, when a dividend is to be made, the total amount to be distributed will be divided among all Issued Republic Notes outstanding as of the time we take a “snapshot” of all outstanding Issued Republic Notes for purposes of that dividend. Therefore, the amount of individual dividend that any particular holder of Issued Republic Notes would receive in a particular dividend distribution would depend substantially on the total number of Issued Republic Notes outstanding at the snapshot time for that dividend distribution.

Up to 91,666,666.67 Republic Notes may be issued in the Cash Offering. But substantially more Republic Notes would be available for us to issue in the future. The sizes of any dividends you may receive may decrease as we issue additional Republic Notes. The amount of Issued Republic Notes outstanding from time to time is substantially within our control — and increases in such amount may substantially dilute the dividend amounts payable to you.

At the close of the Republic Note Offerings, if all of the Republic Notes in the Republic Note Offerings are issued as contemplated, approximately 367,184,781.67 Republic Notes will be outstanding.

***The amount of dividends to holders of Republic Notes may be substantially reduced if Republic Core is unable to contain its costs.***

Republic Core will not make any dividend to the extent it would be prohibited under applicable Delaware law, such as when the dividend would exceed the fair value of Republic Core’s assets. If Republic Core is unable to contain its costs, there may be instances when Republic Core has a sufficient amount of Republic Core Proceeds to dividend, but finds itself unable to make dividend payments because it has determined that any such dividend would be prohibited under applicable law. If a dividend payment or any portion thereof is prohibited by applicable law, the amount of the dividend that would have been paid but was not paid because of a prohibition under applicable law will be treated as cumulative, and will be reserved and reallocated and paid (to the extent consistent with applicable law) as part of future dividend payments. See “Dividend Policy”.

***We do not plan to subject our determination of dividends to stand-alone audits.***

The determination of the amount of dividends (if any) to pay to holders of Republic Notes will be made by the application of Republic Core’s dividend policy. The calculations called for under that policy will be undertaken on a regular basis by Republic Core’s accounting staff.

We have not had, and we do not plan to have, the calculations made or the methodologies applied under our dividend policy subjected to stand-alone audits. As a result, our allocations of revenue to Republic Notes will not be audited. There can be no assurance that there will not be errors or misstatements in those calculations or methodologies, which could reduce the dividends available to holders of Republic Notes.

***Holders of Republic Notes will not have any of the benefits traditionally associated with holders of debt instruments, other than dividend opportunities, nor will they have any rights traditionally associated with holders of equity.***

Holders of Republic Notes will not have any of the benefits traditionally associated with holders of debt instruments, other than dividend opportunities, nor will they have any of rights traditionally associated with holders of equity. For example, holders of Republic Notes will not receive a right to any repayment of principal or interest, as might be expected under a traditional debt instrument. Nor will holders receive any legal or contractual right to exercise control over the operations or continued development of Republic Core. Also, the terms of the Republic Notes do not create any binding obligation on Republic Core with respect to the Republic Notes or the holders of Republic Notes. Republic Note holders may receive returns on the Republic Notes if and to the extent dividends are distributed, or to the extent any capital appreciation associated with the Republic Notes is realizable through trading activity.

***We may dispose of our assets without your approval.***

Neither our certificate of formation nor our LLC operating agreement provides voting rights to holders of Republic Notes. Each Republic Note will entitle a holder to zero (0) votes on all matters submitted to a vote of Company securityholders. As a result, we, or all or substantially all of our assets, may be sold or otherwise disposed of, without any person having to seek the approval of any holders of Republic Notes. The only approval that would be required for a sale or other disposal of all or substantially all of our assets would be the approval of Republic, as the sole holder of our issued and outstanding membership interests.

***If Republic Parent experiences a change of control, we may offer to repurchase the Republic Notes, and you may lose some or all of your investment.***

In the event Republic Parent experiences a change of control, the Company may choose to make an offer for all outstanding Republic Notes, and may cancel any Republic Notes that are not offered to the Company within a reasonable time. In addition, we may not have sufficient funds to repurchase the Republic Notes in cash at such time or have the ability to arrange necessary financing on acceptable terms. Furthermore, our ability to repurchase the Republic Notes for cash may be limited by law or the terms of other agreements relating to any indebtedness of ours that may be outstanding at the time. See “Description of Securities—Non-Membership Interests—The Republic Note—Repurchase.” As a result, if Republic Parent experiences a change of control, you could lose some or all of your investment in Republic Notes.

***If no dividends are paid within five years, we may cancel the Republic Notes.***

As noted under “Description of Securities—Non-Membership Interests—The Republic Note--Cancellation”, the Company may, in its discretion, cancel the Republic Notes at any time after the five (5) year anniversary of the Initial Delivery Date of the Republic Notes if the Company has not realized the minimum \$2,000,000 in distributions that be qualified as dividends to Republic Note holders. If that were to happen, investors in Republic Notes could lose their entire investment.

***There may be limited or no trading markets for the Republic Notes, and a trading market may never develop.***

Currently, there are no securities trading systems that have been approved by FINRA and registered under Form ATS with the SEC to support the trading of Republic Notes. As a result, there may be limited or no trading markets in the United States available to support the trading of Republic Notes. Even if a trading market develops, it may not be maintained or achieve a level of liquidity necessary to make the market attractive to holders. You should be prepared to hold your Republic Notes indefinitely. If the Republic Notes remain illiquid for a significant period of time or indefinitely, the value of the Republic Notes may be adversely affected.

***We do not expect there to be any market makers to develop a trading market in the Republic Notes.***

Most securities that are publicly traded in the United States have one or more broker-dealers acting as “market makers” for the security. A market maker is a firm that stands ready to buy and sell the security on a regular and

continuous basis at publicly quoted prices. We do not believe that the Republic Notes will have any market makers in the foreseeable future, which would likely contribute to a lack of liquidity in the Republic Notes and hamper the ability to trade the Republic Notes.

***The cost of trading Republic Notes is uncertain and is not within our control.***

Although we expect the transaction cost for trades on the Algorand blockchain to be low, that cost is uncertain and is not within our control. Furthermore, the operator of the Algorand blockchain may change the transaction cost for trades on the blockchain, from time to time, without input from or advance notice to us. A higher transaction cost could adversely affect the value of your Republic Notes.

***You and any persons interested in acquiring Republic Notes from you may lack information for monitoring the value of the Republic Notes.***

The Republic Notes do not have any information rights attached to them, and holders may not be able to obtain all the information they would want regarding Republic Core or the Republic Notes. If Republic Core proceeds with the Reg A Offering, Republic Core will be a Tier 2 issuer under Regulation A. As a Tier 2 issuer, Republic Core would be subject to scaled disclosure and reporting requirements, and would not be required to make the same level of public reporting required of issuers in traditional public offerings.

***In the future, we may not be subject to ongoing reporting requirements.***

If Republic Core proceeds with the Reg A Offering, following the conclusion of the Reg A Offering, we may be eligible to file an exit report to suspend or terminate our ongoing reporting obligations. If we become eligible, and if we make this election in the future, we may choose not to file annual reports, semiannual reports, current reports, audited financial statements and other information required to be reported by Regulation A issuers that are ineligible to, or choose not to, exit the Regulation A reporting regime. As a result, holders of the Republic Notes might receive less information about the status of Republic Core and the Republic Notes.

***Republic Note transactions may be irreversible and, accordingly, losses due to fraudulent or accidental transactions or technology failures in your wallet software may not be recoverable.***

Transactions in the Republic Notes may be irreversible and, accordingly, a purchaser of the Republic Notes may lose all of his or her investment in a variety of circumstances, including in connection with fraudulent or accidental transactions, technology failures in wallet software, cyber-security breaches or other unforeseeable or unforeseen events. Losses due to fraudulent or accidental transactions may not be recoverable.

***The popularity of digital asset securities offerings may decrease in the future, which could have an adverse impact on the digital asset security industry and market, and on our operations and financial condition.***

In recent years, digital asset securities have faced complex legal and regulatory challenges and, to date, have not benefited from widespread adoption by the markets. Any significant decrease in the acceptance or popularity of digital asset securities offerings could have an adverse impact on Republic Core's operations and financial condition.

***We may be subject to risks associated with accepting payment for Republic Notes in cryptocurrencies.***

In addition to accepting payment for Republic Notes in U.S. dollars, we may arrange to be able to accept payment for Republic Notes with Bitcoin, USDC or Ether. However, if we do so, we will expose ourselves to risks associated with accepting such forms of payment. For example, prices of cryptocurrencies are known to fluctuate dramatically within short periods of time. Any such fluctuations could reduce dramatically the amount of fiat currency that we are able to receive in exchange for the cryptocurrencies paid to us by Republic Note purchasers, which could have an adverse effect on our operations. For that reason, and in order to reduce that risk, we intend to convert any Bitcoin, USDC or Ether received as payment in the Offering almost immediately. However, there is no guarantee that we will be able to do so.

***A prospective investor may subscribe and pay for Republic Notes but never receive Republic Notes, and may be unable to recover any or all of their investment.***

The Initial Delivery Date for Republic Notes will be as defined in this Memorandum. See “Plan of Distribution – Duration of Offering, Delivery.” As a result, there will be a delay between the payment of funds and both the acceptance of the prospective investor’s subscription and the delivery of the Republic Notes. However, since funds received through the subscription process will not be held in escrow indefinitely and will be made immediately available to the Company, those funds might be depleted prior to the Initial Delivery Date. Although we don’t expect this to occur, if a Dissolution Event (as defined below) occurs during this period, the prospective investor may never receive Republic Notes and may be unable to recover any or all of their investment. If such an event were to occur, prospective investors may be treated as a general creditor of the Company, and might be required to participate pro rata with other creditors in the distribution of Company assets legally available for distribution as determined by the Company’s board of directors.

A “**Dissolution Event**” means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Company’s creditors or (iii) any other liquidation, dissolution or winding up of the Company (excluding a Liquidity Event), whether voluntary or involuntary.

In order to reduce the risk of a depletion of funds prior to the Initial Delivery Date, the Company will not issue a dividend prior to the Initial Delivery Date.

***Investors in the Cash Offering may not be entitled to a jury trial with respect to claims arising under the subscription agreement or participation agreement and may also be required to submit such claims to arbitration, which could result in less favorable outcomes to the plaintiff(s) in any action under either agreement.***

Investors in the Cash Offering will be bound by the subscription agreement, which includes a provision under which investors waive the right to a jury trial of any claim they may have against the Company arising out of or relating to the particular agreement and may also be required to submit such claims to arbitration, other than with respect to claims under the U.S. federal and state securities laws.

If we opposed a court proceeding based on the waiver, a court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. We note that, despite various cases in which the U.S. Supreme Court has affirmed the enforceability of arbitration agreements, the enforceability of mandatory arbitration provisions has recently been under review by various state and federal courts, and courts have limited these provisions’ reach in various circumstances. We anticipate, given the history of courts’ close scrutiny of individual-facing arbitration provisions and jury trial waivers, that future courts will continue to review and consider the enforceability of such provisions and, as courts continue to evolve their thinking on this issue, it is possible that certain state or federal courts may further limit the enforceability of such provisions. For further discussion, see the section of this Memorandum captioned “Plan of Distribution— Arbitration and Waiver of Jury Trial.” However, we believe that contractual mandatory arbitration and pre-dispute jury trial waiver provisions are generally enforceable, including under the laws of the State of New York, which laws govern the subscription agreement. In determining whether to enforce a contractual mandatory arbitration provision pre-dispute jury trial waiver provision, courts will generally consider whether the visibility of the jury trial waiver provision within the agreement is sufficiently prominent such that a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the subscription agreement.

If you bring a claim against Republic Core in connection with matters arising under the subscription agreement other than under U.S. federal and state securities laws, you may therefore not be entitled to a jury trial with respect to that claim, which may have the effect of limiting and discouraging lawsuits against the company. If a lawsuit is brought against Republic Core under the subscription agreement, it may be heard only by an arbitrator or arbitrators, which would be conducted according to different procedures and may result in different outcomes than a trial by jury or a trial by judge would have had, including results that could be less favorable to the plaintiff(s) in such an action.

Nevertheless, if this jury trial waiver provision or arbitration is not permitted by applicable law, an action could proceed under the terms of the subscription agreement with a jury trial. Furthermore, by agreeing to the provision,

investors will not be deemed to have waived Republic Core's compliance with the federal securities laws and the rules and regulations promulgated thereunder or any rights held by the investor under federal securities laws and the rules and regulations thereunder.

Purchasers of Republic Notes from investors in the Cash Offering via secondary transactions will not be bound by the subscription agreement and the corresponding waiver provisions referenced above.

## **Risks Related to the Republic Note Smart Contract and the Site**

***The Republic Note Smart Contract relies on software that is highly technical, and if it contains undetected errors, the Republic Note Smart Contract could be adversely affected.***

The Republic Note Smart Contract relies on software that is highly technical. The software on which we rely, including the software governing the interactions of the Republic Note Smart Contract and the Algorand blockchain, may contain such errors or bugs. Errors, bugs, or other defects within the software on which Republic Core relies may hinder our operations, compromise our ability to protect user data or our intellectual property, and result in harm to our reputation, any of which could adversely affect our business and the Republic Notes.

***The Republic Note Smart Contract has been and will be further developed by key technology employees or contractors of Republic Core, whose continued availability cannot be assured.***

The Republic Note Smart Contract and any related features that may be developed in the future, has been and will be further developed by, among others, a number of key technology employees or contractors of our Company. In particular, we are aware of only two employees or contractors of ours who possess the necessary technological skills to develop the back-end infrastructure for the Republic Note Smart Contract. If Republic Core were to lose the services of any these key employees or contractors, it could be difficult or impossible to replace them. The loss of the services of any of these key employees or contractors could have an adverse effect on the ability of Republic Core to further develop, operate or maintain features of the Republic Note Smart Contract.

***The Republic Note Smart Contract might never be completed, and Republic Notes might never be issued.***

The Republic Note Smart Contract is in mid to late stage. We currently expect that the release date for the Republic Note Smart Contract, including the ability to mint, clawback and burn tokens, will be sometime in July 2020. Based on this timeline, we believe we will be able to mint, issue and deploy Republic Notes around September 2020. However, our ability to issue Republic Notes around September 2020 is dependent on the deployment of Algorand smart contract functionality to the Algorand main network by developers working in the Algorand ecosystem, which is outside our control. Although we view it as unlikely, the deployment of the Republic Note Smart Contract, and the issuance of Republic Notes, could be delayed, possibly indefinitely, and it is possible that Republic Notes might never be issued.

***The Republic Note Smart Contract may be the target of malicious cyberattacks or may contain exploitable flaws in its underlying code, which may result in security breaches and the loss or theft of Republic Notes.***

There can be no assurance that the Republic Note Smart Contract and the creation, transfer or storage of the Republic Notes will be uninterrupted or fully secure, which may result in impermissible transfers of Republic Notes, a complete loss of members' Republic Notes or an unwillingness of members to access, adopt and use Republic Notes. If any of the foregoing were to occur, this could expose us to liability and reputational harm and could curtail the use and attractiveness of Republic Notes.

***A fork with respect to Republic Notes on the Algorand blockchain could affect your ability to receive dividends.***

If a fork were to occur with respect to Republic Notes on the Algorand blockchain, the ability of Republic Note holders to receive dividends could be affected. While we believe that the Algorand blockchain was designed to minimize the risks of forks, and while we do not believe that there is a significant risk of such a fork, it is nevertheless possible that a fork could occur, and that such a fork could result in disagreements regarding which fork of the blockchain should be recognized as legitimate. We expect to retain control over the Republic Note Smart Contract, even after a continuing fork or other modifications by third parties. Therefore, we believe that we would be able to resolve any such potential disagreements to ensure that holders of Republic Notes would not be substantially affected by such a fork. However, there is no assurance that we would be able to do so in a timely manner, or at all.

***You will be responsible for securing and maintaining your private keys and otherwise following good cybersecurity practices. Failure to do so could result in the loss of your Republic Notes.***



Republic Note balances held in your digital wallet are associated with that wallet address's public key, which is in turn associated with your wallet address's private key. You are responsible for knowing your private key and keeping it secret. Because a private key, or a combination of private keys, is necessary to control and use Republic Notes stored in your digital wallet, the loss of one or more of your private keys associated with your digital wallet, or a malfunction in your digital wallet, could result in the loss of your Republic Notes. In addition, any third party that gains access to one or more of your private keys, including by gaining access to login credentials of a hosted wallet service you use, may be able to misappropriate your Republic Notes. Any loss of your Republic Notes due to theft or unauthorized use of any of your private keys may be final and result in the complete loss of your investment.

***The historical performance of the Site is not an indication of its future performance.***

It is impossible to predict whether the Site will maintain its current user base or continue to grow, nor is it possible to predict whether any security incidents will occur, or be perceived to occur, on the Site. The growth and stability of the Site is affected by a large number of complex and interrelated factors. Past growth and performance of the Site are not indicative of its potential growth and performance in the future.

***Negative publicity could adversely affect the Republic Ecosystem, our business, and the Republic Notes.***

Negative publicity about the Republic Ecosystem, Republic Core, the Republic Notes, the Republic Note Smart Contract, the Algorand blockchain protocol and the quality, security and reliability of the technologies behind the foregoing could harm the Republic Ecosystem, our business and the Republic Notes. This may be true even if such publicity is inaccurate. Negative publicity could also relate to the accuracy and effectiveness of the mechanisms used in registering digital assets on the Republic Note Smart Contract, changes to the Republic Note Smart Contract, Republic Core's ability to effectively manage and resolve complaints, privacy, security or data protection practices, litigation, and regulatory activity. Such negative publicity could arise from many sources. Negative publicity, whether accurate or inaccurate, could negatively affect the Republic Notes.

### **Risks Related to Blockchain Technology**

***The Republic Note Smart Contract, the Algorand blockchain and the Republic Notes themselves may be the target of malicious cyberattacks or may contain exploitable flaws in their underlying code, which may result in security breaches and the loss or theft of Republic Notes. If these attacks occur or security is compromised, this could expose us to liability and reputational harm and adversely affect the Republic Notes.***

The Republic Note Smart Contract and the Republic Notes represent untested technologies, and there can be no assurance that the Republic Note Smart Contract and the ownership and transfer of Republic Notes will be uninterrupted and fully secure. There could be unauthorized transfers of Republic Notes, a complete loss of a holder's Republic Notes or an unwillingness on the part of investors to adopt and invest in Republic Notes. Moreover, the Republic Notes and the Republic Note Smart Contract (and any technology, including blockchain technology, on which they rely, such as the Algorand blockchain) may be the target of malicious attacks seeking to identify and exploit technological weaknesses, which may result in the loss or theft of Republic Notes or other harms. These attacks may include, but may not be limited to, the following:

- A "Finney attack" occurs when an attacker enters into a transaction but does not announce it to the network. In such a case, the attacker can double-spend tokens by transferring them to another member (for example, a merchant website) and then creating a new block of those same tokens. For such an attack to be successful, the new block must be released so that it is added to the blockchain before the other user engages in a transaction. Once the block is accepted, the other user's transaction will not be accepted. Typically, members who accept "quick transactions" (which are accepted before the counterparty can confirm that the transaction has been written to the correct version of the blockchain) are vulnerable to this type of attack.
- A "Sybil attack" refers to a situation where a single unique user masquerades as multiple independent network nodes or members. This type of attack is difficult to defend against, even in theory, and may be used to game systems where distributions of rewards are designed to be based on unique user identities.

Malicious users who adopt this sort of attack can subvert the system to receive Republic Notes as rewards, and thereby undermine the system generally.

These and other sorts of attacks may increase in frequency as more Republic Notes are distributed, if they become more valuable, and in particular if they are held by an increasing number of members. Republic Core may attempt to take measures to increase security on the Republic Note Smart Contract, but there can be no assurance that any such measures will be successful, and they will inevitably depend in large part on user behavior. As a result, there may be a number of successful attacks against the Republic Note Smart Contract and Republic Notes and their holders. Such attacks may adversely affect the Republic Note Smart Contract in the specific ways described above, by reducing trust in the integrity of the Site and the Republic Notes, creating bad publicity and ultimately reducing demand for the Republic Notes.

***The Republic Note Smart Contract, the Algorand blockchain and the Republic Notes themselves are vulnerable to risks arising from the new and untested aspects of their technologies.***

Blockchain technology, which is sometimes referred to as “distributed ledger technology,” is a relatively new, untested and evolving technology that represents a novel combination of several concepts, some of which may be present or absent in varying degrees across differing types of digital assets. These aspects include a distributed database or ledger that represents the total ownership of the assets at any one time, novel methods of authenticating transactions using cryptography across distributed network nodes, differing methods of incentivizing authentication by the use of rewards and, in some cases, hard limits on the aggregate amount of assets that may be issued.

Accordingly, the further development and future viability of digital assets such as the Republic Note is uncertain, and a variety of challenges may prevent wider adoption. Examples of these challenges include the following:

- Scalability is a challenge for blockchains, because addition of records to a blockchain requires the network to achieve consensus through a validator mechanism, and delays and bottlenecks in the clearance of transactions may result.
- To the extent incentive payments are used to incentivize the validation of a transaction a blockchain, these fees may spike during times of high transaction volume. Because Republic Notes are securities, these incentive payments could also potentially raise regulatory issues related to whether the recipient of the fees is required to register as a broker-dealer under the Securities Exchange Act, of 1934 (the “**Exchange Act**”). We believe that these rewards do not warrant a validator registering as a broker-dealer; however, there can be no assurance that regulatory agencies will agree with our position.
- In the case of many blockchains, during the validation process, competing forks of the blockchain may arise. As a result, a block is often not considered to be irreversibly included in the blockchain until several additional blocks have been added to it, and occasionally blocks with a handful of confirmations can be dropped and modified. Applications built on top of a blockchain that do not wait a sufficient period before treating the blockchain as permanently written may lose assets and funds in exchange for blockchain payments that are never completed. The Algorand blockchain has been designed to avoid forking problems that affect other blockchains. However, there can be no assurance that the Algorand design will prevent all forks, and there may still be unexpected forks in the Algorand blockchain.
- Because the blockchain has no gatekeepers, malicious users cannot be banned from the network. These users may drive out honest users through repeated attacks or by malicious behavior on applications that permit user-to-user interaction.

Moreover, advances in cryptography or other technical advances, such as the development of quantum computing, could present risks to Republic Notes, the Republic Note Smart Contract or the Algorand blockchain, by undermining or vitiating the cryptographic consensus mechanisms that underlie the blockchain protocols. Similarly, legislatures and regulatory agencies could prohibit the use of current or future cryptographic protocols, which could limit the utility of Republic Notes, the Republic Note Smart Contract or the Algorand blockchain.

***Changes made to the Algorand blockchain over time, including by developers over whom Republic Core has no influence or control, could adversely affect the Republic Notes.***

Over time, changes may be made to the Algorand blockchain, including by software developers over whom Republic Core has no influence or control. Such changes could modify the underlying functionality of the blockchain in ways that introduce errors or reduce functionality, and thereby adversely affect the Republic Notes or the Republic Note Smart Contract. Any such changes could lead to ownership or transfer problems, the creation of unreliable records of valid Republic Note transactions, the generation of invalid Republic Note transactions or other harms. In any such case, holders of Republic Notes could be damaged and our business could be adversely affected.

***The Algorand blockchain has not yet been widely recognized and accepted.***

The Algorand blockchain represents relatively new blockchain technology, and it has not yet been as widely recognized or accepted as other forms of blockchain technology, such as Bitcoin and Ethereum. The relative novelty of Algorand technology may create various problems for us, including reticence on the part of investors to purchase securities generated on such a blockchain or other difficulties with market understanding or acceptance. Any of these outcomes or events could adversely affect our business and the Republic Notes.

***The further development and acceptance of blockchain networks are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain networks and blockchain assets could have an adverse effect on the Republic Notes.***

Republic Notes may be adversely affected if there is no further development of the Algorand blockchain network. However, whether such development will take place is subject to a high degree of uncertainty. Factors affecting the further development of blockchain networks include, without limitation:

- worldwide growth in the adoption and use of digital assets and other blockchain technologies;
- the maintenance and development of the open-source software protocols of blockchain networks;
- changes in consumer demographics and public tastes and preferences;
- the availability and popularity of new forms or methods of buying and selling goods and services, or trading assets, including new means of using existing networks;
- general economic conditions in the United States and the world;
- the impacts of major events such as pandemics and climate change;
- the regulatory environment relating to blockchains; and
- declines in the popularity or acceptance of blockchain-based assets.

The slowing or stopping of the development, general acceptance, adoption, and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of the Republic Notes.

***Republic Core may not be able to prevent changes to the Algorand blockchain that could harm the functionality of Republic Notes.***

Due to the decentralized nature and governance structure of the Algorand blockchain, no central authority or system administrator exists with the power to preclude all potentially adverse changes to Algorand blockchain protocols. Consequently, Republic Core is unable to assure that the Algorand protocols will continue to be compatible with and supportive of the ownership and use of Republic Notes. For example, the possibility exists that a malicious actor could obtain, and stake, a supermajority of Algo tokens on the Algorand blockchain, such that the actor is able to alter governing protocols, prevent the confirmation of new transactions, reverse previously completed transactions or otherwise exercise control in a manner adverse to the continued operability of the Republic Notes or the interests

of Republic Note holders. Such changes to the underlying protocols on which Republic Core's technology relies could render the Republic Notes inoperable or reduce their utility or attractiveness. Moreover, whether or not any malicious actor actually takes such actions, concerns that the possibility of blockchain breakdowns or other problems may cause users to lose confidence in the blockchain protocol and its continued viability. This in turn could adversely affect Republic Core, its operations and the Republic Notes. Due to similar factors, improvements or bug fixes to the Republic Note Smart Contract may be difficult or impossible to make.

***Republic Core may not be able to deliver the Republic Notes in the time periods identified.***

The Republic Note is an untested form of digital security. Therefore, due to technological difficulties, Republic Core may not be able to deliver Republic Notes to investors in the Offering in the time periods outlined herein. In any such case, investors in the Offering would be unable to reap the potential benefits of holding a security in digital form, investors might not receive dividends on a timely basis, and the costs to Republic Core of making dividend payments outside the blockchain may be higher on the blockchain, making it difficult or impossible for Republic Core to continue with its plan of having Republic Notes broadly held and sharing revenues with Republic Note holders.

**Risks Related to Regulation**

***There are uncertainties related to the regulations governing blockchain technologies and digital assets, and new regulations or policies may materially adversely affect the Republic Notes.***

The regulation of assets such as the Republic Notes and related technologies (such as blockchains) involves uncertainty as to how existing law will apply, is likely to rapidly evolve as government agencies take greater interest, and can vary significantly among international, federal, state, and local jurisdictions. Because of the differences between the Republic Notes and traditional securities, there is a risk that issues that might easily be resolved by existing law if traditional securities were involved may not be easily resolved for the Republic Notes. It is possible that securities regulators may interpret laws in ways that adversely affect the Republic Notes. It is difficult to predict how or whether regulatory agencies may apply existing or new regulations with respect to the Republic Notes, the Republic Note Smart Contract and the Algorand blockchain.

***We could become a "reporting company" under the Exchange Act with significant additional reporting obligations, because we are not using a transfer agent for transactions in the Republic Notes.***

Under Regulation A, we will have limited ongoing reporting obligations to investors relative to the obligations of companies that are "reporting companies" for purposes of the Exchange Act. The exemption that allows this lighter reporting, however, is in part dependent on the use of a transfer agent with respect to a company's securities. We do not intend to engage a transfer agent with respect to the Republic Notes, in part because there is no existing transfer agent that we are aware of able to perform relevant functions related to the Republic Notes, and in part because the types of activities a transfer agent would normally engage in are performed automatically on the blockchain.

It is possible that a regulator would disagree with this position and, as a result, require us to file the full set of reports required of a reporting company. If so, we would need to spend considerable additional time, effort, and expense providing the required reports. This could have an adverse effect on our operations, and would require significant attention from management, which in turn could affect our business and the Republic Notes.

***We do not intend to register the Company or the blockchain as an exchange or ATS.***

We have taken the position that neither the Company nor the blockchain should be viewed as an exchange or an ATS, primarily because each proposed transaction involving Notes on the network will be individually negotiated and implemented. For more information, see "Our Business—Regulation—ATS." It is possible that the SEC or another regulator would disagree with our position. If so, we could be forced to register the network and/or the blockchain as an exchange or ATS and comply with applicable law, which could lead to significant costs to Republic Core and could force Republic Core to change or cease its operations. Any of these developments could decrease the value of the Republic Notes sold in the Cash Offering.

***We do not intend to register the Company or the Blockchain as a clearing agency.***

Certain activities conducted with respect to the Republic Notes could be viewed as triggering a requirement that the Company or the blockchain register as a clearing agency. See “Our Business—Regulation—Clearing Agency.” We do not believe that such registration is required, but it is possible that the SEC or another regulator would disagree with that position. If so, we or the blockchain could be required to register as a clearing agency, and comply with law applicable to clearing agencies, which could lead to significant costs to us or the blockchain, and could force us to change or cease our operation or support of the blockchain. It could also lead to considerable uncertainty as to how we or the blockchain would comply with regulation, which would likely result in a need for a relatively long registration process and could ultimately prove prohibitive to our business model. Any of these developments could adversely affect the value of the Republic Notes.

***We are not registered as a money transmitter or money services business, and our business may be adversely affected if we are required to do so.***

We believe that no Republic Core entity is a money transmitter or a money services business. If Republic Core were deemed to be a money transmitter and/or a money services business, it would be subject to significant additional regulation. This could lead to significant changes with respect to our operations, how the Republic Notes are structured, how they are purchased and sold, and other issues, and would greatly increase our costs in creating and facilitating transactions in the Republic Notes. It could also lead to the termination of the Republic Notes or a decrease in their value. In addition, a regulator could take action against Republic Core if it views the Republic Notes and/or the Note Smart Contract as a violation of existing law. Any of these outcomes would negatively affect the value of the Republic Notes and/or could cause Republic Core to cease operations. For further details, see “Our Business—Regulation—Money Transmitter and Money Services Business.”

***We are not licensed to conduct a virtual currency business in New York and do not intend to become licensed in any other state that may require licensing in the future. We have taken the position that New York’s BitLicense Regulatory Framework does not apply to our offer of Notes, because they are Securities issued under a registration exemption. It is possible, however, that the New York State Department of Financial Services could disagree with our position.***

We are not licensed to conduct a virtual currency business in New York or any other state. We have, however, taken the position that the State of New York’s BitLicense Regulatory Framework does not apply to the offer and sale of securities like the Republic Notes—including issuances pursuant to SAFE-STs personally issued to persons located in New York. We are also taking the position that the securities offered pursuant to this Memorandum are “covered securities” as that term is used in Section 18 of the Securities Act, and as a result, the BitLicense Regulatory Framework is preempted under federal law with respect to Republic Notes offered under this Memorandum. It is possible that the New York State Department of Financial Services could disagree with our position. If we were deemed to be conducting an unlicensed virtual currency business in New York, we could be subject to significant additional regulation and/or regulatory consequences. This could lead to significant changes with respect to the operation or planned operation of the Note Smart Contract, how the Republic Notes are structured, how they are purchased and sold and other issues, and would greatly increase costs in creating and facilitating transactions in the Republic Notes. It could lead to the termination of the Republic Notes or decreases in the value of the Republic Notes. In addition, a regulator could take action adverse to us, users of the Note Smart Contract, the Note Smart Contract itself or the Republic Notes. Any of these outcomes would negatively affect us, the Note Smart Contract, including its further development, and the value of the Republic Notes and/or could cause us to cease operations.

Currently, New York is the only state that requires a license to operate a virtual currency business, but it is possible that other states may require licenses in the future. If additional states begin to regulate virtual currency businesses as New York has, or impose other regulatory restrictions, and take the position that we are operating regulated virtual currency businesses, it could have a material adverse effect on our ability to operate in those states, or for holders of the Republic Notes to engage in any activities related to the Republic Notes in those states, which could affect the value of the Republic Notes. This could also lead to the potential legal consequences described above with regard to New York. For further details, see “Our Business—Regulation—New York BitLicense.”

***Our business is subject to complex and evolving U.S. and foreign laws and regulations regarding privacy, technology, data protection and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, increased cost of operations or otherwise harm our business.***

We are subject to a variety of additional laws and regulations in the United States and abroad that involve matters central to our business, including user privacy, blockchain technology, data protection and intellectual property, among others. Foreign data protection, privacy, other laws and regulations can be more restrictive than those in the United States. These U.S. federal and state and foreign laws and regulations are constantly evolving and can be subject to significant change. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate.

The growth of our business may increase the potential of violating applicable laws and regulations. The risk of our Company being found in violation of these or other laws and regulations (in the United States or abroad) is further increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and are open to a variety of interpretations. Any action brought against us for violation of these or other laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. If our operations are found to be in violation of any of these laws and regulations, we may be subject to any applicable penalty associated with the violation, including penalties, damages and fines, we could be required to refund payments received by us, and we could be required to curtail or cease our operations or modify our practices or procedures. Existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products and services, including in connection with the Site, result in negative publicity, increase our operating costs, require significant management time and attention and subject us to claims or other remedies, including fines or demands that we modify or cease existing business practices.

## USE OF PROCEEDS

Assuming all Republic Notes offered in the Cash Offering are sold, we expect to receive, in cash and in cryptocurrency payments acceptable to us, gross proceeds of \$11,000,000 and net proceeds, after deducting the expenses of the Offering, of an estimated \$10,866,500. We intend to use the net proceeds of the Offering to:

- fund our current operations, including but not limited to: compensation of our current and future officers, employees, contractors and vendors; completion of the development of the Republic Note Smart Contract and related technological support; and repayment of approximately \$216,268 due an affiliate under a note payable related to the asset acquisitions of SheWorx and Rengen;
- expand our available product and service offerings; and
- develop additional ways of supporting the Republic Ecosystem through technology solutions.

The table below shows the estimated net cash proceeds we would receive from the Offering, assuming the sale of 25%, 50%, 75% and 100% of the maximum proceeds from the Offering.

	<b>25%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>
Gross Proceeds	\$3,000,000.00	\$6,000,000.00	\$9,000,000.00	\$11,000,000.00
Offering Expenses	\$ 133,500.00	\$ 133,500.00	\$ 133,500.00	\$ 133,500.00
Net Proceeds to the Company	\$2,866,500.00	\$5,866,500.00	\$8,866,500.00	\$10,866,500.00

The table below sets forth the manner in which we intend to use the net proceeds we receive from the Offering, assuming the sale of 25%, 50%, 75% and 100% of the maximum proceeds from the Offering. All amounts listed below are estimates.

	<b>25%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>
Fund current operations	\$ 955,500.00	\$1,955,500.00	\$2,955,500.00	\$ 3,955,500.00
Expand product and service offerings	\$ 955,500.00	\$1,955,500.00	\$2,955,500.00	\$ 3,955,500.00
New technology solutions to support Republic ecosystem	\$ 955,500.00	\$1,955,500.00	\$2,955,500.00	\$ 2,955,500.00
TOTAL	\$2,866,500.00	\$5,866,500.00	\$8,866,500.00	\$10,866,500.00

In addition, although we have no current plans to do so, we may in the future make loans, on commercial terms, to other entities within the Republic Ecosystem, and such amounts loaned could include proceeds from the Offering. We do not intend and are not obligated to pay dividends to Republic Parent using proceeds from the Offering (as distinct from Individual Dividend Amounts to which Republic Parent may be entitled by virtue of holding Republic Notes). We intend to utilize the proceeds of the Offering to focus on the growth of Republic Core, and will not use such proceeds as a means directly to finance the growth of our affiliated entities, although the Company's growth may lead to the Company providing more services to more affiliates, which may indirectly help those affiliates grow.

Pursuant to a fee for service agreement with Republic Parent, we are obligated to pay a total of \$2,000,000 to Republic Parent during a one-year period beginning upon the completion of the Offering as consideration for the services and support it has provided and will continue to provide towards the development of the Republic Note, the Republic Note Smart Contract and the preparation for and execution of the Offering.

The expected use of net proceeds from the Offering represents our intentions based upon our current plans and business conditions, which could change in the future. The amounts and timing of our actual expenditures may vary significantly depending on numerous factors. As a result, our management will retain broad discretion over the allocation of the net proceeds from the Offering.

To the extent we accept payment for Republic Notes in the form of Bitcoin, USDC or Ether, we intend to convert such cryptocurrencies to U.S. dollars almost immediately in order to use them in connection with the purposes outlined above.

## PLAN OF DISTRIBUTION

### The Offering

We are offering up to 91,666,666.67 of our Republic Notes, on a continuous, best efforts basis, under Rule 506(c) of Regulation D under the Securities Act, at a price of \$0.12 each, to “accredited investors” (as such term is defined under Regulation D). Investors in the Cash Offering must pay for their Republic Notes in cash (or in equivalent amounts of Bitcoin, USDC or Ether, as discussed below). The maximum gross cash and cryptocurrency proceeds we will receive will not exceed \$11,000,000. No minimum amount of Republic Notes must be sold in order for us to accept investor payments (in the form of cash or cryptocurrencies) and consummate sales.

The Cash Offering, consist of the following:

- **Cash Offering:** up to 91,666,666.67 Republic Notes, at a price of \$0.12 each, to “accredited investors” (as such term is defined under Regulation D) *provided that*, as of the date of this Memorandum, we will only offer up to 66,666,666.66 Republic Notes in the Cash Offering, and we reserve the right to raise that number to 91,666,666.67 in our sole discretion and without notice beyond updating the webpage used for the Cash Offering. Investors in the Cash Offering must pay for their Republic Notes in cash (or in equivalent amounts of Bitcoin, USDC or Ether).

Upon completion of all of the Republic Note Offerings, if those offerings are completed as intended, there will be 367,184,781.67 Republic Notes outstanding. We estimate that the total expenses of the Offering will be approximately \$133,500.

In the Cash Offering, each investor must purchase at least \$1,000 of Republic Notes, although we reserve the right to waive this minimum purchase requirement in one or more cases, and/or impose maximum investment limits, in our sole discretion.

### Eligibility

Each prospective investor must represent to us that it qualifies as an “accredited investor” as that term is defined in Rule 501(a) of Regulation D under the Securities Act. To be an accredited investor, an investor must fall within any of the following categories at the time of the sale of the Republic Notes to that investor:

- A bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity, a broker or dealer registered pursuant to Section 15 of the Exchange Act; an insurance company as defined in Section 2(13) of the Securities Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of that Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;
- An organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended; a corporation; a Massachusetts or similar business trust; or a partnership; in each case, not formed for the specific purpose of acquiring the Notes and with total assets in excess of \$5,000,000;



- A director or executive officer of the Company;
- A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of such person's purchase of the Notes exceeds \$1,000,000. PLEASE NOTE: in calculating net worth, you include all of your assets (other than your primary residence), whether liquid or illiquid, such as cash, stock, securities, personal property and real estate based on the fair market value of such property MINUS all debts and liabilities (other than a mortgage or other debt secured by your primary residence unless such borrowing occurred in the 60 days preceding the date of purchase of the securities and was not in connection with the acquisition of the primary residence). In the event any incremental mortgage or other indebtedness secured by your primary residence occurs in the 60 days preceding the date of the purchase of the securities, the additional mortgage or other indebtedness secured by your primary residence must be treated as a liability and deducted from your net worth even though the value of your primary residence will not be included as an asset. Further, the amount of any mortgage or other indebtedness secured by your primary residence that exceeds the fair market value of the residence should also be deducted from your net worth);
- A natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- A trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Notes, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; and
- An entity in which all of the equity owners are accredited investors.

### **Underwriters, Brokers**

The Republic Notes will be offered principally by us, affiliates of ours, and employees of ours or of our affiliates, in reliance upon the exemption from registration contained in Rule 3a4-1 of the Securities Exchange Act of 1934.

We do not intend to use commissioned sales agents or underwriters, except as follows. Investors in Alabama, Arizona, Florida, New Jersey, North Dakota, Texas, and Washington will be required by state law to purchase Republic Notes through accommodating brokers. The Company will pay commissions to such brokers on their sales, in consideration for helping facilitate those sales. However, we expect any such payments to be incidental compared to the size of the Offering.

### **Pricing**

There is no public market for Republic Notes or any other Company securities. The price at which we are offering Republic Notes in the Offering has been determined by us alone, on an arbitrary basis. The price may not reflect the value of the Republic Notes or the value of the Company, and should you be able to trade Republic Notes after the Offering in compliance with the provisions of the federal securities laws, the prices you receive could be less than the price you paid for Republic Notes in the Offering.

### **Duration of Offering, Delivery**

We will commence all of the Republic Note Offerings as soon as possible. The Cash Offering will continue until the earlier of (i) we sell all of the Republic Notes being offered in the Cash Offering, (ii) we announce the discontinuation of the Cash Offering, or (iii) the commencement of the Reg A Offering.

We will deliver Republic Notes to participants in the Cash Offering on the Initial Delivery Date. All deliveries of Republic Notes will be made to investors' respective digital wallets. Notwithstanding the foregoing, we will not deliver any Republic Notes to any particular investor in the Cash Offering until such investor pays us in cash or

cryptocurrencies, in full payment of the purchase price of such investment, and completes our subscription process. See “– Our Subscription Process”, below.

### **Payment by Investors**

Payment for Republic Notes purchased in the Cash Offering must be made in U.S. Dollars, or in Bitcoin, USDC or Ether. If payment is to be made in Bitcoin, USDC or Ether, the amount tendered must be acceptable to us as the equivalent of the U.S. Dollar purchase price. In the Cash Offering, the purchase process will consist of an investor completing our subscription process and making payment, which will be sent to Prime Trust, LLC, a Nevada trust company, which has established a bank account for the Cash Offering, and then receiving Republic Notes.

With respect to payments made in Bitcoin, USDC or Ether, the cash equivalent value of any cryptocurrency payment will be determined by a third party payment provider to be selected by the Company (the “**Provider**”). The Provider will offer exchange rates for 15 minute windows based on various market averages. This exchange rate will be prominently displayed to prospective investors ahead of the time the investment is completed. This conversion price will be locked in for 15 minutes. A purchaser who elects to invest using Bitcoin, USDC or Ether as payment will elect to invest using cryptocurrency and see the rate. The purchaser will have 15 minutes to send the cryptocurrency to the address provided. If the cryptocurrency is not delivered in the 15 minute window, the investment will be returned and the subscription will be rejected, although the Company reserves the right to allow the potential investor to fulfill the subscription using the original amount of cryptocurrency. Purchasers will not be able to revoke a subscription in the Cash Offering, but they will be able to see the price/exchange rate before committing to the investment. We do not intend to hold on to any Bitcoin, USDC or Ether received as payment in the Cash Offering; we intend to convert those cryptocurrencies to US dollars almost immediately upon receipt.

Payments in the Cash Offering may be made to us at any time. However, delivery of Republic Notes will not occur until the Initial Delivery Date or later, as described above. In the event an investor pays for Republic Notes in the Cash Offering, and prior to the delivery of such investor’s Republic Notes we choose to cancel the Cash Offering, or the Cash Offering expires pursuant to its terms of duration, as described above, we will thereafter promptly return such investor’s payment, without interest, deduction or remedy in the event of any fluctuation in the underlying value of the consideration paid (in the Cash Offering).

- **Payments in U.S. Dollars:** U.S. Dollar payments for Republic Notes may be made via ACH, credit card or wire transfer. Appropriate hyperlinks and wiring instructions will be included in the subscription agreement that each investor will complete as part of our subscription process;
- **Payments in cryptocurrencies:** In the subscription agreement, the Company will provide a digital wallet address to which payments in Bitcoin, USDC or Ether may be made.

### **Our Subscription Process**

Our subscription process for all Republic Notes offered in the Cash Offering will include, among other things, a link to this Memorandum (or a future, supplemented version of this Memorandum, as appropriate at such time), prompts to provide KYC, AML, accreditation and other required information (or to update such information if we already have such information on file for such person) and a subscription agreement to complete electronically. The subscription agreement will contain payment instructions. Prospective purchasers will be able to access our subscription process on our website, [www.republic.co/note](http://www.republic.co/note). All potential investors must consent to the receipt of all offering documents electronically and to the validity of all offering agreements and other instruments completed electronically.

Once you submit the subscription agreement, you may not revoke or change your subscription or request a return of your subscription consideration. However, we reserve the right to reject any investor’s subscription in whole or in part, for any reason or no reason, in our sole discretion. Reasons we may reject a subscription include, without limitation, failure to be an “accredited investor” under Regulation D, failure to meet KYC or AML standards, and rejections (including partial rejections) due to oversubscription. If a subscription is rejected for any reason, and if payment was made in Bitcoin, USDC or Ether, a refund of the purchase price will be made pursuant to the refund

policy of any Provider. Investors in the Cash Offering will not have the right to revoke their subscription before the Offering is complete. Cash received in the Cash Offering, including from converted payments made in cryptocurrency, will be placed into the same bank account established by Prime Trust, LLC for the benefit of the Cash Offering.

### **Transferability of Republic Notes**

The Republic Notes sold in the Cash Offering will be restricted securities under U.S. federal securities laws. No holder of Republic Notes shall, directly or indirectly, sell, give, assign, hypothecate, pledge, encumber, grant a security interest in or otherwise dispose of such Republic Notes, in whole or in part, except under circumstances that would constitute compliance with the restrictions imposed by Rule 144 under the Securities Act on the transfer of securities of issuers that are not subject to the reporting requirements of sections 13 or 15(d) of the Securities Exchange Act of 1934. Such circumstances must be demonstrated to the Company prior to such disposition, by means of a certification as to the facts of the proposed disposition and any other document or documents, including without limitation an opinion of counsel, as the Company may require in its discretion, each such document being in form and substance satisfactory to the Company in its discretion. Additionally, there are no securities trading systems that have been approved by FINRA and registered under Form ATS with the SEC to support the trading of Republic Notes. As a result, there are currently no trading markets in the United States available to support the trading of Republic Notes. There is no guarantee that any exchanges capable and willing to support trading in Republic Notes will be developed and approved. Even if such an exchange were developed and approved, it might develop its own criteria with respect to which cryptoassets it lists for trading, which may include criteria we are unable or unwilling to meet. For example, any such exchange might choose only to allow the listing of cryptoassets that use certain blockchains (for example, the Ethereum blockchain or the Bitcoin blockchain), as integration of each new blockchain into a platform will require additional engineering work and add to the technical complexity of its operation. In addition, these exchanges may form partnerships or alliances with issuers or financial backers of cryptoassets other than the Republic Note, which may lead them to exclude the Republic Note or other cryptoassets from listing as a potential competitor. As a result, you should be prepared to hold your Republic Notes indefinitely, as there is no guarantee that holders will be able to sell or exchange their Republic Notes. Republic Notes may remain illiquid for a significant period of time or indefinitely. In addition, there may be state-imposed restrictions on the offer, sale and disposition by holders of Republic Notes. Holders of Republic Notes that wish to transfer their Republic Notes on any other trading platform, exchange or bulletin board will be required to make their own determination as to whether such transfer is in compliance with U.S. federal and state securities laws. See “—State Blue Sky Information”, below.

Any sale or transfer of a Republic Note will likely require the payment of a transaction fee. As noted in “Description of Securities – Non-Membership Interests – The Republic Note – Digital Form”, the Company expects the transaction fees on the Algorand blockchain to be low. However, the transaction fees associated with sales or transfers are outside the Company’s control, and there can be no assurance that the transaction fees will not change from time to time, or will remain low.

### **Arbitration and Waiver of Jury Trial**

Investors in the Cash Offering will be bound by a subscription agreement. See “Plan of Distribution – Our Subscription Process.” The subscription agreement includes a provision under which investors agree to waive the right to a jury trial of any claim they may have against the company arising out of or relating to the subscription agreement. Investors agree that disputes arising under the subscription agreement will be resolved by binding arbitration. However, no claims under the federal securities laws shall be subject to the mandatory arbitration provision or the waiver of the right to a jury trial, and these provisions do not impact the rights of investors to bring claims under the federal securities laws or the rules and regulations thereunder. Additionally, despite a potential investor agreeing to the provisions in the subscription agreement, investors will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder.

If we opposed a jury trial demand based on the waiver, a court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. We note that, despite various cases in which the U.S. Supreme Court has affirmed the enforceability of arbitration

agreements, the enforceability of mandatory arbitration and jury trial waiver provisions have recently been under review by various state and federal courts, and courts have limited these provisions' reach in various circumstances. We anticipate, given the history of courts' close scrutiny of individual-facing arbitration provisions and jury trial waivers, that future courts will continue to review and consider the enforceability of such provisions and, as courts continue to evolve their thinking on this issue, it is possible that certain state or federal courts may further limit the enforceability of such provisions. However, we believe that contractual mandatory arbitration and pre-dispute jury trial waiver provisions are generally enforceable, including under the laws of the State of New York, which govern the subscription agreement. In determining whether to enforce a contractual mandatory arbitration provision pre-dispute jury trial waiver provision, courts will generally consider whether the visibility of the jury trial waiver provision within the agreement is sufficiently prominent such that a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the subscription agreement.

Purchasers of Republic Notes from investors in the Cash Offering via secondary transactions will not be bound by the subscription agreement and the corresponding arbitration and waiver provisions referenced above.

### **Requirement to File Lawsuits in New York, NY**

The subscription agreement provides that any claims that are not subject to arbitration must be brought in any state or federal court located in New York, NY. Under the terms of the subscription agreement, this is the only forum in which an investor may bring a lawsuit. This provision applies to all actions, including those brought under the federal securities laws. However, there is uncertainty whether a court would enforce this provision. In addition, to the extent that the federal securities laws are interpreted to allow investors to choose to bring a lawsuit in a different jurisdiction, investors cannot waive compliance with the federal securities laws and the regulations thereunder.

As noted above, purchase of Republic Notes from investors in the Cash Offering via secondary transactions will not be bound by the subscription agreement, and thus would not be obligated to bring a lawsuit in a state or federal court in New York, NY.

### **State Blue Sky Information**

The Republic Notes will be offered principally by us, affiliates of ours, and employees of ours or of our affiliates, in reliance upon the exemption from registration contained in Rule 3a4-1 of the Securities Exchange Act of 1934.

We intend to offer and sell the Republic Notes to accredited investors in every state in the United States plus the District of Columbia and Puerto Rico.

The National Securities Markets Improvement Act of 1996 ("NSMIA"), which is a U.S. federal statute, preempts the states from regulating transactions in certain securities, which are referred to as "covered securities". NSMIA nevertheless allows the states to investigate if there is a suspicion of fraud or deceit, or unlawful conduct by a broker or dealer, in connection with the sale of securities. If there is a finding of fraudulent activity, the states can bar the sale of covered securities in a particular case.

We believe that the Republic Notes will be "restricted securities" for purposes of the Securities Act, and will be transferable pursuant to Rule 144 under the Securities Act only after a holding period of one year from their issuance and in compliance with other applicable provisions of Rule 144.

### **Foreign Restrictions on Purchase of Republic Notes**

We have not taken any action to permit a public offering of our securities outside the United States or to permit the possession or distribution of this Memorandum outside the United States. Our securities may not be offered or sold, directly or indirectly, nor may this Memorandum or any other offering material or advertisements in connection with the offer and sale of our securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons outside the United

States who come into possession of this Memorandum must inform themselves about and observe any restrictions relating to the Offering and the distribution of this Memorandum in the jurisdictions outside the United States relevant to them.

### ***Canada***

Each purchaser of our securities that is resident in Canada or otherwise subject to the requirements of Canadian securities laws in connection with its purchase will be deemed to have represented and warranted to the issuer that it is: (i) an “accredited investor” as defined in National Instrument 45-106 Prospectus and Registration Exemptions of the Canadian Securities Administrators (other than an “accredited investor” relying on subsection (j), (k) or (l) of the definition of that term) and, if relying on subsection (m) of the definition of that term, is not a person created or being used solely to purchase or hold securities as an accredited investor, (ii) a “permitted client” as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and (iii) either purchasing the securities as principal for its own account or is deemed to be purchasing the securities as principal by applicable law. Each such purchaser further acknowledges that the securities have not been and will not be qualified for sale to the public under applicable Canadian securities laws and that any resale of the securities must be made in accordance with, or pursuant to an exemption from, or in a transaction not subject to, the prospectus requirements of those laws.

### ***European Economic Area***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), from and including the date on which the European Union Prospectus Directive (the “EU Prospectus Directive”) was implemented in that Relevant Member State (the “Relevant Implementation Date”) an offer of securities described in this document may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the EU Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of securities described in this document may be made to the public in that Relevant Member State at any time:

- to any legal entity which is a qualified investor as defined under the EU Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the EU Prospectus Directive, provided that no such offer of securities described in this document shall result in a requirement for the publication by us of a prospectus pursuant to Article 3 of the EU Prospectus Directive.

For the purposes of this provision, the expression an “offer of securities to the public” in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State. The expression “EU Prospectus Directive” means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

These restrictions are in addition to the restrictions of individual EU Member States set forth below.

### ***Germany***

The Cash Offering is not a public offering in the Federal Republic of Germany. The securities may only be acquired in accordance with the provisions of the Securities Sales Prospectus Act (Wertpapier-Verkaufsprospektgesetz), as

amended, and any other applicable German law. No application has been made under German law to publicly market the securities in or out of the Federal Republic of Germany. The Republic Notes are not registered or authorized for distribution under the Securities Sales Prospectus Act and accordingly may not be, and are not being, offered or advertised publicly or by public promotion. Therefore, this document is strictly for private use and each Offering is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. The securities will only be available to persons who, by profession, trade or business, buy or sell our securities for their own or a third-party's account.

### ***United Kingdom***

This document is only addressed to and directed at qualified investors who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The securities are only available to, and any invitation, offer or agreement to purchase or otherwise acquire such securities will be engaged in only with, relevant persons. This document and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

### ***Australia***

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission in relation to the Cash Offering. This document does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of our securities may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer our securities without disclosure to investors under Chapter 6D of the Corporations Act.

The securities applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the Cash Offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring our securities must observe such Australian on-sale restrictions.

This document contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this document is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

### ***Kuwait***

Unless all necessary approvals from the Kuwait Capital Markets Authority ("CMA") pursuant to Law No. 7/2010, its Executive Regulations and the various Resolutions and Announcements issued pursuant thereto or in connection therewith have been given in relation to the marketing of, and sale of, the securities, these may not be offered for sale, nor sold in the State of Kuwait ("Kuwait"). Neither this document nor any of the information contained herein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait.

With regard to the contents of this document, we recommend that you consult a party licensed by the CMA to conduct securities activities in Kuwait and specialized in giving advice about the purchase of securities before making the subscription decision.

***Saudi Arabia***

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations, as issued by the board of the Saudi Arabian Capital Market Authority, or the CMA, pursuant to resolution number 2-11-2004 dated 4 October 2004, as amended by resolution number 1-28-2008, as amended. The CMA does not make any representation as to the accuracy or completeness of this document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorized financial adviser.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis together with the financial statements and the related notes included elsewhere in this Memorandum. This discussion contains forward-looking statements. As a result of many factors, including those discussed in "Risk Factors" and elsewhere in this Memorandum, our actual results may differ materially from those anticipated in forward-looking statements.*

### Overview

Republic Core is a multi-faceted technical and advisory business committed to providing technological tools, support, and infrastructure to other member companies within the Republic Ecosystem and their members. In addition to providing technical and community-support services, Republic Core provides platform services using intellectual property that it licenses from Republic Parent under a semi-exclusive, revocable, perpetually renewable license. The same intellectual property will be used for the issuance and maintenance of the Republic Note.

Republic Core offers its Clients technical facilitation for multiple forms of Fundraising Platform operations, including but not limited to: (i) payment processing and escrow custody, (ii) online hosting infrastructure, (iii) know your customer (KYC) and anti-money laundering (AML) solutions, (iv) investor and issuer onboarding, and (v) investor and issuer communications, in each of the foregoing cases through relevant third-party providers where necessary, as well as (vi) the bundling of relevant services that are often needed for a Fundraising Platform to launch, including Slack, Amazon Web Services, BlockScore, FullStory, Intercom, and Trello, among others. Republic Core also provides product consultancy services to its Clients in two main areas: (i) technical and legal product infrastructure, and (ii) community engagement and user incentivization.

Currently, Republic Core has two Clients Republic Crowd-Invest and Republic Private Capital. Over time, we hope to provide Core Business Services to Fundraising Platforms within the Republic Ecosystem, including those that focus on particular industries or asset classes, such as video games, real estate, collectibles, and other alternative assets. We may, in due course, offer some of our services to non-affiliate businesses, although we have no current plans to do so.

### Expenses, Revenue, Proceeds, Dividends

As a technology, advisory and IP center for the Republic Ecosystem, Republic Core will incur substantial operating expenses. It will service its expenses using the fixed portion of its Client revenue, which consists of fixed quarterly cash fees paid by each of its two Clients, and the net proceeds of the Cash Offering (and the Reg A Offering, if any). If and when a Client receives cash proceeds from the liquidation of securities or carried interests that it has acquired in the normal course of its business, it will pay these cash amounts to Republic Core and Republic Core will dividend them out to holders of Republic Notes, subject to Republic Core's dividend policy. Additional funds, if any, held by Republic Core may be used in the future to make loans, on commercial terms, to other entities within the Republic Ecosystem and to pay dividends to Republic Parent, as the holder of our LLC membership interests, although we have no current plans to do so.

### Going Concern

Our auditors have stated in their audit report that there is substantial doubt about our ability to continue as a going concern. We began operations on March 8, 2019 and we have a limited operating history. Our ability to continue as a going concern, including for one year from the issuance date of our most recent financial statements, is dependent upon raising funds in the Cash Offering (and the Reg A Offering, if any) and achieving and sustaining profitable operations. As discussed below, we earned little revenue in 2019. We plan to have substantially expanded operations in 2020 and beyond, which we expect to fund initially from Client revenue and the net proceeds of the Cash Offering (and the Reg A Offering, if any). But we may need to raise additional capital before we achieve financially sustainable or profitable operations, and there can be no assurance we will be able to raise such capital, on acceptable terms or at all, or achieve such operations.



## **Critical Accounting Policies and Significant Judgments and Estimates**

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with United States generally accepted accounting principles, or U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenue generated and expenses incurred during the reporting periods. Our estimates are based on various factors that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

### ***Goodwill and Intangible Assets***

In 2019, we closed on the purchases of the assets of SheWorx and RenGen. The amounts we paid exceeded the identifiable value of tangible assets and, as of December 31, 2019, we had not acquired any fixed assets in either purchase that would be capitalized in accordance with generally accepted accounting principles. As a result, as of December 31, 2019, the full aggregate amount we paid for the two asset purchases was recorded as goodwill.

Goodwill assets are not amortized, but rather tested for impairment. We review the carrying value of goodwill for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors.

### ***Software Development Costs***

We apply the principles of ASC 985-20, Software – Costs of Computer Software to be Sold, Leased, or Otherwise Marketed ("ASC 985-20"). ASC 985-20 requires that software development costs be charged to research and development expenses until technological feasibility is established. With our current technology, the technological feasibility of the underlying software is not established until substantially all product development and testing is complete, which generally includes the development of a working model. Prior to a product's release, if and when the Company believes capitalized costs are not recoverable, the costs capitalized to date will be expensed as part of cost of sales.

## **Results of Operations**

From our inception on March 8, 2019 until the end of 2019, our revenue and expenses were not significant. We earned \$10,945 from event sales under the SheWorx brand in California and New York and incurred general and administrative expenses of \$1,788. Although we do not expect our revenue to increase substantially in the short term, we do expect that our revenue will increase in 2020 as a result of fees payable pursuant to the Master Services Agreement into which we will enter with each Client. See "Our Business – Republic Core Business – Our Technology and Advisory Services," "Certain Relationships and Related Party Transactions – Master Services Agreement with Republic Crowd-Invest" and "Certain Relationships and Related Party Transactions – Master Services Agreement with Republic Private Capital." We also expect that our expenses will increase in 2020 as a result of the fees payable to Republic Parent under the terms of the Intercompany Agreement. See "Certain Relationships and Related Party Transactions – Intercompany Agreement between Republic Parent and Republic Core."

## **Liquidity and Capital Resources**

Since our inception, we have relied substantially on two sources for our liquidity and capital resources. As indicated in the financial statements included elsewhere in this Memorandum, during 2019 we raised approximately \$175,000 from investors in consideration of future issuances to them of Republic Notes, and we received approximately

\$166,000 from Republic Parent. Following our acquisitions of the assets of SheWorx and RenGen for an aggregate amount of approximately \$166,000, as of December 31, 2019, we had \$185,887 in cash, which represented all of our current assets as of that date.

In 2019, we closed on the purchases of the assets of SheWorx and RenGen. The amounts we paid exceeded the identifiable value of tangible assets and, as of December 31, 2019, we had not acquired any fixed assets in either purchase that would be capitalized in accordance with generally accepted accounting principles. As a result, as of December 31, 2019, the full aggregate amount we paid for the two asset purchases was recorded as goodwill.

As part of the asset acquisitions of SheWorx and RenGen, we became obligated to repay Republic Parent approximately \$216,268. The amount payable does not bear a stated rate of interest or have a fixed maturity, but we intend to repay the amount at an appropriate time. In addition, in connection with our 2019 fundraising of approximately \$175,000 from investors in consideration of future issuances to them of Republic Notes, we loaned Republic Parent approximately \$50,000. The loan does not bear a stated rate of interest or have a fixed maturity, but it is our understanding that Republic Parent intends to repay the amount to us at an appropriate time.

### **Contractual Commitments**

Under each of the Client Contracts we have with our respective two Clients, our ongoing contractual commitments will be to provide the technical, operational, and backend operations for digital platform that the Clients use to conduct their regulated businesses. Under the Intercompany Agreement we have with Republic Parent, we will license from Republic Parent the intellectual property with which to maintain the digital platform and fulfill our commitments under the Client Contracts.

### **No Stand-Alone Audits for Dividend Purposes**

The determination of the amount of dividends (if any) to pay to holders of Republic Notes will be made by the application of Republic Core's dividend policy. The calculations called for under that policy will be undertaken on a regular basis by Republic Core's accounting staff. We have not had, and we do not plan to have, the calculations made or the methodologies applied under our dividend policy subjected to stand-alone audits. As a result, our allocations of revenue to Republic Notes will not be audited. There can be no assurance that there will not be errors or misstatements in those calculations or methodologies, which could reduce the dividends available to holders of Republic Notes.

### **Off-Balance Sheet Arrangements**

We did not have any off-balance sheet arrangements during any of the periods addressed herein.

### **Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers". Under this guidance, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. The updated standard will replace most existing revenue recognition guidance under U.S. GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. Early adoption is not permitted. The updated standard for nonpublic entities will be effective after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. We are currently evaluating the effect that the updated standard will have on our financial statements and related disclosures.

In February 2016, FASB issued ASU No. 2016-02, Leases, which requires organizations that lease assets, referred to as "lessees", to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than 12 months. ASU 2016-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after

December 15, 2020, and early application is permitted. We are currently evaluating the effect that the updated standard will have on our financial statements and related disclosures.

## OUR BUSINESS

### Republic Core

We are a technology company and one of the member companies of the Republic Ecosystem. We are working, along with the rest of the Republic Ecosystem, to expand and democratize access to capital markets.

Specifically, we are a multi-faceted technical and advisory business committed to providing technological tools, support, and infrastructure to other member companies within the Republic Ecosystem and their members. In addition to providing technical and community-support services, Republic Core provides platform services using intellectual property that it licenses from Republic Parent under a semi-exclusive, revocable, perpetually renewable license. See “Certain Relationships and Related Party Transactions – Intercompany Agreement between Republic Parent and Republic Core.” The same intellectual property will be used for the issuance and maintenance of the Republic Note. Republic Core also operates SheWorx, a community of over 20,000 female business founders, and provides related marketing and branding services.

Republic Core is the functional core of the Republic Ecosystem. In the future, in the ordinary course of business, we may also provide services to unaffiliated clients who share the Republic mission of making the private capital markets more accessible to investors and entrepreneurs of any background or net worth, although we have no current plans to do so. In its sole discretion, Republic Core’s management team may deem proceeds received from any new client to be Republic Core Proceeds by entering into a substantially similar or different relationship with Republic Core.

### The Republic Ecosystem

The Republic Ecosystem is a group of companies working to help private businesses and technology startups raise capital from both non-accredited and accredited investors. The first company in the Republic Ecosystem was Republic Crowd-Invest, a funding portal that has been operating under Regulation Crowdfunding since July 2016. Republic Parent originally operated Republic Crowd-Invest, but later contributed its SEC license, and FINRA membership to the current entity operating Republic Crowd-Invest, in 2018. As of March 15, 2020, Republic Crowd-Invest had facilitated over \$37.5 million of investments into over 160 companies across a range of industries, including fintech, consumer packaged goods (CPG), biotechnology, blockchain, Software as a Service (SaaS), hardware, cannabis, and many others. In 2018, over 50% of companies successfully fundraising on Republic Crowd-Invest had women or other under-represented minorities on their founding teams. Since 2018, Republic Crowd-Invest has partnered with Sony Entertainment to produce *Meet the Drapers*, a reality crowd-invest television show currently in its third season on Sony Cable Television ([www.meetthedrapers.com](http://www.meetthedrapers.com)), which features entrepreneurs pitching their companies to notable venture capitalists while simultaneously allowing the viewing audience to invest in the companies via Republic Crowd-Invest.

In 2019, Republic added Republic Private Capital, an investment advisory firm, to its ecosystem. As an Exempt Reporting Adviser, Republic Private Capital advises a number of venture funds and special purpose vehicles that invest primarily in technology companies, and whose investors are principally qualified clients, qualified purchasers, and institutional investors. As of March 15, 2020, Republic Private Capital had over \$63 million of assets under management.

In addition to Republic Crowd-Invest and Republic Private Capital, the Republic Ecosystem is composed of other businesses in validation or dormant stages, and we expect that more businesses will be added over time. We estimate that, as of March 15, 2020, over 700,000 members have been registered through Republic Ecosystem affiliates, including accounts for individual investors, high net worth individuals, and venture capital firms, among others. We define “members” as any person who has made an account, or in certain circumstances associated with acquisitions, on whose behalf an account has been made, on the website found at <https://republic.co>, including, but not limited to, its branches at <https://republiclabs.co>, <https://advisory.republic.co>, and <https://fig.co>; these members have been registered with Republic Parent, Republic Crowd-Invest, Republic Private Capital, the Capital R, Republic Advisory Services, Fig and the brands maintained by Republic Core, including SheWorx and RenGen. In limited circumstances, a user may only have an email address associated with the Site that allows them to receive a newsletter or statutorily required disclosures. All such accounts are being serviced by Republic Core.

Republic Core provides ongoing services to Republic Crowd-Invest and Republic Private Capital, and expects to provide services to other affiliates in the future, in exchange for certain cash payments. Republic Core has structured a class of digital securities, the Republic Note, and is offering this security in the Offering, to provide holders with portions of its revenue and to further incentivize the activities and engagements of participants within the Republic Ecosystem. Non-recurring portions of Republic Core's revenue are derived from (i) any realized in-kind commissions that Republic Crowd-Invest has earned and will earn from companies successfully raising funds on www.republic.co, and (ii) any realized carried interest that Republic Private Capital has earned and will earn from (A) the investment funds it advises or (B) assignments from other advisers. The Company will accumulate a cash balance from this non-recurring revenue. Using this accumulated cash, the Company will make dividend payments to the holders of Republic Notes. As a result, holders of the Republic Note will share indirectly in the growth and success of Republic Core, which in turn will benefit from Republic's success as a fundraising and investing ecosystem.

### **Relationship between the Company and Republic Parent**

Republic Core was created by Republic Parent in 2019 as a vehicle to acquire various pieces of intellectual property that Republic Parent believed would be valuable to the Republic Ecosystem. Since our formation, we have been wholly dependent on Republic Parent for all of our operating capital, intellectual property, staff and operations. Throughout the Republic Ecosystem's growth, Republic Parent realized that numerous services and functions were being replicated both through the Republic Ecosystem Site, and at individual entity levels, sometimes at high cost and in a less than efficient manner, therefore in the latter half of 2019, in anticipation of our assumption of the role of becoming the functional core of the Republic Ecosystem, Republic Parent took various steps to provide for a consolidation of services and functions within the Republic Ecosystem. As of January 1, 2020, Republic Core and Republic Parent entered into the Intercompany Agreement to achieve the consolidation goals previously mentioned. Specifically, the Intercompany Agreement had Republic Parent (i) provide to Republic Core the Republic IP License to (A) licensed trademarks and trade dress associated with the operations of the Clients and (B) the Republic IP and (ii) transferred, assigned and contributed to Republic Core assets, including employee and service agreements that support the operations of Republic Core's current Clients. The Republic IP License is a semi-exclusive, worldwide, revocable one-year license which will require Republic Core to make necessary payments to Republic Parent and meet the terms and conditions including the Republic IP License Fee by Republic Core to Republic Parent. Any adjustment to the Republic IP License Fee will be made at the renewal of the term of the Intercompany Agreement, with reasonable notice provided by Republic Parent to Republic Core. The Republic IP License states that the parties intend that Republic Core will enter into separate service agreements with its current Clients in order for such entities to continue their operations, and providing such services to Clients are an express condition of the Republic IP License.

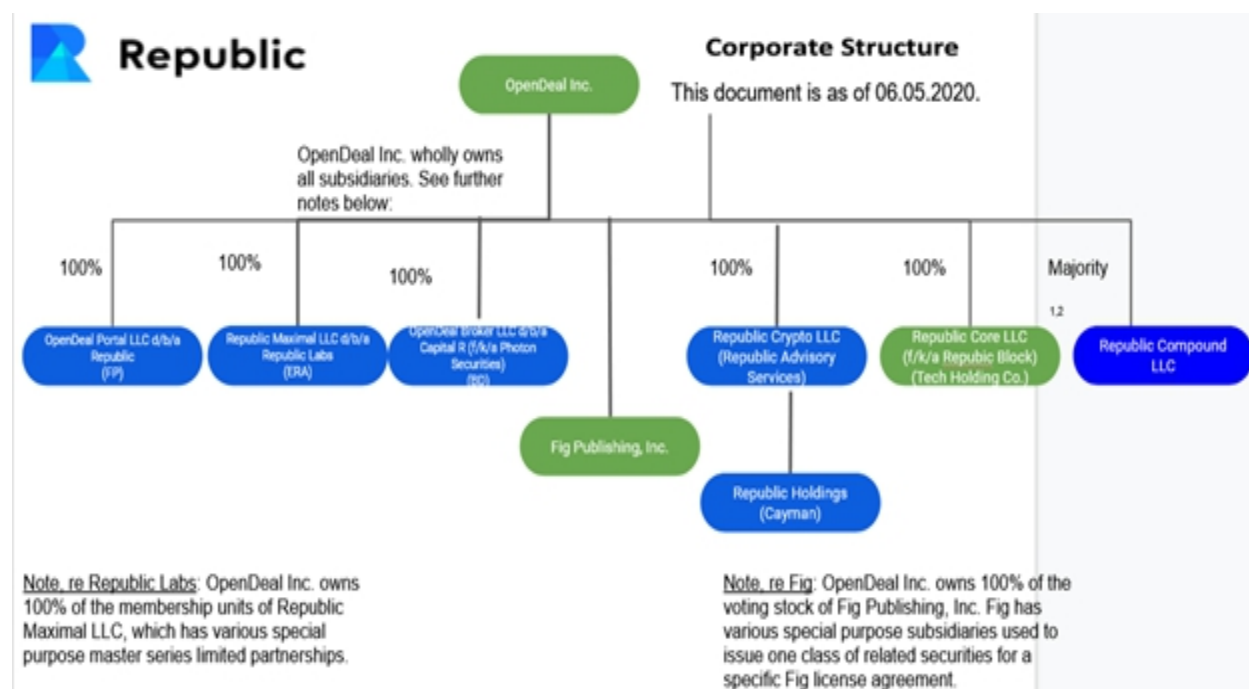
The Company believes the Republic IP License Fee is fair given the length of time and capital expenditure made by Republic Parent developing the IP and securing the related assets. The Company acknowledges that the below-market cost of the Republic IP License Fee is borne by the ancillary costs associated with the use of the Republic IP License. In a series of separate actions, Republic Parent intends to assign the obligation to fulfill certain simple agreements for future equity and securities tokens (SAFE-ST) agreements previously issued by Republic Parent, with respect to the issuance of Republic Notes, to Republic Core. This was done as the monies contributed by SAFE-ST investors with respect to their Republic Note allocations (as then contemplated by the SAFE-ST) were largely for the development of the Republic IP that Republic Core uses today. Each SAFE-ST specifically contemplated an affiliate of Republic Parent developing and issuing what has become Republic Notes and therefore the intent of the contract is being fulfilled. The requirement to fulfill these obligations reduces Republic Core's ability to sell the Republic Notes for cash or other valuable consideration that can be used to fund operations.

The Intercompany Agreement provides Republic Core assets are both revenue generating as well as cost generating. The Company expects making the Republic IP License Fee to have a material effect on the Company's finances, as it exceeds the gross fees paid by Republic Core's current Clients on a quarterly basis; the Company anticipates adding new clients to account for the shortfall, although it does not anticipate adding new clients in the short term. Further, Republic Core will undertake the obligation to pay the salaries of certain personnel contributed to Republic Core by the Intercompany Agreement, adding further burdens on Republic Core's capitalization. Republic Parent has not provided any firm commitments to fund Republic Core in the future, and Republic Parent's willingness to do

so should not be considered guaranteed. We believe that we are reasonably assured that Republic Parent has the intent to and will provide operating capital to us if we are in need of it, in order to protect its inherent investment in our success and the key-person status we play within the Republic Ecosystem. Our inability to operate and provide services to our Clients would hamper their ability to operate and generate revenue, which would reduce the value and reputation of the Republic Ecosystem and therefore Republic Parent's holdings. Therefore we believe, although there are no commitments or stated intent of Republic Parent to fund cash flow deficits and/or provide direct or indirect financial assistance to us, that if there was a need, Republic Parent would be willing and able to meet that need.

According to December 2019 research available at [MarketStudyReport.com](http://MarketStudyReport.com), the worldwide crowdfunding market is projected to reach \$28.77 billion by 2025. According to Peter Diamandis, writing in *Entrepreneur* in 2018, Goldman Sachs has described securities crowdfunding as potentially the most disruptive of all the new models of finance. Private investing among institutional and high net worth investors has long been a trillion-dollar global industry. Republic aims to be a leading brand through which accredited, non-accredited, and institutional investors can invest in the next generation of businesses and technologies that define the ways we will live and work.

An organizational chart of Republic Parent, Republic Core and related subsidiaries and affiliates within the Republic Ecosystem is depicted below.



<sup>1</sup> Republic Core has entered into an intercompany agreement with Republic Parent (referred to on this organizational chart as OpenDeal Inc.). See “Certain Relationships and Related Party Transactions – Intercompany Agreement between Republic Parent and Republic Core.”

<sup>2</sup> Republic Core has entered into master service agreements (referred to in this Memorandum as Client Contracts) with Republic Crowd-Invest (referred to on this organizational chart as OpenDeal Portal LLC) and Republic Private Capital (referred to on this organizational chart as Republic Maximal LLC). See “Certain Relationships and Related Party Transactions – Master Service Agreement with Republic Crowd-Invest” and “Certain Relationships and Related Party Transactions – Master Service Agreement with Republic Private Capital.”

## **The Republic Core Business**

### ***Our Technology and Advisory Services***

Republic Core provides Core Business Services to financial services providers within the Republic Ecosystem. Specifically, Republic Core focuses on Fundraising Platforms. We currently provide these services to two clients: Republic Crowd-Invest and Republic Private Capital.

The services we provide to our Clients include technical facilitation for multiple forms of Fundraising Platform operations, including but not limited to: (i) payment processing and escrow custody, (ii) online hosting infrastructure, (iii) know your customer (KYC) and anti-money laundering (AML) solutions, (iv) investor and issuer onboarding, and (v) investor and issuer communications, in each of the foregoing cases through relevant third-party providers where necessary, as well as (vi) the bundling of relevant services that are often needed for a Fundraising Platform to launch, including Slack, Amazon Web Services, BlockScore, FullStory, Intercom, and Trello, among others.

Republic Core also provides product consultancy services to its Clients in two main areas: (i) technical and legal product infrastructure, and (ii) community engagement and user incentivization. Republic Core specializes in enhancing engagement and community for Fundraising Platforms, focusing on methods and processes for engaging user bases, growing customer support and loyalty, and creating brand awareness and engagement. Republic Core also advises its Clients on sophisticated tools that can be used to engage customers, and on broad strategies that draw on Republic Core management's expertise in crowdfunding, the digital asset space, and financial services. For example, Republic Core provides technical tools and programming for Republic Crowd-Invest's loyalty rewards program as well as first-in-class products like Airdrops ([www.republic.co/crypto/airdrops](http://www.republic.co/crypto/airdrops)), Sharedrops ([www.republic.co/sharedrops](http://www.republic.co/sharedrops)), and Autopilot ([www.republic.co/autopilot](http://www.republic.co/autopilot)).

Republic Core also owns RenGen ([www.rengenlabs.com](http://www.rengenlabs.com)), formerly known as SaftLaunch, a currently inactive platform that once provided a range of services, including KYC, AML, accreditation, and flow of funds applications in the form of software-as-a-service. Republic acquired RenGen from RGL, LLC in 2019. Before its acquisition, RenGen supported various securities offerings, including tZero's token presale, which raised over \$130 million in 2018. Republic Core has since integrated RenGen technologies into the services it provides to its Clients.

The members of Republic Core's management team have extensive experience in venture investing, blockchain, law, engineering, and community building. The Company's technology includes innovative user engagement tools and programs that have been successfully deployed to service Republic Crowd-Invest and its partners, such as "Airdrop," "Sharedrop" and "Autopilot", described above. These tools are part of the Republic IP License.

Airdrops and Sharedrops are engagement and incentive tools originally created by Republic Parent. Autopilot is a tool that allows for passive investment into private equities. The fundamental IP and core personnel for the development and maintenance of these products were transferred to and are currently managed by Republic Core. Republic Core personnel advise Clients on the use of the products as currently designed and potential alternative use cases.

An Airdrop or Sharedrop allows companies to offer securities in exchange for non-cash consideration. A company may seek to raise funds through the Regulation Crowdfunding offering exemption, but offer the security in exchange for alternative forms of value. For example, a company seeking to increase usage of its application may offer securities in exchange for evidence that such an application has been downloaded.

Autopilot is a passive investment tool. It allows funding platforms to create easy-to-use investment options to allocate capital based on parameters set by the platform or the individual.

Separate from the third party technology and advisory services it provides to third parties, Republic Core also operates SheWorx, a global female business founder community and events platform that seeks to empower its 20,000+ members to build and scale successful companies. SheWorx has hosted over 300 events since 2015, in New York, San Francisco, and Los Angeles, as well as internationally in Singapore, London, Toronto, and Tel Aviv. Republic acquired SheWorx in 2019, aiming to further grow SheWorx as a brand in female founder empowerment

and, where relevant, introduce its Clients' services to the SheWorx community. In 2019, SheWorx launched an Equity Crowdfunding Challenge ([www.SheWorx.com/republic](http://www.SheWorx.com/republic)), through which a curated group of companies received funding to launch offerings on Republic Crowd-Invest. As of the date of this Memorandum, we expect that the SheWorx business line will not be contributing revenue to dividend payments made to Republic Note holders.

### ***Our Business Model***

Republic Core is primarily focused on providing Core Business Services on an as-needed basis to its current Clients. Over time, we hope to provide Core Business Services to Fundraising Platforms within the Republic Ecosystem, including those that focus on particular industries or asset classes, such as video games, real estate, collectibles, and other alternative assets. We may, in due course, offer some of our services to non-affiliate businesses, although we have no current plans to do so.

As consideration for providing Core Business Services to our Clients, Republic Core receives quarterly cash payments pursuant to our Client Contracts, in each case effective as of April 1, 2020. These quarterly cash payments include the Fixed Quarterly Cash Fee and, from time to time, may include Republic Core Proceeds if and when a Client receives cash proceeds from the liquidation of securities or carried interests that it has acquired in the normal course of its business. The Fixed Quarterly Cash Fee is subject to renegotiation with each Client on an annual basis. Additionally, the Company may pass certain expenses through to each Client, as well as charge additional fees for special projects and custom Fundraising Platforms support. The definition of Republic Core Proceeds may only change if (i) we consider certain revenues or proceeds from new clients or additional revenues from existing clients to be Republic Core Proceeds and or (ii) an existing Client cancels their Client Contract with us or materially changes it in which case no future proceeds may be expected therefrom.

For example, Republic Crowd-Invest generates revenue by charging its clients for facilitating crowdfunding investments into their businesses. Currently, Republic Crowd-Invest charges nearly every company that raises capital on its platform a 6% cash commission and a 2% securities commission (in the same form and manner as the securities sold by such company acting as an issuer through Republic Crowd-Invest) of the total amount of capital raised. For illustrative purposes, if Company C were to raise \$500,000 through a crowdfunding securities offering on Republic Crowd-Invest, then, at the close of the offering, Republic Crowd-Invest would receive a \$30,000 cash commission and \$10,000 worth of securities in Company C (on the same terms as applied to the investors participating in the offering). Later, and from time to time, Republic Crowd-Invest may receive cash proceeds from the liquidation of the securities, if Company C is acquired, goes public or experiences some other liquidity event. Under its Client Contract with Republic Core, Republic Crowd-Invest must pay Republic Core a quarterly cash fee of \$10,000 and 100% of the cash proceeds Republic Crowd-Invest receives from the liquidation of securities, as and when they may be liquidated. Therefore, in a quarter in which securities held by Republic Crowd-Invest are liquidated, the Company would receive from Republic Crowd-Invest the quarterly cash fee of \$10,000 and any cash from the securities liquidation, and the latter amount would be distributable by the Company to Republic Note holders as dividends, subject to the Company's dividend policy. The Company would be entitled to receive from Republic Crowd-Invest the quarterly cash fee and cash from liquidated securities holdings during the term of the Client Contract between the Company and Republic Crowd-Invest. The Client Contract is for a fixed period but perpetually renews automatically unless terminated for cause.

The following is a table of the securities that Republic Crowd-Invest has acquired as partial compensation for the crowdfunding issuances that have taken place on its portal.

Set forth below is a table of the securities Republic Crowd-Invest has acquired as partial compensation for the crowdfunding issuances that have taken place on its portal. As and when such securities holdings may be liquidated, Republic Crowd-Invest must pay 100% of the cash proceeds to Republic Core, which will become part of the Republic Core Proceeds from which dividends may be declared to investors in Republic Notes. **As described in Note 1 to the table below, the dollar amount of securities received by Republic Crowd-Invest is calculated based on the issuance prices of these securities. These numbers are unaudited, and the prices to be realized upon liquidation of these securities may be higher or lower than their issuance prices. Therefore, the dollar amount of securities received by Republic Crowd-Invest is not predictive of the amount of Republic Core Proceeds that may be realized upon liquidation of these securities. There can be no assurance that Republic Crowd-Invest will realize a return as to any of these securities.**



**Republic Crowd-Invest  
Securities Holdings**

**As of June 30, 2020  
(unaudited)**

<b>Company</b>	<b>Date of Issuance</b>	<b>Gross Proceeds of Issuance</b>	<b>Commission Paid to Republic Crowd-Invest in the form of Securities</b>	<b>Dollar Amount of Securities Received by Republic Crowd-Invest (1)</b>
70 Million Jobs	6/4/20	\$97,240	2%	\$1,945
70 Million Jobs	6/4/20	\$65,305	2%	\$1,306
Aavrani	2/16/20	\$337,227	2%	\$6,745
Aavrani	2/16/20	\$91,892	2%	\$1,838
Alpha'a	5/26/20	\$60,043	2%	\$1,201
Altaneve	6/14/18	\$100,032	2%	\$2,001
Ample Foods	8/26/19	\$774,164	2%	\$15,483
Ample Foods	6/18/20	\$693,314	2%	\$13,866
Are.na	7/6/18	\$270,206	2%	\$5,404
Avenify	6/16/20	\$301,359	2%	\$6,027
Back Porch Homes	12/20/19	\$158,088	2%	\$3,162
Balloonr	3/14/19	\$185,396	2%	\$3,708
BANDWAGON	2/6/19	\$145,398	2%	\$2,908
Bellhop	5/2/19	\$106,499	2%	\$2,130
Bellhop	5/2/19	\$247,436	2%	\$4,949
Blue World Voyages	2/24/20	\$244,993	2%	\$4,900
Book+Main	9/27/19	\$114,858	2%	\$2,297
Boon VR	8/22/18	\$255,271	2%	\$5,105
Bounty0x	5/27/20	\$73,993	2%	\$1,480
Buff Bake	4/18/20	\$77,990	2%	\$1,560
Buki	9/4/19	\$60,632	2%	\$1,213
CardBoard Live	9/13/19	\$42,450	2%	\$849
CHRG	1/6/20	\$1,069,941	2%	\$21,399
Citiesense	2/2/20	\$80,000	2%	\$1,600
Cityzenith	1/8/20	\$66,333	2%	\$1,327
Cityzenith	1/8/20	\$1,003,659	2%	\$20,073
Cloudastructure	10/18/19	\$380,725	2%	\$7,615
CNS Pharma	8/20/18	\$628,558	2%	\$12,571
Coinvest	8/3/18	\$1,069,975	2%	\$21,400
Compound: Reach	5/28/20	\$93,502	2%	\$1,870
CoverUS	7/25/19	\$111,501	2%	\$2,230

Crowdfind	7/27/18	\$54,859	2%	\$1,097
Digital Dream Labs	3/31/20	\$1,005,616	2%	\$20,112
DoraHacks	6/17/20	\$230,421	2%	\$4,608
Edge Tech Labs	4/29/19	\$82,371	2%	\$1,647
Ellison Eyewear	4/19/17	\$124,784	2%	\$2,496
Ellison Eyewear	4/16/18	\$71,725	2%	\$1,435
Ember Fund	6/9/20	\$590,946	2%	\$11,819
Everytable	5/27/18	\$291,268	2%	\$5,825
Farm from a Box	1/31/17	\$135,543	2%	\$2,711
Farm from a Box	5/16/18	\$148,990	2%	\$2,980
FetchFind	10/9/17	\$110,911	2%	\$2,218
FlipWord	6/7/17	\$81,708	2%	\$1,634
Focusmate	2/14/19	\$122,367	2%	\$2,447
FreshMynd	2/28/18	\$58,475	2%	\$1,170
Fretch	9/13/19	\$94,608	2%	\$1,892
Geostellar	2/16/18	\$320,838	2%	\$6,417
Green Pinata	4/29/19	\$31,695	2%	\$634
Growing Talent	6/16/20	\$255,526	2%	\$5,111
HelloAva	4/21/20	\$195,158	2%	\$3,903
HelloWoofy.com	6/17/20	\$380,666	2%	\$7,613
Hemster	1/8/19	\$232,608	2%	\$4,652
HireClub	4/30/18	\$46,798	2%	\$936
Hive	4/20/20	\$198,994	2%	\$3,980
Indemnis	1/9/19	\$629,992	2%	\$12,600
InnaMed	12/5/19	\$1,069,975	2%	\$21,400
Jane West	11/6/18	\$187,017	2%	\$3,740
Jane West	5/28/20	\$329,183	2%	\$6,584
Jetpack	5/11/18	\$250,865	2%	\$5,017
Jumpstart	1/15/20	\$915,123	2%	\$18,302
Lavabit	9/13/19	\$473,957	2%	\$9,479
Layali	5/11/20	\$77,172	2%	\$1,543
Light	4/1/19	\$104,715	2%	\$2,094
Light	4/1/19	\$50,236	2%	\$1,005
madeBOS	12/4/17	\$86,522	2%	\$1,730
madeBOS	5/11/18	\$39,575	2%	\$792
MailTag	10/7/19	\$103,926	2%	\$2,079
Maternova	1/31/17	\$104,976	2%	\$2,100
Mealthy	1/6/20	\$1,069,933	2%	\$21,399
Mighty Well	6/11/18	\$99,995	2%	\$2,000

mIQroTech	5/11/18	\$164,145	2%	\$3,283
Mitte	7/12/19	\$30,000	2%	\$600
Moonlighting	2/14/19	\$105,672	2%	\$2,113
Mugatunes	8/6/18	\$93,950	2%	\$1,879
Nanno	4/16/20	\$1,069,839	2%	\$21,397
Natural Selection	5/7/20	\$68,226	2%	\$1,365
Neopenda	2/13/19	\$288,184	2%	\$5,764
Nori	2/1/19	\$145,549	2%	\$2,911
Paragon One	1/19/19	\$93,345	2%	\$1,867
Parlay	9/21/18	\$144,222	2%	\$2,884
Pearachute	5/9/17	\$247,628	2%	\$4,953
Pearachute	5/4/18	\$72,580	2%	\$1,452
PenPal Schools	10/8/19	\$71,423	2%	\$1,428
PhunCoin	8/23/19	\$172,443	2%	\$3,449
Pigeonly	5/30/18	\$122,647	2%	\$2,453
Plei	5/5/20	\$118,990	2%	\$2,380
Preemadonna	7/10/18	\$39,408	2%	\$788
Quarters	1/22/19	\$144,650	2%	\$2,893
R3 Printing	1/15/19	\$434,956	2%	\$1,960
R3 Printing	11/19/19	\$97,978	2%	\$8,699
RaceYa	1/24/17	\$84,546	2%	\$1,691
RadioPublic	9/21/18	\$145,338	2%	\$2,907
RehabPath	5/5/20	\$62,219	2%	\$1,244
Rhymella	5/25/18	\$87,959	2%	\$1,759
Ring4	12/6/18	\$92,557	2%	\$1,851
RMR Laboratories	7/25/18	\$784,329	2%	\$15,687
Rocket Dollar	5/26/20	\$468,182	2%	\$9,364
Roomi	7/10/18	\$321,555	2%	\$6,431
Salsa God	4/6/20	\$316,096	2%	\$6,322
Sapient	9/13/19	\$1,063,982	2%	\$21,280
SilkRoll	4/20/18	\$104,773	2%	\$2,095
SimpleShowing	1/6/20	\$1,069,994	2%	\$21,400
SkillMil	6/12/17	\$77,050	2%	\$1,541
SkyHi	4/20/20	\$268,456	2%	\$5,369
SleepChoices	7/12/19	\$35,010	2%	\$700
Smart Yields	9/25/19	\$100,431	2%	\$2,009
Soar Robotics	5/22/20	\$1,069,872	2%	\$21,397
Stareable	5/8/20	\$91,491	2%	\$1,830
Status Money	4/22/20	\$404,987	2%	\$8,100

Sweetberry	6/18/20	\$262,421	2%	\$5,248
Tallyfy	2/23/20	\$302,932	2%	\$6,059
TaxDrop	2/6/18	\$69,850	2%	\$1,397
The Lieu	5/26/20	\$73,109	2%	\$1,462
The Phluid Project	8/21/19	\$113,535	2%	\$2,271
The Town Kitchen	11/14/19	\$58,544	2%	\$1,171
theCut	5/25/18	\$93,853	2%	\$1,877
Thuzio	5/27/20	\$82,773	2%	\$1,655
Totle	7/12/19	\$135,427	2%	\$2,709
True Gault	5/22/18	\$79,325	2%	\$1,587
Trust & Will	8/20/19	\$225,212	2%	\$4,504
Up Sonder	10/18/19	\$357,045	2%	\$7,141
Vacayo	7/24/18	\$212,500	2%	\$4,250
VisuWall	7/12/19	\$104,568	2%	\$2,091
Vreo	7/25/19	\$148,698	2%	\$2,974
Wandering Barman	4/28/20	\$169,282	2%	\$3,386
WeLivv	3/24/20	\$1,062,203	2%	\$21,244
WhereBy.Us	6/9/20	\$149,726	2%	\$2,995
Whim	3/27/17	\$216,758	2%	\$4,335
WhoseYourLandlord	6/1/18	\$54,609	2%	\$1,092
Win-Win	11/14/19	\$327,771	2%	\$6,555
Witnet	6/11/18	\$1,069,983	2%	\$21,400
WolfPack	6/14/18	\$61,225	2%	\$1,225
Youngry	1/24/17	\$64,450	2%	\$1,289
Younow Services LLC - PROPS	9/21/18	\$739,279	2%	\$14,786

- (1) **The dollar amount of securities received by Republic Crowd-Invest is calculated based on the issuance prices of these securities. The prices to be realized upon liquidation of these securities may be higher or lower than their issuance prices. Therefore, the dollar amount of securities received by Republic Crowd-Invest is not predictive of the amount of Republic Core Proceeds that may be realized upon liquidation of these securities. There can be no assurance that Republic Crowd-Invest will realize a return as to any of these securities. In addition, because the issuers who issue securities through Republic Crowd-Invest are typically small companies and start-ups, the risk that their securities may not generate a return is higher than it would be for larger, more-established issuers.**

Similarly, as the investment adviser of funds and special purpose vehicles (“SPVs”) that invest, directly and through intermediate funds, in private companies, Republic Private Capital is typically entitled to receive carried interest from each such fund or SPV. Typically, Republic Private Capital receives (i) a management fee in the form of cash payments and (iii) a net weighted-average carried interest typically ranging from 1% to 15% (where fluctuations primarily depend on whether there are sub-advisers or other carry recipients with respect to the fund or the limited partners of the fund have demanded and received carry reductions for contributing considerable capital). For illustrative purposes, if an SPV advised by Republic Private Capital deploys \$1,000,000 into Company C, and as a result Republic Private Capital was entitled to a 6% net weighted-average carried interest (after taking in to effect

other carry recipients or concessions), then if Company C is later acquired at 2 times its value at the time of the initial investment, then, upon liquidation, Republic Private Capital should receive cash proceeds from its carried interest equal to 6% of the \$1,000,000 in profit realized by the SPV, or a sum of \$60,000 (before taking into account relevant expenses). Under its Client Contract with Republic Core, Republic Private Capital must pay Republic Core a \$10,000 cash fee quarterly and 25% of the cash proceeds (if any) that Republic Private Capital may receive from time to time from its net weighted-average carried interests. Therefore, in a quarter in which Republic Private Capital receives cash proceeds from its net weighted-average carried interests, the Company would receive from Republic Private Capital the quarterly cash fee of \$10,000 and 25% of any cash proceeds from the net weighted-average carried interests, and the latter amount would be distributable by the Company to Republic Note holders as dividends, subject to the Company's dividend policy. The Company would be entitled to receive from Republic Private Capital the quarterly cash fee and cash proceeds from net weighted-average carried interests during the term of the Client Contract between the Company and Republic Private Capital. The Client Contract is for a perpetual unless terminated for cause by either party or by the mutual agreement of the parties.

Set forth below is a table of the net weighted-average carried interests to which Republic Private Capital is entitled as partial compensation for its advisory services. As and when such carried interests may be liquidated, Republic Private Capital must pay 25% of the cash proceeds to Republic Core, which will become part of the Republic Core Proceeds from which dividends may be declared to investors in Republic Notes. **As described in Note 2 to the table below, the consolidated assets under management held by the relevant Republic Private Capital investment vehicles, as set forth in column (C), reflect the amounts originally invested. These numbers are unaudited, and the amounts to be realized upon payment under or liquidation of these carried interests may be higher or lower than the original investment amounts. Therefore, consolidated assets under management is not predictive of the amount of Republic Core Proceeds that may be realized upon payment under or liquidation of these carried interests. There can be no assurance that Republic Private Capital will realize a return as to any of these investments.**

**Republic Private Capital  
Carried Interests**

**As of June 30, 2020  
(unaudited)**

(A)	(B)	(C)	(D)	(E)
Investment Target	Date of Investment (1)	Consolidated Assets under Management Across Republic Private Capital Investment Vehicles (2)	Net Weighted- Average Carried Interest Percentage	Amount of Column (D) attributable to Republic Core Proceeds
Agnetix	Q3 2019	\$ 445,500.00	9.50%	25%
Akin's Army	Q1 2019	\$ 150,000.60	10.00%	25%
Apollo Neuroscience	Q4 2019	\$ 380,000.00	13.20%	25%
Authereum	Q1 2020	\$ 80,000.00	5.33%	25%
Blockdaemon	Q2 2019	\$ 100,000.00	8.00%	25%
Bokksus	Q2 2019	\$ 310,000.00	7.50%	25%
Botkeeper	Q2 2020	\$ 1,000,000.00	6.38%	25%
Caraway	Q1 2020	\$ 555,000.00	14.00%	25%
Carta	Q3 2019	\$ 13,701,082.00	3.95%	25%
Cere	Q2 2019	\$ 300,000.00	10.00%	25%
Coinmine	Q4 2019	\$ 608,500	13.20%	25%
Compound	Q2 2019	\$ 133,500.00	14.00%	25%
Dapix	Q4 2019	\$ 144,000.00	10.00%	25%
Dapper Labs	Q2 2020	\$ 477,000.00	4.50%	25%
DrinkBev	Q2 2019	\$ 108,000.00	5.00%	25%
EquipmentShare	Q1 2020	\$ 34,925,320	16.50%	25%

Hemster	Q3 2019	\$	93,400.00	7.62%	25%
JUUL	Q2 2019	\$	401,440.00	2.50%	25%
LoverBoy	Q3 2019	\$	237,000.00	5.00%	25%
LTSE	Q4 2019	\$	Undisclosed	10.00%	25%
Noble	Q4 2019	\$	241,300.00	15.00%	25%
Novi	Q2 2019	\$	80,500.00	10.20%	25%
Orthogonal Thinker	Q4 2019	\$	2,084,000	6.60%	25%
Passport	Q2 2020	\$	1,601,781	7.83%	25%
Relativity Space	Q3 2019	\$	16,082,678.64	14.00%	25%
Robinhood	Q2 2020	\$	6,300,000.00	1.29%	25%
ShipRocket	Q1 2020	\$	1,338,013.73	5.04%	25%
SpaceX	Q2 2020	\$	2,351,598.00	2.99%	25%
Staked	Q1 2019	\$	130,000.00	12.00%	25%
Superpedestrian	Q3 2019	\$	210,000.00	8.00%	25%

- (1) In one or more instances, investments may be made on multiple dates, typically over the span of weeks or months. For each investment shown, we have provided the calendar quarter in which our last (o, if applicable, only) investment was made.
- (2) **The consolidated assets under management may be held by multiple Republic Private Capital sponsored investment vehicles, as set forth in column (C), reflect the amounts originally invested. The amounts to be realized upon payment under or liquidation of these carried interests may be higher or lower than the original investment amounts. Therefore, consolidated assets under management is not predictive of the amount of Republic Core Proceeds that may be realized upon payment under or liquidation of these carried interests. There can be no assurance that Republic Private Capital will realize a return as to any of these investments. In addition, because the companies in which Republic Private Capital holds investments are typically small companies and start-ups, the risk that their businesses may not generate an investment return is higher than it would be for larger, more-established companies.**

In the ordinary course of their operations, both Clients have the ability to revise or eliminate the receipt of securities or carried interest at or near the closing of the relevant fund or investment. For example, in the ordinary course of Republic Private Capital's business, certain large investors will be able to negotiate carried interest reductions. We do not believe there is a compelling business reason or economic interest for either Client to revise or eliminate the receipt of securities or carried interest outside the ordinary course of their operations. Nevertheless, each Client's ability to do so is outside the Company's control.

The definition of Republic Core Proceeds may only change if (i) we consider certain revenues or proceeds from new clients or existing clients to be Republic Core Proceeds and or (ii) an existing Client cancels their Client Contract with us for cause or materially changes it in which case no future proceeds may be expected therefrom.

### ***Our Products and Services Strategy***

Republic Core plans to make all of its current suite of services more reliable, scalable and fault-tolerant. Republic Core also intends to expand its suite of services to include:

- ***Investor Accreditation as-a-Service:*** Republic Core is working on accreditation services that allow investors using Fundraising Platforms to accredit themselves by either (i) self-certifying that they are accredited investors (in connection with transactions where such certification is appropriate), or (ii) providing relevant financial documentation and evidence to help verify their accredited investor status under relevant laws.
- ***Easy Digital Wallet Creation and Tracking:*** In connection with these Cash Offering, Republic Core is working in collaboration with CoMakery, a token issuance and management platform, to help create a solution that allows members to easily create a digital asset wallet address and corresponding private key tied to their username and password on the Site.

- **Smart Crowd:** Republic Core is building technology that allows issuers of securities to collect and manage investor data in order to leverage investors' expertise, connections, and skills in order to address the issuers' potential future needs.
- **IRA Support:** Republic Core is working to allow Fundraising Platforms to integrate with third-parties that connect self-directed IRA holders with investment opportunities.

We've taken certain steps to make our products more reliable and scalable, including the below. For a list of associated costs, please see the breakdown under "Use of Proceeds."

- A complete rewrite of the fundraising infrastructure, which went live on February 4th, 2020 for Republic Crowd-Invest after many months of development. This process involved breaking the existing logic off from the main monolith powering this platform and putting into its own microservice.
- A migration of Republic Crowd-Invest's platform to use the React Javascript framework to power all of our front-end and away from existing depreciated, and unmaintained Regulator Javascript framework. The first part of this project was implemented on April 29th, 2020 after many months of development. We plan to migrate more of this client's framework to React Javascript over time.
- An audit of our hardware infrastructure in conjunction with Amazon's AWS team to identify potential security flaws and performance optimizations, which began in mid-May 2020 and whose implementation will span the next few months.
- A complete rewrite of our KYC and AML verification systems to improve our fraud detection rate. This is currently being implemented and improved on.
- Ongoing bug review -- Miscellaneous bugs and small improvements around the platform that we continuously perform.

Republic Core has been working with CoMakery to help create user-friendly tools that will make custodying Republic Notes easier. The scope of work related to this particular endeavor is included as a part of our broader agreement with CoMakery to help develop the Republic Note. See "– Our Agreement with CoMakery." We are in on-going discussions with CoMakery and other third party vendors to create this tool. Such a tool will not be necessary to hold Republic Notes. Purchasers seeking to receive and custody Republic Notes can so do by creating a standard Algorand wallet. If and when this tool is created, it will be offered as an additional way for purchasers to hold Republic Notes. Republic Core may not develop the tool before the public sale and distribution of Republic Notes or ever. However, at any point, a user will be able to set up their own Algorand wallet address by going to <https://www.algorand.com/wallet>, or another Algorand wallet provider, and completing steps that ultimately:

1. Generate a private key to control the Algorand public blockchain address using Algorand blockchain software tools.
2. Transfer Algo tokens to that blockchain address to pay for transaction fees.
3. Authorize the address to receive Republic Notes by approving a "0" Republic Note transaction.
4. Authorize the address to receive dividends by approving a "0" stable token transaction from the wallet address and to the wallet address.

### ***Our Company Strengths***

The members of Republic Core's management team have extensive experience in venture investing, blockchain, law, engineering, and community building. The Company's technology includes innovative user engagement tools and programs that have been successfully deployed to service Republic Crowd-Invest and its partners, such as "Airdrop," "Sharedrop", and "Autopilot", described above. These tools are part of the Republic IP License.

The Company is a wholly owned subsidiary of OpenDeal Inc. d/b/a Republic. Republic is a brand known for its mission of, and track record in, improving access and inclusion in entrepreneurship and helping democratize the private capital markets. Republic has raised over \$16 million in funding from AngelList, Binance Labs, the Algorand Foundation, East Chain Company, ZhenFund, Passport Capital, and over a dozen other noted institutional investors. Republic has also fostered a growing network of advisors who are leaders in tech (such as Naval Ravikant and Peter Diamandis), finance (such as Cody Willard and Jeffery Tarrant), and impact (such as Shiza Shahid, former CEO of the Malala Fund).

### **The Site and User Rewards**

The nexus of the Republic Ecosystem is the Site. The Site enables visitors to engage with products and offerings on Republic Crowd-Invest, and provides educational information and content about other member entities of the Republic Ecosystem. Since April 16, 2019, members of the Site have been able to earn rewards for registering and interacting with the Site, helping to further Republic's goal of engaging "the crowd" in the process of helping companies raise capital, and providing financial education and investment opportunities to the general public. The rewards have taken the form of what Republic has called "Reward Notes" – non-transferable digital reward points earned for engaging in particular activities on or through the Site. The Site keeps track of the number of Reward Notes earned by each user and displays each user's Reward Notes balance back to them. At all times, Republic has communicated to Reward Note holders, through the Site and on occasion through directed emails, that the Reward Note reward program is a work in progress, that the actual uses, if any, to which a Reward Note or Reward Notes might be put may be changed by Republic at any time, and that any particular planned or proposed future uses for Reward Notes might never actually be permitted. As a result, none of the Republic affiliates has been obligated to provide any particular uses or value for Reward Notes, and Reward Note holders have never had any reason to expect that their Reward Notes might be useable in any particular way, or have any value. Recently, Reward Note recipients were given the ability to enjoy certain enhanced features on the Site, and redeem certain goods, such as sweatshirts, Republic Crowd-Invest credits and stickers, as rewards for being frequent users of the Site. However, no other benefits or consideration have been provided to Reward Note holders.

Republic has discontinued awarding Reward Notes.

### **Company History**

Republic Core LLC (formerly known as Republic Block LLC) is a Delaware limited liability company formed on March 8, 2019. We are headquartered at 335 Madison Avenue, Suite 7E, New York, NY 10017, USA, telephone +1-212-401-6930. Our email address is core@republic.co.

The Company was formed and prior to the Cash Offering has been solely funded by OpenDeal, its sole member and manager (referred to in this Memorandum as Republic Parent). The Company was formed as a technology, intellectual property and community engagement operating subsidiary and acquisition vehicle. Shortly after formation, the Company acquired compliance software solutions from RenGen. The Company then acquired certain intellectual property and goodwill from SheWorx LLC, a female focused community building network. The Company was then used by OpenDeal to consolidate and streamline the technology services required and used by OpenDeal's other operating subsidiaries, including OpenDeal Portal LLC (referred to in this Memorandum as Republic Crowd-Invest) and Republic Maximal LLC (referred to in this Memorandum as Republic Private Capital).

### **Our Agreements with CoMakery**

As noted above, Republic Core has been working with CoMakery to develop the Republic Note Smart Contract and to help create user-friendly tools that will make custodying Republic Notes easier. Toward that end, Republic Parent has entered into a Setup and SaaS Services Agreement with CoMakery (the "**CoMakery Agreement**"). The services to be provided by CoMakery under the CoMakery Agreement include three types of services: (a) development and implementation services ("**Implementation Services**"); (b) additional support and consulting including research, onboarding of clients, blockchain-related campaign launch support, authoring technical procedure documents, and discussions with regulators or investors, as requested by Republic Parent ("**Upgraded Support**"); and (c) hosted platform/application services including, among other things, the ability to create, public and administer blockchain



token transfers, missions, projects, batches and tasks, blockchain smart contracts, payment integrations and blockchain integrations (“**SaaS Services**”). The fees for the Implementation Services were set at a flat rate, with a provision for excess hours; the fees for Upgraded Support and SaaS Services are set at a monthly rate. The fees payable under the CoMakery Agreement are payable by Republic Parent.

In addition, the CoMakery Agreement gave Republic Parent the option, at any time after the Implementation Services were completed, upon payment of a license fee, to purchase a nonexclusive, perpetual, irrevocable, royalty-free, fully-paid up worldwide license to the source code for the customized platform for the Republic Note. The license so purchased would permit Republic Parent to operate a single, publicly accessible instance of the customized platform for the Republic Note to serve an unlimited number of projects and members.

CoMakery and Republic Parent have also entered into a memorandum of understanding (the “**CoMakery MOU**”) detailing services to be offered by CoMakery to certain clients of Republic Parent, including (a) deploying token software code with transfer address restrictions (“**Standard Security Token**”) to the Ethereum, Stellar or Binance network; and (b) configuring CoMakery to administer a new Standard Security Token. The fees payable under the CoMakery MOU would include optional one-time fees for each implementation for each client, as well as per hour charges for customization or for a third party security audit. The fees payable under the CoMakery MOU would be payable by the clients of Republic Parent.

## **Clients**

### ***Republic Crowd-Invest***

Republic was seeded by AngelList in 2016 to launch a crowd-invest platform. Republic created a Regulation Crowdfunding platform that hosts a highly curated, diverse set of equity and crypto-focused offerings with minimum investment amounts as little as \$10. In late 2018, Republic transferred its FINRA membership and SEC registration for the platform to its subsidiary, Republic Crowd-Invest.

The platform facilitated total investment of approximately \$4 million in 2017, \$7.8 million in 2018, and \$19.5 million in 2019. In 2019, companies raised an average of approximately \$500,000 on Republic Crowd-Invest. To date, Republic Crowd-Invest has hosted over 160 crowd-invest offerings, 14 of which have raised at least \$1 million and nine of which have hit the statutory \$1.07 million investment limit. Some of the beneficiaries of these offerings include (i) Sapien, an electricity expense tracking and reduction application, (ii) Simple Showing, a consumer tech platform, and (iii) Witnet, a decentralized oracle system.

### ***Republic Private Capital***

Republic Private Capital is the private syndicate arm of Republic. It is an exempt reporting adviser under the U.S. Investment Advisers Act of 1940, and syndicates capital from accredited investors into venture-backed deals. It aims to connect family offices and high net worth individuals with venture-backed deals. Republic Private Capital has facilitated over \$60,000,000 in investments since its establishment in early 2019. It has facilitated the deployment of capital in 595 syndicates since its inception, often investing alongside venture capital firms such as Founders Fund, A16z, Tribe Capital, and Bond Capital. To date, its largest three raises, calculated by net proceeds raised across all syndicates organized by Republic Private Capital, have been: (i) \$16,082,678.64 for Relativity Space, a rocket ship company that uses 3D printers to create relevant parts, (ii) \$15,200,000 for Equipment Share, a construction leasing and servicing business, and (iii) \$7,473,945 for Carta, a financial technology services company.

## **Marketing and Advertising**

Our services are generally marketed to affiliates, but over time may offer our technology services to other platforms, although we have no current plans to do so. The Company will rely on the advertisements and growth of its customers. We have little online presence. RST does not have its own brand message. We don’t undertake any material marketing efforts. As a captive service provider, we rely on the marketing efforts of our Clients and their growth through the marketing to grow and expand our operations.

## Intellectual Property

The Company has a worldwide, semi-exclusive license from Republic Parent to use certain intellectual property related to the Site and its operations.

In addition, the Company has a royalty-free, worldwide, non-exclusive license from Republic Parent to use the following trademarks:

Image	Registration No.	Serial No.	Trademark	Application Date
	5233756	87036867	REPUBLIC	2016-05-13
	5287367	87062140	CROWD SAFE	2016-06-06
	5359287	87448268	R Republic	2017-05-12
	5492273	87725979	TOKEN DPA	2017-12-19
	5659324	87748061	REPUBLIC CRYPTO	2018-01-09
	5880778	87814910	NOTE	2018-02-28
	5588179	87826504	REPUBLIC PROTOCOL	2018-03-08
	5682191	87906640	CROWD SAFE-ST	2018-05-03
	PENDING	88259676	SHAREDROP	2019-01-13

## Competition

Republic Core's competitors include major companies worldwide. Many of these competitors have significantly greater financial, technical and human resources than Republic Core and superior expertise in research and development, and thus may be better equipped to develop and commercialize products and services. These competitors also compete with us 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, competitors may commercialize products and services more rapidly or effectively than we can, which could adversely affect our competitive position. Some of our competitors have made or may make acquisitions or may enter into partnerships or other strategic relationships to offer more comprehensive services than they individually had offered or achieve greater economies of scale. In addition, new entrants not currently considered to be competitors may enter our market through acquisitions, partnerships, or strategic relationships.

We have identified three main competitors, although there may be many others. Some of the products and services provided by these competitors overlap with those provided by Republic Core. Some explicitly focus on equity crowdfunding, while others have a more general focus:

- **Thrinacia** builds, customizes, and deploys crowdfunding platforms, campaigns, widgets, and applications. The company has five main products: a comprehensive crowdfunding platform, individual crowdfunding campaigns hosted natively, mobile application crowdfunding campaigns, crowdfunding widgets for any website, and crowdfunding plug-ins for content management systems. The company focuses on donations-based and rewards-based crowdfunding, not investment crowdfunding. For their flagship product, called “Atlas”, the price ranges between \$9.99 and \$269.99 per month. The company also offers a suite of marketing and campaign management tools at prices that range from \$250 to \$2,800.
- **CrowdEngine** offers proprietary technology that enables it clients to launch their own funding platforms and supports multiple types of offerings, including Reg D, Reg S, Reg A and Reg CF. It focuses on two segments: real estate investor management and security token solutions. For potential real estate clients, CrowdEngine’s offering includes data ownership, turnkey compliance solutions, K-1s, marketing tools and white-labeling. For potential security token clients, CrowdEngine’s offering includes data ownership, turnkey compliance solutions, KYC/AML, escrow, bad actor checks, payment processing, crypto payments, white-listing, token minting and marketing tools. We are not aware of CrowdEngine’s pricing structure.
- **Katipult** is an all-in-one online private placement management platform that seeks to make capital raising simple. The company focuses on alternative investments and offers the following core products: real-time tracking of all investor management documents, eSignatures, audit preparedness, automated investor onboarding, automated deal update notifications and compliance with securities laws in 20 global regulatory environments. The company does not publish its pricing structure.

## Regulation

Republic Core is not regulated under extensive or specialized regulatory regimes, other than the securities laws that apply to it as a result of its conduct of the Republic Note Offerings. In the Company’s view, these securities laws regulate, principally, the Company’s disclosure of material information in this Memorandum and in other offering documents with respect to other Republic Note Offerings. In the Company’s view, the following, additional securities-related regulatory regimes do not apply to it.

### *Transfer Agent*

Under the Exchange Act, a transfer agent is a person who engages, with respect to securities registered under Section 12 of the Exchange Act, in (a) countersigning issued securities, (b) monitoring issued securities, with the goal of preventing unauthorized issuances, (c) registering transfers of issued securities, (d) exchanging or converting issued securities or (e) transferring record ownership of securities by bookkeeping entry without physical issuance of securities certificates. Transfer agents are typically required to register with the SEC and comply with applicable regulations.

We take the position that the Company and the blockchain network on which it has built the Republic Note are not required to register as transfer agents, because (i) the Republic Notes are not securities registered under Section 12 of the Exchange Act, (ii) to the extent any activities described in the definition of a transfer agent are performed automatically on the blockchain, the blockchain is not a “person” that would be required to register, and there is no “salesman’s interest” in any of such activities as performed on the blockchain and (iii) an issuer is permitted to act as registrar and transferor of its own securities, without registering as a transfer agent. We do not otherwise intend to engage or use a transfer agent with respect to the distribution or maintenance of the Republic Notes, nor do we believe that it is necessary to engage or use one in connection with the Republic Note Offerings.

### *ATS*

Entities that are engaged as “exchanges” or “alternative trading systems” (“**ATSs**”) with respect to securities trading are subject to federal registration and significant regulatory oversight by the SEC and FINRA. Exchanges and ATSs are generally networks that constitute, maintain, or provide a marketplace or facilities for bringing together the orders of multiple purchasers and multiple sellers of securities. A system “brings together” orders if it displays

trading interests entered on the system to users (e.g., through consolidated quote screens) or receives orders for processing and execution. This does not include systems that have only one seller for each security (e.g., the issuer), even if there are multiple buyers.

We take the position that the Company and the blockchain should not be viewed as an exchange or an ATS because neither will “bring together” anyone by sorting or organizing orders in the Republic Notes in a consolidated way, other than possibly the Company. But the Company will be the only seller of Republic Notes, even if there are multiple buyers.

### ***Clearing Agency***

Under the Exchange Act, a clearing agency is any person who (a) acts as an intermediary in making payments or deliveries, or both, in connection with transactions in securities; (b) provides facilities for comparison of data respecting the terms of settlement of securities transactions, to reduce the number of settlements of securities transactions, or for the allocation of securities settlement responsibilities; (c) acts as a custodian of securities in connection with a system for the central handling of securities whereby all securities of a particular class or series of any issuer deposited within the system are treated as fungible and may be transferred, loaned, or pledged by bookkeeping entry without physical delivery of securities certificates; or (d) otherwise permits or facilitates the settlement of securities transactions or the hypothecation or lending of securities without physical delivery of securities certificates. Clearing agencies are generally required to register with the SEC and comply with applicable regulations.

We take the position that the Company and the blockchain are not clearing agencies under the Exchange Act, because the types of activities they engage in are not those described in the definition of a clearing agency. In addition, to the extent any activities described in the definition of a clearing agency are performed automatically on the blockchain, the blockchain is not a “person” that would be required to register.

### ***New York BitLicense***

We do not intend to secure a New York BitLicense. The Republic Notes should not be considered a “Virtual Currency” under the BitLicense regime, because they are neither intended nor capable of functioning as a “medium of exchange” or a “form of digitally stored value”. The Republic Note is intended as an investment instrument. Purchasers would buy the Republic Note to obtain returns, rather than to use it as a medium of exchange or to protect principal. Furthermore, we expect that New York residents and other United States residents will be subject to substantial restrictions on the transfer of Republic Notes pursuant to applicable securities laws. These restrictions include a one-year lock-up period under Rule 144 under the Securities Act for Republic Notes issued in a Regulation D offering, state securities law restrictions for secondary sales of Republic Notes issued under Regulation CF or Regulation A, and the absence of public trading platforms. For reasons that include the foregoing, the Republic Notes do not qualify as a “medium of exchange” or a “form of digitally stored value” under the BitLicense regime.

### ***Money Transmitter and Money Services Business***

Under the Bank Secrecy Act of 1970 (the “BSA”) and related rules and regulations, certain issuers of tokens may need to register as money transmitters based on their efforts to sell or otherwise transact in tokens. A money transmitter is generally any person that provides “money transmission services” or is “engaged in the transfer of funds.” Among other things, money transmitters are required to comply with substantial AML laws and regulations. Money transmitters also have to fulfill state registration requirements.

The U.S. Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”) has provided limited guidance regarding the application of the BSA to activities involving tokens, and it is unclear whether conducting an offering of tokens could trigger a federal money transmitter registration requirement in and of itself. We believe that no entity in the Republic Ecosystem meets the definition of a money transmitter or a money services business, because we do not think that the Company is engaged in the “transfer of funds” or acting as an intermediary for the exchange of currencies, as covered by the BSA.

## Employees

The Company has four part-time employees and no full-time employees.

## Properties

Our principal office is located in leased premises at 335 Madison Avenue Suite 7E, New York, NY 10017, in space that we share with OpenDeal Inc. and other of our Republic Ecosystem affiliates. The entire space is approximately 3,000 square feet. The premises are leased by OpenDeal Inc. We will begin to pay \$5,000 a month towards the overall rental cost of the premises, upon the execution of a sublease agreement that has been approved by OpenDeal Inc.'s landlord.

## Legal Proceedings

The Company has not been a party to any previous material legal proceedings. The Company is not aware of any material threatened or pending litigation.

## Fig Acquisition

Fig is a video game and video console crowdfunding platform. On April 16, 2020, Republic Parent, Loose Tooth Industries, Inc. ("**Loose Tooth**"), Fig, and Republic Core entered into an Asset Purchase Agreement (the "**Fig Asset Purchase Agreement**"). Under the Fig Asset Purchase Agreement, Republic Parent acquired from Loose Tooth all of the outstanding shares of common stock of Fig as well as Fig's web domains, websites, intellectual property rights, properties, and certain other assets related to Fig or Fig's video game publishing business (the "**Fig Assets**"). In return, Republic Parent agreed to the following: (a) to pay to Loose Tooth cash payments of \$300,000 (the "**Cash Payments**"); (b) to instruct Republic Core to pay to Loose Tooth 1,500,000 Republic Notes (the Fig Acquisition Tokens); (c) to pay to Loose Tooth 100% of gross revenues accrued and payable from existing royalty agreements between Fig and development companies that raised or are raising capital for game development on Fig's site as of December 26, 2019 (collectively the "**Legacy Developers**"), net of out of pocket expenditures incurred to service each Legacy Developer and any liabilities owed to such Legacy Developer; and (d) a revenue share of fifty percent (50%) of Fig's future gross income (as defined in the Fig Asset Purchase Agreement) received from each game development company's project which began or begins raising capital on the Fig Site in 2020 and 2021 (the "**Revenue Share**"). Republic Parent also granted to Loose Tooth a limited license to use the Fig Assets to enable it to support the transactions with Legacy Developers as well as, when authorized by Republic Parent, future developers, partnerships and offerings (the "**License**"). The Fig Asset Purchase Agreement provides that future gross income is allocated first to repay the Cash Payments, and then in proportion to the Revenue Share, with any remainder belonging to Republic Parent. The Fig Asset Purchase Agreement also contains provisions expanding the License if Republic Parent ceases to be in the business of game development financing, is subject to bankruptcy or similar proceedings, or undergoes a change of control within three years of the date of closing of the Fig Asset Purchase Agreement.

## MANAGEMENT

Our executive officers and other significant persons are identified and discussed below.

### Our Executive Officers

Name	Position	Age	Approximate hours per week for part-time employees
Bianca Caban	President	32	30 <sup>(1)</sup>
Laurent Mazouer	Managing Director - Technology	28	30 <sup>(2)</sup>
Jed Andre Halfon	Managing Director - Operations	32	30 <sup>(3)</sup>
Shrina Kurani	Principal Accounting Officer	27	30 <sup>(4)</sup>

(1) Also serves as Head of Partnerships at OpenDeal Inc. (approximately 30 hours per week).

(2) Also serves as Vice President of Engineering at OpenDeal Inc. (approximately 30 hours per week).

(3) Also serves as Partner and Associate General Counsel at OpenDeal Inc. (approximately 30 hours per week).

(4) Also serves as Vice President, Business at OpenDeal Inc. (approximately 30 hours per week).

**Bianca Caban** has been our President since January 2020. Her employment over the past five years is as follows: Managing Partner at Taino Capital LLC (2015-2018); Head of Partnerships at Republic (2018-present). She received her B.A. degree from Harvard University and her MBA degree from Columbia University.

**Laurent Mazouer** has been our CTO (Chief Technology Officer) since January 2020. His employment over the past five years is as follows: Technology Associate at SapientNitro (2014-2017); Founder and CTO at Quantent Research (2015-2018); Vice President of Engineering at Republic (2017-present). He received his B.S. degree from Columbia University.

**Jed Andre Halfon** has been our COO (Chief Operating Officer) and Head of Tokenization since January 2020. His employment over the past five years is as follows: he was an associate at Mayer Brown LLP for two and one-half years, and he was a director and partner at Republic Crypto LLC for one and one-half years. He received his B.A. degree from the University of Southern California and his J.D. and M.A. degrees from the University of Pennsylvania.

**Shrina Kurani** has been our Vice President – Business and Finance since January 2020. Her employment over the past five years is as follows: CEO of FoodNest (2015-2018); Business Development at Sutro (2016-2018); Associate at Better Ventures (2017-2018); Vice President, Business at Republic (2018-present). She received her B.S. degree from the University of California, Riverside and her master's degree from Lund University.

### Directors

As a limited liability company, the Company does not have a board of directors. The Company is 100% owned by OpenDeal Inc., which is the Company's sole member and its managing member.

## EXECUTIVE COMPENSATION

The following table sets forth the anticipated total compensation to be paid by the Company to each of our executive officers in the current fiscal year. We had no employees serving during our last fiscal year, which was the year of our inception:

<b>Name</b>	<b>Capacities in which Compensation was Received</b>	<b>Salary</b>	<b>Bonus</b>	<b>Other Compensation <sup>(5)</sup></b>	<b>Total Compensation</b>
Bianca Caban <sup>(1)</sup>	President	\$ 60,000	\$ -	\$ 24,000	\$ 84,000
Laurent Mazouer <sup>(2)</sup>	Chief Technology Officer	\$ 60,000	\$ -	\$ 24,000	\$ 84,000
Jed Andre Halfon <sup>(3)</sup>	Chief Operating Officer	\$ 60,000	\$ -	\$ 90,000	\$ 150,000
Shrina Kurani <sup>(4)</sup>	Vice President – Business & Finance	\$ 60,000	\$ -	\$ 48,000	\$ 108,000

- (1) Spends 50% of her time working for Republic Core and 50% working for OpenDeal Inc. Receives additional compensation from such other Republic entity.
- (2) Spends 50% of his time working for Republic Core and 50% working for OpenDeal Inc. Receives additional compensation from such other Republic entity.
- (3) Spends 50% of his time working for Republic Core and 50% working for OpenDeal Inc. Receives additional compensation from such other Republic entity.
- (4) Spends 50% of her time working for Republic Core and 50% working for OpenDeal Inc. Receives additional compensation from such other Republic entity.
- (5) These figures reflect the value of the vested portions of Republic Note awards granted to these individuals by Republic Parent, at \$0.12 per Republic Note. These Republic Notes will be delivered substantially contemporaneously with the closing of sales in the Offering. These figures do not reflect the value of participation in our standard benefits plans.

### Indemnification

Under our LLC operating agreement, we will indemnify and hold harmless, to the fullest extent permitted under the Delaware Limited Liability Company Act, our manager, officers, employees, representatives and agents from and against any losses, claims, demands, liabilities, expenses, judgments and other amounts arising out of the business, property, or affairs of the Company; provided, that no indemnification will be provided for acts of fraud, willful misconduct or gross negligence.

## **CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

The issuer, Republic Core LLC, is a Delaware limited liability company and a wholly owned subsidiary of OpenDeal Inc. d/b/a Republic, which is a Delaware corporation. The following is a summary of transactions since the Company's formation in March 2019 to which we have been a party, in which the amount involved exceeded \$120,000 and in which any of our executive officers, directors, promoters or beneficial holders of more than 5% of our capital stock (including OpenDeal Inc.) had or will have a direct or indirect material interest, other than compensation arrangements which are described under the sections of this Memorandum captioned "Management" and "Executive Compensation."

Currently, the Company provides services to and receives compensation solely from its affiliates, Republic Crowd-Invest and Republic Private Capital. The Company has entered into service agreements with each of these Clients. The Company believes each of these agreements to be commercially reasonable and in the best interests of the Company.

### ***Master Service Agreement with Republic Crowd-Invest***

Republic Core provides Core Business Services to Republic Crowd-Invest pursuant to a written Master Service Agreement. Under that Master Service Agreement, Republic Core provides specified Accounting services, IT services (including Client's Customer Support; Data Collection and Analysis; Business Model Innovation; IT Application Support; IT Desktop and Network Support; IT Development; Web Maintenance; IT Mobile Application Support; Token Models - assisting in developing tokenomics; and Note Programming), Other Services (Compliance Programming; Facilities Administration; Data Security Administration; Community Building; and Marketing with respect to Client's use of the Platform), and, at Client's request after fees are agreed to, additional special projects.

Under the Republic Crowd-Invest Master Service Agreement, Republic Crowd-Invest pays Republic Core the Fixed Quarterly Cash Fee, in the amount of \$10,000. The Fixed Quarterly Cash Fee is subject to renegotiation with the Client on an annual basis. Additionally, Republic Core may pass certain expenses through to the Client, as well as charge additional fees for special projects and custom Fundraising Platforms support.

Under its Master Service Agreement, Republic Crowd-Invest must also pay Republic Core 100% of the cash proceeds Republic Crowd-Invest receives from the liquidation of securities, as and when they may be liquidated. Therefore, in a quarter in which securities held by Republic Crowd-Invest are liquidated, the Company would receive from Republic Crowd-Invest the quarterly cash fee of \$10,000 and any cash from the securities liquidation. The latter amount would be distributable by the Company to Republic Note holders as dividends, subject to the Company's dividend policy. See "Dividend Policy". The Master Service Agreement is for a fixed 1-year period but perpetually renews automatically unless terminated for cause.

In respect of the fees paid to Republic Core, the parties intend to deal with each other on an arm's length basis. The parties shall periodically review the rates of compensation for the services provided.

### ***Master Service Agreement with Republic Private Capital***

Republic Core provides Core Business Services to Republic Private Capital pursuant to a written Master Service Agreement. Under that Master Service Agreement, Republic Core provides specified Accounting services, IT services (including Client's Customer Support; Data Collection and Analysis; Business Model Innovation; IT Application Support; IT Desktop and Network Support; IT Development; Web Maintenance; IT Mobile Application Support; Token Models - assisting in developing tokenomics; and Note Programming), Other Services (Compliance Programming; Facilities Administration; Data Security Administration; Community Building; and Marketing with respect to Client's use of the Platform), and, at Client's request after fees are agreed to, additional special projects.

Under the Republic Private Capital Master Service Agreement, Republic Private Capital pays Republic Core the Fixed Quarterly Cash Fee, in the amount of \$10,000. The Fixed Quarterly Cash Fee is subject to renegotiation with the Client on an annual basis. Additionally, Republic Core may pass certain expenses through to the Client, as well as charge additional fees for special projects and custom Fundraising Platforms support.

Under its Master Service Agreement, Republic Private Capital must also pay Republic Core 25% of the cash proceeds Republic Private Capital receives from the liquidation of its carried interests, as and when they may be liquidated. Therefore, in a quarter in which carried interests held by Republic Private Capital are liquidated, the



Company would receive from Republic Private Capital the quarterly cash fee of \$10,000 and any cash from the securities liquidation. The latter amount would be distributable by the Company to Republic Note holders as dividends, subject to the Company's dividend policy. See "Dividend Policy". The Master Service Agreement is for a fixed 1-year period but perpetually renews automatically unless terminated for cause.

In the ordinary course of their operations, both Clients have the ability to revise or eliminate the receipt of securities or carried interest at or near the closing of the relevant fund or investment. For example, in the ordinary course of Republic Private Capital's business, certain large investors will be able to negotiate carried interest reductions. We do not believe there is a compelling business reason or economic interest for either Client to revise or eliminate the receipt of securities or carried interest outside the ordinary course of their operations. Nevertheless, each Client's ability to do so is outside the Company's control.

The definition of Republic Core Proceeds may only change if (i) we consider certain revenues or proceeds from new clients or existing clients to be Republic Core Proceeds and or (ii) an existing Client cancels their Client Contract with us for cause or materially changes it in which case no future proceeds may be expected therefrom.

In respect of the fees paid to Republic Core, the parties intend to deal with each other on an arm's length basis. The parties shall periodically review the rates of compensation for the services provided.

#### ***Intercompany Agreement between Republic Parent and Republic Core***

Under the Intercompany Agreement, in exchange for the Republic IP License Fee, Republic Core will receive from Republic Parent a semi-exclusive, worldwide, revocable, one-year, perpetually renewable license (referred to this Memorandum as the Republic IP License) to operate the Site and to use the software and trade dress necessary to provide to Republic Crowd-Invest and Republic Private Capital the services Republic Core will provide to them under their respective Client Contracts with Republic Core. The Intercompany Agreement perpetually renews automatically unless terminated for the reasons discussed below. The license is semi-exclusive to the extent that other affiliates in the Republic Ecosystem are licensed to use the Site, software and trade dress for their branding and operational purposes. Under the Intercompany Agreement, Republic Core will also be assigned the rights and liabilities under various employment, consultant, third-party vendor and third-party license agreements (the "**Platform Assignments**"). Republic Core will also assume the Republic Note issuance obligations under rights previously issued by Republic Parent in connection with certain securities transactions it entered into, and certain compensatory awards it made to employees and consultants, between 2017 and March 2020. See "Summary – The Offering – Other Republic Note Sales". In exchange for assuming such issuance obligations, Republic Core will receive the License and the Platform Assignments at what the parties to the Intercompany Agreement acknowledge to be a substantially discounted rate. Republic Core also makes various covenants to operate the Site and use the software and trade dress in compliance with law, including the laws and regulations under which Republic Core's Clients operate, and operating standards previously achieved by Republic Parent, and the parties indemnify each other for certain respective acts or omissions that cause the other harm.

In addition, as part of the Intercompany Agreement, Republic Core will sublease operating space, including specified desk space and access to and use of all common areas, from Republic Parent at a cost of \$5,000 per month, which amount is subject to adjustment if Republic Core requires a greater or lesser amount of desk space. The sublease is subject to the conditions and restrictions in the lease agreement between the lessor and Republic Parent, and must be approved by the lessor.

Any adjustment to the Republic IP License Fee will be made at a renewal of the Intercompany Agreement, with reasonable notice provided by Republic Parent to Republic Core.

To the extent permitted by applicable law, either Republic Core or Republic Parent may terminate the Intercompany Agreement immediately upon written notice of termination to the other party if the other party goes into bankruptcy, or voluntary or involuntary dissolution, is declared insolvent, fails to pay its debts as they come due, makes an assignment for the benefit of creditors, becomes subject to proceedings under any bankruptcy or insolvency law, or suffers the appointment of a receiver or trustee over all or substantially all of its assets or properties. The Intercompany Agreement also may be terminated by written mutual agreement between the parties. Termination of the Intercompany Agreement for any reason whatsoever would extinguish all rights and obligations of the parties

with respect to the Republic IP, except for those rights and obligations accrued prior to termination. Upon termination of the Intercompany Agreement for any reason whatsoever, Republic Core would be required to (a) discontinue the use of the Site, both front and back-end and (b) return to Republic Parent all Republic IP, documents and other materials which contain or embody any confidential information. Upon termination, Republic Core will reimburse Republic Parent a pro-rata portion of the licensing fee for the relevant quarter.

Each Master Services Agreement that Republic Core has entered into with each Client provides that the parties intend to adhere to the arm's length standards set forth in section 482 of the United States Internal Revenue Code and related regulations. Accordingly, the parties shall periodically review the services provided by Republic Core to review the rates of compensation for the services provided. If any changes to the rates are determined by the mutual agreement of the parties, they shall execute an appropriate amendment to the relevant Master Services Agreement. It should be acknowledged that the parties are ultimately under common control and therefore a good faith belief must be maintained as to the arm's length dealing between the parties.

## OWNERSHIP OF OUR OUTSTANDING VOTING SECURITIES

The following table sets forth the total number and percentage of our outstanding voting securities (our membership interests) as of April 1, 2020, by: (1) each holder of more than 10% of such securities; (2) each of our directors and executive officers; and (3) all directors and executive officers as a group.

Beneficial ownership is determined in accordance with SEC rules (see Rule 13d-3(d)(1) of the Exchange Act for more detail) and generally includes voting or investment power with respect to securities. For purposes of this table, a person or group of persons is deemed to have “beneficial ownership” of any membership interests that such person or any member of such group has the right to acquire within 60 days of April 1, 2020. For purposes of computing the percentage of outstanding membership interests held by each person or group of persons named above, any membership interests that such person or persons has the right to acquire within 60 days from April 1, 2020 are deemed to be outstanding for such person, but not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. The inclusion herein of any membership interests listed as beneficially owned does not constitute an admission of beneficial ownership by any person. Unless otherwise indicated, the business address of each person listed is c/o Republic Core, 335 Madison Avenue, Suite 7E, New York, NY 10017.

<b>Name of Beneficial Owner</b>	<b>Membership Interests Percentage Beneficially Owned</b>
OpenDeal Inc.	100.0%
All directors and executive officers as a group	0.0%

We expect that the Republic Notes offered hereby may be purchased by certain of our directors, officers, employees or affiliates, as well as certain of the directors, officers or employees of our affiliates. We have not reserved any Republic Notes for any such persons, and will not allocate Republic Notes to any such persons on any preferential basis. Any Republic Notes purchased in the Offering by any such persons will be offered and sold on the same terms offered to other investors.

## DESCRIPTION OF SECURITIES

We are a Delaware limited liability company organized on March 8, 2019. Its business and affairs are conducted pursuant to its Amended and Restated Limited Liability Company Operating Agreement (the “**LLC Operating Agreement**”), which was made effective as of January 1, 2020.

### Membership Interests

The Company is a single member limited liability company without common stock. The sole owner of 100% of the Company’s membership interests is Republic Parent, the Company’s sole member. Under the LLC Operating Agreement, Republic Parent is also the Company’s sole manager, and the Company’s officers, who serve at the convenience of the manager, are Bianca Caban, President; Jed Halfon, Chief Operating Officer; Laurent Mazouer, Chief Technology Officer; and Shrina Kurani, Vice President – Business & Finance.

Under the LLC Operating Agreement, as holder of the Company’s membership interests, Republic Parent has sole voting control over the Company and holds all economic and other interests in the Company, except to the extent rights, obligations, preferences, limitations and privileges are expressly provided to holders of the Company’s non-membership interests.

### Non-Membership Interests

#### *The Republic Note*

##### General Description

The Republic Note is a security issued by Republic Core in digital form. Under the LLC Operating Agreement, Republic Core may issue non-membership interests that provide holders with specified rights, other than voting rights or rights to share in the liquidation of the Company. Pursuant to such authority, Republic Core is issuing one series of non-membership interests, designated Republic Notes. Republic Notes provide holders with the opportunity to receive dividends under certain circumstances described in the Company’s dividend policy. See “Dividend Policy”.

Under the LLC Operating Agreement, the Company is authorized to issue up to 800,000,000 Republic Notes. All Republic Notes offered under this Memorandum will be duly authorized, validly issued, fully paid, and non-assessable. Prior to the Offering, there are no Republic Notes outstanding.

##### Limited Rights

Holders of Republic Notes will not have any of the rights traditionally associated with holders of debt instruments, other than dividend opportunities, and they will not have any rights traditionally associated with holders of equity. The only right associated with Republic Notes is the right to receive dividends. Instead, purchasers of Republic Notes through the Cash Offering shall have only such terms and conditions, and shall provide to any holder thereof only such rights, obligations, preferences, limitations and privileges (i) as shall be set forth in this Memorandum, and (ii) as may otherwise be determined by the Manager in its sole discretion. In particular, Republic Notes shall not have, or provide to any holder thereof, any voting or other rights to participate in the management of the Company, or rights to participate in the revenue, assets or other dealings or benefits of the Company except as established pursuant to the foregoing sentence. The Republic Note will not be a “utility token” or have any utility anywhere. However, certain affiliates or partners of Republic Core may choose to provide benefits or perks to holders of the Republic Note. The Republic Note will not afford holders any governance rights. In addition, in the event of a voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the Company, after payment or provision for payment of the debts and other liabilities of the Company, the holders of each Republic Notes shall have no preference over holders of other securities of the Company in the receipt of any assets or distributions, including any distributions declared or accrued in respect of Republic Notes but not yet paid.

### Equal Rights for Each Republic Note

As set forth in the LLC Operating Agreement, each of the Republic Notes shall have the same terms, conditions, rights, obligations, preferences, limitations and privileges as each other Republic Note.

### Dividends

For a description of the dividends that may be paid to Republic Note holders, see the section entitled “Dividend Policy” included elsewhere in this Memorandum.

### Repurchase

In the event Republic Parent experiences a change of control, the Company may choose to make an offer for all outstanding Republic Notes at a price set by an independent third party, or determined by looking at the 30-day average trading price, or set using another reasonable method. Such offer shall remain open until such time as the Company has redeemed all Republic Notes outstanding, or has otherwise given Republic Note holders a reasonable amount of time to tender their Republic Notes. Upon the expiration of the offer, the Company shall cancel all Republic Notes, including any Republic Notes still outstanding, and have no further obligations with respect thereto. Any Republic Note not repurchased by the Company within 90 calendar days of providing notice of such change of control to all holders, if not offered by its holder to the Company, will be automatically cancelled.

We may not have sufficient funds to repurchase the Republic Notes in cash at such time or have the ability to arrange necessary financing on acceptable terms. In addition, our ability to repurchase the Republic Notes for cash may be limited by law or the terms of other agreements relating to any indebtedness of ours that may be outstanding at the time.

### Cancellation

The Company may, in its discretion, cancel the Republic Notes at any time after the five (5) year anniversary of the Initial Delivery Date of the Republic Notes if the Company has not realized the minimum \$2,000,000 in distributions that be qualified as dividends to Republic Note holders (the Threshold Amount). Upon cancellation, all rights in connection with Republic Notes will cease and a holder of Republic Notes will no longer be entitled to dividends or any other economic or other benefit. In general, the Company would expect to cancel the Republic Notes only if the total dividend has failed to exceed the Threshold Amount following a sufficiently extensive period of time or once the Company’s contractual rights to receive Republic Core Proceeds from the Clients terminates. Although the purpose of the Company’s cancellation rights is to help the Company avoid incurring unnecessary administrative costs, there can be no assurance that the Company will not cancel the Republic Notes at a time when there is still the possibility of a dividend payment, and thereby deny the holders of Republic Notes dividends that could otherwise be payable. If the Company cancels the Republic Notes, investors could lose their entire investment.

### Digital Form

Republic Notes will not be represented in paper form or by other physical or conventional book-entry means. Instead, they will exist digitally and will be cryptographically secured on the Algorand blockchain. Republic Notes will be divisible to eight decimal places.

Algorand is a blockchain protocol that uses “pure proof-of-stake” to maintain consensus among network participants as to the validity of transactions. The Algorand blockchain includes software server nodes, called “validators”, that stake a given number of Algos (the token native to the Algorand network) in order to participate in the validation of transactions, including transactions in Republic Notes. Validators are randomly and secretly selected to propose the addition of particular blocks, which include particular transactions, to the Algorand blockchain, or to vote on block-addition proposals made by other validators. When the addition of blocks is agreed, the blocks are added to the blockchain and their transactions become validated. Each validator’s influence on the addition to the blockchain of blocks assigned to it increases in proportion to the number of Algos it has staked. To the best of our knowledge, the node operators that maintain the Algorand blockchain are independent and not controlled by the Algorand

Foundation, and they are not controlled by Republic Core. Node operators can participate in validating transactions using the Algorand protocol from any location in the world.

Algorand's pure proof-of-stake protocol differs from "proof-of-work" validation techniques used by Ethereum 1.0 and Bitcoin. Each of Ethereum 1.0 and Bitcoin rely on node operators to secure the network by presenting proof that they have solved novel computational challenges presented to them (their "proof of work"). The first node that solves the challenge has the opportunity to validate the next block of transactions and earn a reward in the form of the coins used on that network. The network algorithm established to determine the history of transactions then selects the longest sequence of transaction blocks with solved proofs of work as the valid transaction history. However, if node operators choose to acknowledge different sequences of transaction blocks, the history of transactions can "fork" into multiple histories that are then each maintained, verified and extended. The term "fork" is used to refer both to any situation in which there are two or more competing versions of a blockchain on a network (a situation that may arise and resolve itself in the ordinary course of network operations due to lags in communication between persons running Algorand software) and any software update that is proposed for adoption by the nodes of a blockchain network that may result in a persistent fork on the network, with core nodes that adopt the update recognizing one version of the blockchain and those which do not recognize another.

Third party groups or individuals involved in the network may at any time propose upgrades or changes to the open-source software underlying the Republic Note in a way that could result in the creation of a "fork" in the Algorand blockchain. The Company believes that the Algorand blockchain protocol is designed to minimize the risk of forks, though the risk still exists. The Algorand blockchain is designed to prevent multiple proposed blocks relating to the same transactions from being added to the chain, because only one block can reach the required threshold of votes. As a result, it is a goal of the Algorand design that only one transaction history can be validated, rather than multiple, inconsistent transaction histories, and that users can thereby rely on such transactions to be final.

We do not believe that third party modifications to the open-source software underlying the Republic Note present significant risks to the Republic Note or to Republic Note holders. If a fork on the Algorand blockchain created duplicate versions of the Republic Note Smart Contract, Republic Core would be able to determine which version of the Republic Note Smart Contract should continue to be supported and updated, and which version of the Republic Note Smart Contract should not continue to receive technical support. In the event that Republic Core becomes aware of a fork that could materially impact the Republic Note, Republic Core can freeze all transfers of the Republic Note until Republic Core has designated the canonical branch of the blockchain to follow. Republic Core may determine it is advisable to perpetually freeze Republic Note transfer on the unsupported forked branch to reduce the risk of fraudulent transactions. We will notify Republic Note holders of any transfer freeze via email. Due to the safeguards described above, we expect to retain control over the Republic Note Smart Contract, even after a continuing fork or other modifications by third parties, and that that we will be able to ensure that the Republic Note Smart Contract is not substantially affected by third party modifications to the Algorand blockchain.

We anticipate that Republic Note holders will be made aware of the existence of any such modifications if such modifications result in a persistent fork in the Algorand blockchain. If this occurs, we expect that we will directly communicate with Republic Note holders via email and we will explain how we intend to respond to the fork. We will not file any regulatory filings under the federal securities laws with respect to competing versions of Republic Notes created through any fork because we will not provide technical support to a duplicate copy of the Republic Note and the Republic Note Smart Contract. We also do not believe that any such filing would be important to Republic Note holders, because Republic Note holders will continue to hold Republic Notes supported by Republic Core and will be properly apprised of which record of transactions is legitimate. In addition, we would not file periodic reports with respect to the competing versions of the Republic Notes in any competing record of transactions.

Additionally, the Algorand blockchain offers low transaction fees, a throughput of greater than 1,000 transactions per second, atomic swap capability, native digital assets, and other features that, in our view, make it a suitable network on which to create and manage the Republic Note.

Neither the Company nor any third party will maintain an examinable, centralized register of Republic Notes and their owners, nor serve as a transfer agent to effect transfers of Republic Notes. However, a determination at any

time of all Republic Note balances can be made by examining the Algorand blockchain, which can be done using tools such as [www.algoexplorer.io](http://www.algoexplorer.io).

The Republic Notes will be created, and certain aspects of their ownership and transfer will be managed by, certain digital asset software deployed on the Algorand blockchain (such software, the “**Republic Note Smart Contract**”). We are in the process of developing the Republic Note Smart Contract with our own team, in partnership with the Algorand Foundation and CoMakery, a blockchain technology firm. The Republic Note Smart Contract is in mid to late stage development. It draws on the architecture of an existing digital asset “smart contract” software framework that CoMakery previously created that follows the ERC-1404 industry standard built on the Ethereum blockchain. This framework affords issuers certain features that are generally sought out by digital security issuers including the ability to mint, clawback and burn tokens. CoMakery intends to implement this framework on the Algorand blockchain. The completion of this implementation is dependent on the deployment of Algorand smart contract functionality to the Algorand main network by developers working in the Algorand ecosystem. As a result, the Republic Note Smart Contract, when implemented, will allow us to mint new tokens, claw back tokens from a user’s wallet, or destroy tokens. These material provisions are managed by using CoMakery’s token management software. We currently estimate that the release date for this smart contract functionality will be sometime in July 2020, though the release of these features is out of our control. Based on this timeline we believe we will be able to mint, issue, and deploy Republic Notes around September 2020. Assuming this timeline, we believe the development of the Republic Note Smart Contract will cost an additional \$30,000 to develop.

The Republic Note Smart Contract can be upgraded to remedy identified problems, such as bug fixes, or to implement functionality improvements by Republic Core. Only Republic Core can change the Republic Note Smart Contract, though certain changes to the underlying network outside of Republic Core’s control may incidentally affect the functionality of the contract. We do not anticipate making any modifications that could remove or adversely impact any of the material rights of Republic Noteholders. However, Republic Note holders would not have any right to block, approve or vote on any new features that might be introduced. All upgrades and Republic Note balance changes will be publicly recorded on the Algorand blockchain.

Republic Note holders will be able to consult an Algorand blockchain node, blockchain explorer or the Republic website to determine the transfer restrictions placed on their wallet. Republic Note holders will also be notified via email within a reasonable time frame in the event that a material change to the terms or structure of the Republic Note Smart Contract is implemented. Any changes to the Republic Note Smart Contract will not affect the user’s ability to hold or interact with Dividend payments made to a Republic Note holder’s wallet.

The Republic Note Smart Contract will give Republic Core the ability to monitor, and exert control over, certain aspects of Republic Note ownership and transfer. Once such capability is a “whitelist” function for prospective holders. Once Republic Core has run the KYC, AML, and other checks included in its Republic Note subscription process, if the prospective holder is approved, the holder’s wallet address will be able to receive Republic Notes. The holder’s KYC, AML, and other data will be retained, but not on-chain; instead, it will be silo’ed and secured by Republic Core itself and remain in Republic Core’s control. Transfers between wallet addresses will be similarly managed. The Republic Note Smart Contract allows Republic Core to create permissioned categories for which to enforce trading restrictions among Republic Note holders. Categories may be given certain permissions so that Republic Notes may be traded only amongst addresses within a given category, or only between certain categories. Republic Note holders in a particular category will be allowed to trade with any address permitted by such category. If a Republic Note holder attempts to send a Republic Note to an address that is not included in any permissioned category, or in a category for which it is not allowed to trade with, the transaction will be denied by the Algorand network. Therefore, if a holder were to attempt to send a Republic Note to a prospective holder who has not been whitelisted, the Republic Note Smart Contract would prevent the transaction from being completed.

An individual user who wants to request that an address be given permission to receive Republic Notes must visit a website address (to be provided at a future date), where the user will be asked to provide appropriate KYC/AML information and if necessary, related net worth, income, or other data required to assess what category is appropriate. Once this process is complete, Republic Core will grant certain permissions to that address, including the ability to receive Republic Notes.

All Republic Notes are either Issued Republic Notes, Reserve Republic Notes or Locked Republic Notes.

- Issued Republic Notes are Republic Notes that have been sold (for cash or other consideration), awarded, granted, or otherwise issued by Republic Core to holders, and are outstanding. Issued Republic Notes are eligible to receive Distributions.
- Reserve Republic Notes are Republic Notes that have not yet been issued by the Company to holders, but are not locked. Reserve Republic Notes are not eligible to share in Distributions, but Republic Core may issue them at any time, at which point they become Issued Republic Notes and are eligible to share in Distributions.
- Locked Republic Notes are Republic Notes that are locked by Republic Core and are not in circulation, and will only be released from lock-up in accordance with the release schedule set forth further below. Locked Republic Notes are not eligible to receive Distributions.

#### Republic Note Supply and Economics

The Total Republic Note Supply will be generated by the Republic Note Smart Contract within 30-90 days after the last date of the cash portion of the Republic Note Offerings. No more Republic Notes will be generated after that date. Republic Core plans to allocate and issue the Total Republic Note Supply as follows:

- **Investors in the Republic Note Offerings and General Reserve:** Republic Core will keep 40% of the Total Republic Note Supply, or 320,000,000 Republic Notes, for investors including in part for the Republic Note Offerings and as a General Reserve from which it may make future issuances, in such amounts, at such times, and with such process and pricing as Republic Core may determine in its sole discretion, subject to applicable laws. When any of the General Reserve Republic Notes are issued, they will become Issued Republic Notes and be eligible to share in Distributions.
- **Locked Reserve:** Republic Core will keep 30% of the Total Republic Note Supply, or 240,000,000 Republic Notes, locked, as Locked Republic Notes, to be moved to the General Reserve in accordance with the timetable set forth below. Once such Republic Notes are in the General Reserve, Republic Core may make issue them in such amounts, at such times, and with such process and pricing as Republic Core may determine in its sole discretion, subject to applicable laws. When any of such Republic Notes are issued, they will become Issued Republic Notes and be eligible to share in Distributions.
- **Community Reserve:** Republic Core will keep 20% of the Total Republic Note Supply, or 160,000,000 Republic Notes, for investors including in part for the Republic Note Offerings and as a Community Reserve from which it may make future issuances to partners, advisors, Site members, and other participants in the Republic community, in such amounts, at such times, and with such process and pricing as Republic Core may determine in its sole discretion, subject to applicable laws. When any of the Community Reserve Republic Notes are issued, they will become Issued Republic Notes and be eligible to share in Distributions.
- **Associate Reserve:** Republic Core will keep up to 10% of the Total Republic Note Supply, or 80,000,000 Republic Notes, as an Associate Reserve from which it may make future issuances to Republic's current and future employees, equity investors, contributors, and other associated persons and entities, in such amounts, at such times, and with such process and pricing as Republic Core may determine in its sole discretion, including in part for the Republic Note Offerings, subject to applicable laws. When any of the Associate Reserve Republic Notes are issued, they will become Issued Republic Notes and be eligible to share in Distributions.

The 240,000,000 Locked Republic Notes will be released from lock-up in accordance with the release schedule set forth below:



<b>Tranche</b>	<b>Release Date</b>	<b>Number of Locked Republic Notes Moved to General Reserve</b>	<b>Number of Locked Republic Notes Remaining Locked</b>
0	Through 12/31/2022	0	240,000,000
1	1/1/2023	20,000	220,000,000
2	4/1/2023	20,000	200,000,000
3	7/1/2023	20,000	180,000,000
4	10/1/2023	20,000	160,000,000
5	1/1/2024	20,000	140,000,000
6	4/1/2024	20,000	120,000,000
7	7/1/2024	20,000	100,000,000
8	10/1/2024	20,000	80,000,000
9	1/1/2025	20,000	60,000,000
10	4/1/2025	20,000	40,000,000
11	7/1/2025	20,000	20,000,000
12	10/1/2025	20,000	0

Based on the foregoing, set forth below are estimates of the approximate cumulative numbers, over time, of (i) Issued Republic Notes (eligible to share in Distributions); (ii) General Reserve, Community Reserve and Associate Reserve Republic Notes (ineligible to share in Distributions, but capable of being issued by Republic Core at any time and thereby becoming eligible to share in Distributions); and (iii) Locked Republic Notes (ineligible to share in Distributions, but once unlocked capable of being issued by Republic Core at any time and thereby becoming eligible to share in Distributions). These numbers are estimates only. There can be no assurance that actual numbers will not differ because of, among other uncertainties, Republic Core's inability to determine in advance how successful the Republic Note Offerings may be, and whether, when and to what extent it may issue Republic Notes from the General, Community and Associate Reserves.

<b>Event</b>	<b>Number of Issued Republic Notes</b>	<b>Number of General Reserve, Community Reserve and Associate Reserve Republic Notes <sup>(4)</sup></b>	<b>Number of Locked Republic Note Tokens</b>
Prior to Completion of the Offering	0	560,000,000	240,000,000
Completion of the Republic Note Offerings <sup>(1)</sup>	367,184,781.67	192,815,218.33	240,000,000
Completion of issuances from the Community Reserve <sup>(2)</sup>	483,184,781.67	76,815,218.33	240,000,000
Completion of issuances from the Associate Reserve <sup>(3)</sup>	536,684,781.67	23,315,218.33	240,000,000
First Scheduled Release of Locked Republic Notes	536,684,781.67	43,315,218.33	220,000,000
Last Scheduled Release of Locked Republic Notes	536,684,781.67	263,315,218.33	0

(1) Assumes all Republic Notes offered in the Republic Note Offerings are sold.

(2) Assumes all Republic Notes in the Community Reserve are issued.

(3) Assumes all Republic Notes in the Associate Reserve are issued.

(4) Assumes no Reserve Republic Notes are issued, other than as indicated in this table.

## DIVIDEND POLICY

Republic Core will periodically, and at least twice in any twelve-month period (on June 30 and December 31), calculate the Distributable Amount. Republic Core will make its first calculation pursuant to the foregoing no later than the first June 30 or December 31 that occurs after the Initial Delivery Date.

Whenever this calculation yields a Distributable Amount that exceeds the Threshold Amount (or a smaller amount that Republic Core deems, in its sole business discretion, to be practical to distribute), Republic Core will, within 48 hours, take a “snapshot” of all outstanding Issued Republic Notes and, within a reasonable time period (which is expected to be approximately 30-60 days), make pro rata payments in the form of a Dividend Distribution in an aggregate amount equal to the Distributable Amount minus the reasonably estimated total amount of network transaction fees to be paid by Republic Core to issue that dividend and, in the event that the Distributable Amount is \$2,000,000 or greater, minus a \$35,000 flat fee, called the Distribution Fee, intended to help cover the maintenance and upkeep costs for the Republic Note Smart Contract. The network transaction fees will be established by the network, not by the Company, and the Company can provide no assurances that the network transaction fees will not be larger than expected. The amount of the Distribution Fee may be adjusted annually (and, we expect, incrementally) based on changes in these costs.

In no event shall Republic Core be obligated to make more than a single Dividend Distribution in any calendar quarter. If, after a Dividend Distribution has been made in a particular calendar quarter, the Distributable Amount exceeds the Threshold Amount a second time in that calendar quarter, Republic Core shall not be obligated to make a second Dividend Distribution in that same calendar quarter. Instead, Republic Core may, in its discretion, refrain making the next Dividend Distribution until the first 15 calendar days of the next calendar quarter. Republic Core reserves the right, in its discretion, to make more than one Dividend Distribution in any calendar quarter.

Public notice of a distribution and the intended distribution date will be issued at least 15 calendar days prior to any distribution. Holders of Republic Notes may be required to submit certain information for tax withholding and reporting purposes, and a failure to provide the requisite information within six months after the relevant distribution date will result in a forfeiture of the distribution amount, in which case the holder may be entitled to a credit in an equivalent amount to invest on Republic Crowd-Invest.

The Individual Dividend Amount will be calculated as follows:

$$\begin{aligned} & \text{(Total number of Issued Republic Notes in wallet} \div \\ & \text{Total number of Issued Republic Notes)} \times \\ & \text{Total Dividend Amount} = \text{Individual Dividend Amount} \end{aligned}$$

Individual Dividend Amounts will not differ from Republic Note holder to Republic Note holder based on the amount of time individual holders have held their Republic Notes. In the event that the cost of distributing an Individual Distribution Amount to a Republic Note holder’s wallet is greater than the Individual Distribution Amount, the funds owed will not be distributed and will be reserved and re-allocated to future distributions.

The Threshold Amount may not be changed, but Republic Core reserves the right, in its sole business discretion, to make a Dividend Distribution when the Distributable Amount is below the Threshold Amount. The Company will accumulate a cash balance from its non-recurring revenue from Clients and will use this accumulated cash to make dividend payments to the holders of Republic Notes. Until a Dividend Distribution is made, Republic Core shall be entitled to use the Republic Core proceeds in its sole discretion. Republic Core reserves the right to pay dividends in the form of what is commonly referred to in the digital asset industry as “stablecoins”, which are cryptocurrencies that are designed to have low price volatility, for example by being pegged to a conventional, stable asset or basket of assets, or through other means compatible with our technology and holders’ interests. Stablecoins are not necessarily stable in price or value and, in the event a holder of Republic Notes receives a stablecoin as part of a Dividend Distribution, they should understand the risks associated with holding or using such an asset. Holders of Republic Notes should be aware that the SEC may consider particular stablecoins to be a security.

Republic Core’s management will be responsible for regularly considering, and ultimately determining, whether the company may make payments to Republic Note holders in stablecoins. In making this determination, Republic

Core's management will refer to the relevant legal and regulatory standards for such determination in effect at the time of such determination, will consult with legal counsel and will, if possible and appropriate, seek consultation with relevant regulatory authorities including, we expect, the SEC. In the event that under current guidance, Republic Core cannot take the position that a stablecoin distributable through the Algorand blockchain does not constitute a security under the federal and state securities laws of the United States, Republic Core may withhold distributions until such time as the distribution would be permissible or another form of consideration can be compliantly provided to Republic Note holders. Our management may also assess other criteria for making this determination, including any criteria based on additional guidance we receive from U.S. regulators.

The Algorand ecosystem is new and evolving. We anticipate that by the earliest time we are required to review Republic Core Proceeds to see if a Distribution should be made (December 31, 2020), there will be a stablecoin or other equivalent asset available to be distributed on Algorand that, in our reasonable judgment, is not or is unlikely to be considered a security. Whether or not a given asset is considered a security is a facts and circumstances analysis. At the time Republic Core decides to purchase and or distribute stablecoins, it will make a best efforts analysis and determination as to the legal character of the asset. We do not intend to hold stablecoins intended to be used as part of a Dividend Distribution for a significant period of time. In the event that Republic Core decides to issue a Dividend Distribution in stablecoin or another digital asset equivalent, Republic Core shall seek to convert the cash into stablecoin equivalent at the best available rate as close to the time a Distribution is made as practicable.

In all events, Republic Core shall not pay any dividend to any persons if prohibited from doing so by any federal or state laws or regulations or the laws of other relevant jurisdictions. As an example, Republic Core will not make any Dividend Distribution to the extent it would be prohibited under applicable Delaware law, such as when the Total Dividend Amount would exceed the fair value of Republic Core's assets. If Republic Core is unable to contain its costs, there may be instances when Republic Core has a sufficient amount of Republic Core Proceeds to make a Dividend Distribution, but finds itself unable to make dividend payments because it has determined that any such dividend would be prohibited under applicable law. If a dividend payment or any portion thereof is prohibited by applicable law, the amount of the dividend that would have been paid but was not paid because of a prohibition under applicable law will be treated as cumulative, and will be reserved and reallocated and paid (to the extent consistent with applicable law) as part of future dividend payments.

In the event that Republic Core does not find a suitable stablecoin with which to make Dividend Distributions to Republic Note holders, Republic Core may delay a Dividend Distribution for a reasonable time until a suitable stablecoin, which Republic Core reasonably determines would not be considered a security under U.S. securities laws, may be used. In the event that no such option is determined by Republic Core to be available within a reasonable time frame, Republic Core will endeavor to find alternative means for offering Republic Noteholders equivalent or near equivalent value. Such options may include (i) offering cash equivalent for Republic Note holders in corresponding dollar equivalent amount to be used to invest on or purchase other goods on Republic Crowd-Invest and or Republic Private Capital, or (ii) to the extent practicable and advisable, endeavor to offer cash distributions through other means, including but not limited to cash transfers to Republic Note holders' bank accounts.

In the fiscal year ending December 31, 2019, Republic Crowd-Invest earned \$1,600.20 from its securities holdings. Republic Private Capital earned no revenue from realized carried interest. Therefore, Republic Core Proceeds for the most recent fiscal year would have totaled \$1,600.20, which is less than the Threshold Amount for a Dividend Distribution. As a result, there would have been no dividend paid to Republic Note holders in 2019.

The only term of the Dividend that can be changed is the Distribution Fee. Changes to the Distribution Fee and the procedures for making those changes are outlined above.

The Company may, in its discretion, cancel the Republic Notes at any time after the five (5) year anniversary of the Initial Delivery Distribution date of the Republic Notes if the Company has not realized the minimum \$2,000,000 in distributions that be qualified as dividends to Republic Note Holders (the Threshold Amount). Upon cancellation, all rights in connection with Republic Notes will cease and a holder of Republic Notes will no longer be entitled to dividends or any other economic or other benefit. In general, the Board would expect to cancel the Republic Notes only if the total dividend has failed to exceed the Threshold Amount following a sufficiently extensive period of time or once the Company's contractual rights to receive Republic Core Proceeds from the Clients terminates.

Although the purpose of the Company's cancellation rights is to help the Company avoid incurring unnecessary administrative costs, there can be no assurance that the Company will not cancel the Republic Notes at a time when there is still the possibility of a dividend payment, and thereby deny the holders of Republic Notes dividends that could otherwise be payable. If the Company cancels the Republic Notes, investors could lose their entire investment.

### Breakeven Analysis

The breakeven analysis below indicates the approximate dividend returns in U.S. dollars required for a hypothetical initial investment in a single Republic Note, assuming a selling price of \$0.12, to equal the amount invested. This breakeven analysis is an approximation only. It assumes the following: (i) that there are, at all times, 367,184,781.67 outstanding Republic Notes; (ii) that Republic Core Proceeds will equal \$5,000,000 during each six-month period; (iii) that there will be two dividends per year; (iv) that the Distribution Fee of \$35,000 per Dividend Distribution will remain static and will not increase; and (v) that network transaction fees association with each Dividend Distribution will be \$50,000. Using these assumptions, a cumulative Total Dividend Amount per Republic Note exceeding \$0.12 would be realized as a result of the first dividend in the fifth year after investment. Actual results may differ from these assumptions.

	<b>Cumulative Republic Core Proceeds</b>	<b>Cumulative Total Dividend Amount (After Expenses)</b>	<b>Cumulative Total Dividend Amount per Note</b>
Year 1, First Dividend	\$ 5,000,000.00	\$ 4,915,000.00	\$ \$0.01339
Year 1, Second Dividend	\$10,000,000.00	\$ 9,830,000.00	\$ \$0.02677
Year 2, First Dividend	\$15,000,000.00	\$14,745,000.00	\$ \$0.04016
Year 2, Second Dividend	\$20,000,000.00	\$19,660,000.00	\$ \$0.05354
Year 3, First Dividend	\$25,000,000.00	\$24,575,000.00	\$ \$0.06693
Year 3, Second Dividend	\$30,000,000.00	\$29,490,000.00	\$ \$0.08031
Year 4, First Dividend	\$35,000,000.00	\$34,405,000.00	\$ \$0.09370
Year 4, Second Dividend	\$40,000,000.00	\$39,320,000.00	\$ \$0.10709
Year 5, First Dividend	\$45,000,000.00	\$44,235,000.00	\$ 0.12047

## CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion sets forth the material U.S. federal income tax consequences of the purchase, ownership and disposition of Republic Notes issued pursuant to the Cash Offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or foreign tax laws are not discussed. This discussion is based on the Internal Revenue Code of 1986, as amended (the “**Code**”), final, temporary and proposed treasury regulations (“**Treasury Regulations**”) promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the “**IRS**”) in effect as of the date of this Memorandum. These authorities may change or be subject to differing interpretations. Any such change may be applied retroactively in a manner that could adversely affect a holder of Republic Notes. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position regarding the tax consequences of the purchase, ownership and disposition of Republic Notes.

This discussion is limited to holders that hold Republic Notes as “capital assets” within the meaning of Section 1221 of the Code (property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a holder’s particular circumstances, including the impact of the unearned income Medicare contribution tax. In addition, this discussion does not address the tax consequences with respect to holders who receive Republic Notes in connection with the other Republic Note Offerings, and it does not address consequences relevant to holders subject to particular rules, including, without limitation:

- U.S. expatriates and certain former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding Republic Notes as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers or traders in securities;
- “controlled foreign corporations,” “passive foreign investment companies,” and corporations that accumulate earnings to avoid U.S. federal income tax;
- S corporations, partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes;
- tax-exempt organizations or governmental organizations;
- persons deemed to sell Republic Notes under the constructive sale provisions of the Code;
- persons who hold or receive Republic Notes pursuant to the exercise of any employee stock option or otherwise as compensation; and
- tax-qualified retirement plans.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds Republic Notes, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding Republic Notes and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS NOT INTENDED AS TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF REPUBLIC NOTES ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

### **Tax Treatment of Republic Notes**

No statutory, administrative or judicial authority directly addresses the treatment of a security similar to a Republic Note for U.S. federal income tax purposes and, therefore, that treatment is not entirely clear. The Company is a limited liability company that has elected to be taxed as a corporation for U.S. federal income tax purposes, and we intend to take the position that the Republic Notes are “stock” of the Company for such purposes because, among other things, the Republic Notes entitle the holders thereof to receive distributions of the Company’s earnings and profits as described in this Memorandum. However, this position is not free from doubt, and if the IRS were to successfully challenge this position, the tax consequences described below could be materially different. The balance of this discussion assumes that the Republic Notes are treated as “stock” of the Company for U.S. federal income tax purposes.

### **U.S. Holders**

This section applies to you if you are a “**U.S. holder.**” A U.S. holder is any beneficial owner of Republic Notes who or that is:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more United States persons (within the meaning of Section 7701(a)(30) of the Code), or (2) has made a valid election under applicable Treasury Regulations to continue to be treated as a United States person.

### *Taxation of Republic Note Purchases Using Bitcoin, USDC or Ether Virtual Currency*

A U.S. Holder who purchases a Republic Note using Bitcoin, USDC or Ether virtual currency (“**Virtual Currency**”) generally will recognize capital gain or loss in an amount equal to the difference between the value of the Republic Notes purchased with such Virtual Currency and the U.S. holder’s adjusted tax basis in the Virtual Currency. Any such capital gain or loss generally will be long-term capital gain or loss if the U.S. holder’s holding period for the Virtual Currency used to purchase the Republic Notes exceeds one year. Long-term capital gains recognized by non-corporate U.S. holders will be eligible to be taxed at reduced rates. The deductibility of capital losses is subject to limitations.

### *Taxation of Distributions*

If we pay distributions in cash or other property (including stablecoin but excluding certain distributions of our stock or rights to acquire our stock) to U.S. holders of Republic Notes, such distributions generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of current and accumulated earnings and profits will constitute a return of capital that will be applied against and reduce (but not below zero) the U.S. holder’s adjusted tax basis in the Republic Notes. Any remaining excess will be treated as gain realized on the sale or other disposition of the Republic Notes and will be treated as described under “U.S. Holders — Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Republic Notes” below.

Dividends we pay to a U.S. holder that is a taxable corporation generally will qualify for the dividends received deduction if the requisite holding period is satisfied. With certain exceptions (including, but not limited to, dividends treated as investment income for purposes of investment interest deduction limitations), and provided certain holding period requirements are met, dividends we pay to a non-corporate U.S. holder generally will constitute “qualified dividends” that will be subject to tax at preferential long-term capital gains rates.

#### *Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Republic Notes*

Upon a sale or other taxable disposition of the Republic Notes, a U.S. holder generally will recognize capital gain or loss in an amount equal to the difference between the amount realized and the U.S. holder’s adjusted tax basis in the Republic Notes. Any such capital gain or loss generally will be long-term capital gain or loss if the U.S. holder’s holding period for the Republic Notes so disposed of exceeds one year. Long-term capital gains recognized by non-corporate U.S. holders will be eligible to be taxed at reduced rates. The deductibility of capital losses is subject to limitations.

#### *Information Reporting and Backup Withholding*

In general, information reporting requirements may apply to dividends paid to a U.S. holder and to the proceeds of the sale or other disposition of our Republic Notes, unless the U.S. holder is an exempt recipient. Backup withholding may apply to such payments if the U.S. holder fails to provide a taxpayer identification number, a certification of exempt status or has been notified by the IRS that it is subject to backup withholding (and such notification has not been withdrawn).

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a U.S. holder’s U.S. federal income tax liability provided the required information is timely furnished to the IRS.

All U.S. holders should consult their tax advisors regarding the application of information reporting and backup withholding to them.

#### **Non-U.S. Holders**

This section applies to you if you are a “**non-U.S. holder**.” For purposes of this discussion, a “non-U.S. holder” is any beneficial owner of Republic Notes that is neither a U.S. holder nor a partnership for United States federal income tax purposes.

#### *Republic Note Purchases Using Bitcoin, USDC or Ether Virtual Currency*

Persons that purchase a Republic Note with Virtual Currency, will generally have the tax consequences described above under “U.S. Holders ” and “U.S. Holders – Taxation of Republic Note Purchases Using Bitcoin, USDC or Ether Virtual Currency,” respectively, except that the tax effects described below under “Non-U.S. Holders – Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Republic Note” will generally apply to such non-U.S. Holders. Non-U.S. Holders who intend to undertake any of the foregoing types of transactions are strongly encouraged to consult with their tax advisers regarding the tax treatment of any such transactions.

#### *Taxation of Distributions*

If we make distributions of cash or property (including stablecoin but excluding certain distributions of our stock or rights to acquire our stock) on the Republic Notes, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a non-U.S. holder’s adjusted tax basis in its Republic Notes, but not below zero. Any excess will be treated as capital gain and will be treated as described below under “Non-U.S. Holders— Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Republic Notes”.

Dividends paid to a non-U.S. holder of Republic Notes that are not effectively connected with the non-U.S. holder's conduct of a trade or business within the United States will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty).

Non-U.S. holders will be entitled to a reduction in or an exemption from withholding on dividends as a result of either (a) an applicable income tax treaty or (b) the non-U.S. holder holding Republic Notes in connection with the conduct of a trade or business within the United States and dividends being paid in connection with that trade or business. To claim such a reduction in or exemption from withholding, the non-U.S. holder must provide us or the applicable withholding agent (as the case may be) with a properly executed (a) IRS Form W-8BEN claiming an exemption from or reduction of the withholding tax under the benefit of an income tax treaty between the United States and the country in which the non-U.S. holder resides or is established, or (b) IRS Form W-8ECI stating that the dividends are not subject to withholding tax because they are effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States, as may be applicable. These certifications must be provided prior to the payment of dividends and must be updated periodically. Non-U.S. holders that do not timely provide the required certification, but that qualify for a reduced rate under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

If dividends paid to a non-U.S. holder are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such dividends are attributable), then, although exempt from U.S. federal withholding tax (provided the non-U.S. holder provides appropriate certification, as described above), the non-U.S. holder will be subject to U.S. federal income tax on such dividends on a net income basis at the regular graduated U.S. federal income tax rates. In addition, a non-U.S. holder that is a corporation may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits for the taxable year that are attributable to such dividends, as adjusted for certain items. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

#### *Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Republic Notes*

Subject to the discussions below on backup withholding, a non-U.S. holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of Republic Notes unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such gain is attributable);
- the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- the Republic Notes constitute a U.S. real property interest ("USRPI") by reason of our status as a U.S. real property holding corporation (a "USRPHC") for U.S. federal income tax purposes.

Gain described in the first bullet point above will generally be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates. A non-U.S. holder that is a foreign corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) of a portion of its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

A non-U.S. holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on any gain derived from the disposition, which may be offset by certain U.S. source capital losses of the non-U.S. holder (even though the individual is not considered a resident of the United States) provided the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we are not currently and do not anticipate becoming a USRPHC. Because the determination of whether we are a USRPHC depends on the fair market value of our USRPIs



relative to the fair market value of our other business assets and our non-U.S. real property interests, however, there can be no assurance we are not a USRPHC or will not become one in the future.

Non-U.S. holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

#### *Information Reporting and Backup Withholding*

A non-U.S. holder will not be subject to backup withholding with respect to payments of dividends on the Republic Notes we make to the non-U.S. holder, provided we or the applicable withholding agent does not have actual knowledge or reason to know such holder is a United States person and the holder certifies its non-U.S. status, such as by providing a valid IRS Form W-8BEN or W-8ECI, or other applicable certification. However, information returns will be filed with the IRS in connection with any dividends on the Republic Notes paid to the non-U.S. holder, regardless of whether any tax was actually withheld. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides or is established.

Information reporting and backup withholding may apply to the proceeds of a sale of Republic Notes within the United States, and information reporting may (although backup withholding generally will not) apply to the proceeds of a sale of Republic Notes outside the United States conducted through certain U.S.-related financial intermediaries, in each case, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder on IRS Form W-8BEN or other applicable form (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person) or such owner otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

#### *FATCA Withholding Taxes*

Sections 1471 through 1474 of the Code and the Treasury Regulations and administrative guidance promulgated thereunder (commonly referred to as the "Foreign Account Tax Compliance Act" or "**FATCA**") generally impose withholding at a rate of 30% in certain circumstances on dividends in respect of our Republic Notes which are held by or through certain foreign financial institutions (including investment funds), unless any such institution (1) enters into, and complies with, an agreement with the IRS to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution that are owned by certain U.S. persons and by certain non-U.S. entities that are wholly or partially owned by U.S. persons and to withhold on certain payments, or (2) if required under an intergovernmental agreement between the United States and an applicable foreign country, reports such information to its local tax authority, which will exchange such information with the U.S. authorities. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Accordingly, the entity through which our Republic Notes are held will affect the determination of whether such withholding is required. Similarly, dividends in respect of our Republic Notes held by an investor that is a non-financial non-U.S. entity that does not qualify under certain exceptions will generally be subject to withholding at a rate of 30%, unless such entity either (1) certifies to us or the applicable withholding agent that such entity does not have any "substantial United States owners" or (2) provides certain information regarding the entity's "substantial United States owners," which will in turn be provided to the U.S. Department of Treasury. All prospective investors should consult their tax advisors regarding the possible implications of FATCA on their investment in the Republic Notes.

## **LEGAL MATTERS**

Certain legal matters with respect to the Republic Notes offered hereby will be passed upon by Ellenoff Grossman & Schole LLP, New York, NY.

## **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The financial statements of the Company and its subsidiaries appearing elsewhere in this Memorandum have been included herein in reliance upon the report of IndigoSpire CPA Group, LLC, an independent registered public accounting firm, appearing elsewhere herein, and upon the authority of such firm as experts in accounting and auditing.

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## **INDEPENDENT AUDITOR'S REPORT**

June 3, 2020

To: Managers, Republic Core LLC

Re: 2019 (inception) Amended and Restated Financial Statements Audit

We have audited the accompanying restated financial statements of Republic Core LLC (a limited liability company organized in Delaware) (the "Company"), which comprise the balance sheet as of December 31, 2019, and the related statements of income, owners' equity/deficit, and cash flows for the period of March 8, 2019 (inception) and ending December 31, 2019, and the related notes to the restated financial statements.

### **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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these restated financial statements based on our audit. We conducted our audit of the Company's financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the restated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations, owners' equity/deficit and its cash flows for the period March 8, 2019 (inception) through December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

### **Going Concern**

The accompanying restated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in the Notes to the financial statements, the Company raised little capital as part of the Republic Note pre-sale period and earned little revenue that raise substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in the Notes to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Sincerely,



IndigoSpire CPA Group

IndigoSpire CPA Group, LLC  
Aurora, Colorado

**REPUBLIC CORE LLC**  
**BALANCE SHEET (RESTATED)**  
**As of December 31, 2019**

See accompanying Audit Report and Notes to the Financial Statements

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 185,887
Total current assets	<u>185,887</u>
Acquired intangibles (see <b>Note 6</b> )	166,268
Total Assets	<u><u>\$ 352,154</u></u>

**LIABILITIES AND MEMBERS' CAPITAL**

Liabilities:	
Current liabilities:	
Account payable	\$ 1,813
Total current liabilities	<u>1,813</u>
TOTAL LIABILITIES	<u>1,813</u>
Members Capital:	
Member capital (100 units issued)	166,268
Republic Note (pre-sale) (see <b>Notes 7, 8</b> )	174,917
Accumulated earnings	9,157
Total Members' Capital	<u>350,342</u>
Total Liabilities and Members' Capital	<u><u>\$ 352,154</u></u>

**REPUBLIC CORE LLC**  
**STATEMENT OF OPERATIONS (RESTATED)**  
**From March 8, 2019 (inception) through December 31, 2019**  
**See accompanying Audit Report and Notes to the Financial Statements**

Revenues – Event sales (see <u>Note 3</u> )	\$ 10,945
Operating expenses:	
General and administrative	1,788
Sales and marketing	<u>0</u>
Total operating expenses	<u>1,788</u>
Operating income	<u>9,157</u>
Net income	<u><u>\$ 9,157</u></u>

**REPUBLIC CORE LLC**  
**STATEMENT OF MEMBERS' EQUITY (RESTATED)**  
**From March 8, 2019 (inception) through December 31, 2019**  
**See accompanying Audit Report and Notes to the Financial Statements**

	<u>Members'</u> <u>Capital</u>	<u>Utility</u> <u>token –</u> <u>pre-sale</u>	<u>Accumulated</u> <u>Deficit</u>	<u>Total</u> <u>Members'</u> <u>Capital</u>
<b>Balance as of inception (March 8, 2019)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Unit issuance (100 units)	166,268			166,268
Republic Note pre-sale		174,917		174,917
Net income			9,157	9,157
<b>Balance as of December 31, 2019</b>	<b><u>\$ 166,268</u></b>	<b><u>\$ 174,917</u></b>	<b><u>\$ 9,157</u></b>	<b><u>\$ 350,342</u></b>



**REPUBLIC CORE LLC**  
**STATEMENT OF CASH FLOWS (RESTATED)**  
**For the Period from March 8, 2019 (inception) to December 31, 2019**  
**See accompanying Audit Report and Notes to the Financial Statements**

**Cash flows from operating activities**

Net income	\$ 9,157
Adjustments to reconcile net loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Increase in accounts payable	1,813
Net cash used in operating activities	<u>10,970</u>

**Cash flows from investing activities**

Asset acquisition of SheWorx, plus costs	(24,768)
Net cash used in investing activities	<u>(24,768)</u>

**Cash flows from financing activities**

Republic Note pre-sale proceeds	174,917
Capital contribution	24,768
Net cash provided by financing activities	<u>199,685</u>

Net change in cash and cash equivalents	185,887
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Cash and cash equivalents at beginning of period	0
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Cash and cash equivalents at end of period	<u>\$ 185,887</u>
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**Supplemental disclosure of cash flow information**

Cash paid for interest	\$ 0
Cash paid for income taxes	0

**Significant non-cash transaction**

Parent stock tendered for acquisition of RenGen assets	\$ 141,500
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**REPUBLIC CORE LLC**  
**NOTES TO FINANCIAL STATEMENTS (RESTATED)**  
**As of December 31, 2019**  
**See accompanying Audit Report**

**NOTE 1 – NATURE OF OPERATIONS**

Republic Core LLC (which may be referred to as the “Company,” “we,” “us,” or “our”) is a technology company that provides strategic technology and other business services to other clients. The Company, together with its parent company OpenDeal, Inc. dba Republic (“Republic Parent”) and its affiliates, is a multi-faceted technical and advisory business focused on capital markets (“Republic Ecosystem”). We provide back-end and front-end technical and logistics support for financial service providers like funding portals, broker dealers, and investment advisors. Specifically, the Company receives service fees for the rendering of its technology services.

The Company incorporated on March 8, 2019 in the State of Delaware as Republic Block LLC. On April 1, 2020, Republic Block LLC amended its Certificate of Formation and thereby changed its name to Republic Core LLC.

Since inception, the Company has relied on financing from Republic Parent. As of December 31, 2019, the Company had minimal revenues and earnings. This raises substantial concern about the Company’s ability to continue as a going concern (see Note 10). During the next 12 months, the Company intends to fund its operations with the proceeds of both private placements and a possible public offering of its digital token, a non-membership interest with rights to Company dividends (referred to as “Republic Notes”) (see Notes 7 and 12) under Regulation A of the Securities Act of 1933 and, if available, funds from revenue producing activities. If the Company cannot secure additional capital, it may cease operations. These financial statements and related notes thereto do not include any adjustments that might result from these uncertainties.

The notes to these financial statements are immaterially different from the notes to financial statements previously issued due to the Company’s change in cadence of offerings of the Republic Note. See Note 9 for additional information.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (“GAAP”). The accompanying financial statements are intended to include all the information and notes required by GAAP for complete financial statements.

*Use of Estimates*

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the footnotes thereto. Actual results could differ from those estimates. It is reasonably possible that changes in estimates will occur in the near term.

*Risks and Uncertainties*

The Company has a limited operating history. The Company’s business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company’s control could cause fluctuations in these conditions. Adverse conditions may include: recession, downturn or otherwise, local competition or changes in consumer taste. These adverse conditions could affect the Company’s financial condition and the results of its operations. As of December 31, 2019, the Company is operating as a going concern. See Note 1 and Note 10 for additional information.

*Cash and Cash Equivalents*

The Company considers short-term, highly liquid investment with original maturities of three months or less at the time of purchase to be cash equivalents. Cash consists of funds held in the Company's checking account.

#### *Receivables and Credit Policy*

Trade receivables from customers are uncollateralized customer obligations due under normal trade terms, primarily requiring payment before services are rendered. Trade receivables are stated at the amount billed to the customer. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoice. The Company, by policy, routinely assesses the financial strength of its customers. As a result, the Company believes that its accounts receivable credit risk exposure is limited and it has not experienced significant write-downs in its accounts receivable balances. As of December 31, 2019, the Company had no outstanding accounts receivable.

#### *Goodwill and Intangible Assets*

In 2019, the Company closed on the purchases of the assets of SheWorx LLC ("SheWorx") and RGL, LLC ("RenGen"). The Company's purchase price exceeded the identifiable value of tangible assets; thus, the Company has recorded the purchase price of the assets as indefinite lived intangible assets on the balance sheet. Assets are recorded at cost. The Company did not account for these asset acquisitions as business combinations under ASC 805. See Note 6.

In general, expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are expensed as incurred. When assets are retired or sold, the carrying cost are eliminated from the balance sheet accounts and the resulting gain or loss is reflected in income.

Indefinite lived intangible assets, or intangible assets that do not have an estimable useful life, are not amortized, but rather tested for impairment. The Company reviews the carrying value of goodwill for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors.

As of December 31, 2019, the Company had not acquired any fixed assets which would be capitalized in accordance with generally accepted accounting principles. Goodwill has been recorded as of December 31, 2019 in accordance with the principles above relating to the asset acquisitions of SheWorx and RenGen.

#### *Fair Value of Financial Instruments*

Financial Accounting Standards Board ("FASB") guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in inactive markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).

- Level 3 - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

The carrying amounts reported in the balance sheets approximate their fair value.

### *Income Taxes*

Income taxes are provided for the tax effects of transactions reporting in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of receivables, inventory, property and equipment, intangible assets, and accrued expenses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2019, the unrecognized tax benefits accrual was zero.

As a single-member LLC, the taxable income and loss of the Company is reported along with other affiliates on the Company's owner's tax return.

### *Advertising Expenses*

The Company expenses advertising costs as they are incurred.

### *Organizational Costs*

In accordance with FASB ASC 720, organizational costs, including accounting fees, legal fee, and costs of incorporation, are expensed as incurred.

### *Software Development Costs*

The Company applies the principles of ASC 985-20, Software-Costs of Computer Software to be Sold, Leased, or Otherwise Marketed ("ASC 985-20"). ASC 985-20 requires that software development costs be charged to research and development expenses until technological feasibility is established. With the Company's current technology, technological feasibility of the underlying software is not established until substantially all product development and testing is complete, which generally includes the development of a working model. Prior to a product's release, if and when the Company believes capitalized costs are not recoverable, the costs capitalized to date will be expensed as part of cost of sales.

### *Concentration of Credit Risk*

The Company maintains its cash with a major financial institution located in the United States of America, which it believes to be creditworthy. The Federal Deposit Insurance Corporation insures balances up to \$250,000. At times, the Company may maintain balances in excess of the federally insured limits.

### *Deferred Offering Costs*

The Company complies with the requirements of FASB ASC 340-10-S99-1 with regards to offering costs. Prior to the completion of an offering, offering costs are capitalized. The deferred offering costs are charged to stockholders' equity upon the completion of an offering or to expense if the offering is not completed.

### *Recent Accounting Pronouncements*

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers”. Under this guidance, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. The updated standard will replace most existing revenue recognition guidance under GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. Early adoption is not permitted. The updated standard for nonpublic entities will be effective after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. We are currently evaluating the effect that the updated standard will have on our financial statements and related disclosures.

In February 2016, FASB issued ASU No. 2016-02, Leases, that requires organizations that lease assets, referred to as “lessees”, to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than 12 months. ASU 2016-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, and early application is permitted. We are currently evaluating the effect that the updated standard will have on our financial statements and related disclosures.

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact on our balance sheet.

### **NOTE 3 – REVENUE RECOGNITION**

The Company recognizes revenue in accordance with ASC 606 when it has satisfied the performance obligations under an arrangement with the customer reflecting the terms and conditions under which products or services will be provided, the fee is fixed or determinable, and collection of any related receivable is probable. ASC Topic 606, “Revenue from Contracts with Customers” establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts to provide goods or services to customers. Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements: 1) identify the contract with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to performance obligations in the contract; and 5) recognize revenue as the performance obligation is satisfied.

The Company provides back-end, front-end, technical, and strategic support to financial service providers, including funding portals and investment advisors. The Company also utilizes certain intellectual property acquired in the SheWorx asset acquisition. The technology services activity began in 2020 (see Note 12).

- Fees earned for the utilization of the Company’s technology platform are paid as contracted and are generally tied to a percentage of clients’ carried interests in securities. The Company records the revenue for these services contracts when carried interest held by clients become obliged to be paid to the Company for services rendered.
- Revenue earned by event hosting is recorded when event admissions become non-refundable or the events are held.

### **NOTE 4 – INCOME TAX PROVISION**

No income tax provision is provided as the Company does not file or report its own taxable activity in the United States as it is considered a disregarded entity under the Internal Revenue Code.

### **NOTE 5 – COMMITMENTS AND CONTINGENCIES**

## *Legal Matters*

Company is not currently involved with and does not know of any pending or threatening litigation against the Company.

### **NOTE 6 – ACQUISITION OF ASSETS OF SHEWORX AND RENGEN**

In 2019, the Company acquired intellectual property assets from SheWorx and RenGen. As the Company only acquired certain assets, the Company did not record these acquisitions as business combinations under ASC 805.

The Company acquired SheWorx assets by tendering cash of \$24,767 (including certain expenses). Additionally, the Company acquired assets of RenGen by tendering approximately \$141,500 of Republic Parent Class C shares to the target. Collectively, these asset acquisitions are referred to as the “Asset Acquisitions”.

The collection of indefinite lived intangible assets (going concern, brand awareness, etc.) acquired in the Asset Acquisitions have been recorded at the cost associated with the acquisition, including transaction costs. The Company tests the carrying value of these indefinite lived intangible assets for impairment on a regular basis as discussed above in Note 2.

### **NOTE 7 – NOTE TOKEN RIGHTS**

Holders of Republic Notes that will be issued in 2020 (see Note 12) will not have any of the benefits traditionally associated with holders of equity. The only right associated with Republic Notes is the right to receive dividends from the Company’s profits. The holders of Republic Notes do not have voting rights in the Company so the Company views the instruments akin to preferred equity interests and the Company has no obligation to make payments on the Republic Note principal if profits do not materialize in the Company.

For accounting purposes, the Company has recorded the proceeds of Republic Note sales as a preferred membership interests as there are no promises to pay holders of the Republic Note if profits do not materialize in the Company.

There are significant limitations on the obligations of the Company to pay dividends to the holders of Republic Notes, and dividends may never be paid. The Company may, in its discretion, cancel the Republic Notes at any time after the five (5) year anniversary of the issuance of the Republic Notes if the Company has not realized a minimum of \$2,000,000 in distributable earnings.

Upon cancellation, all rights in connection with Republic Notes will cease and a holder of Republic Notes will no longer be entitled to dividends or any other economic or other benefit. In general, the Company would expect to cancel the Republic Notes only if the total dividend has failed to exceed the certain minimum amounts following a sufficiently extensive period of time or once the Company’s services have been rendered to its clients. Although the purpose of the Company’s cancellation rights is to help the Company avoid incurring unnecessary administrative costs, there can be no assurance that the Company will not cancel the Republic Notes at a time when there is still the possibility of a dividend payment, and thereby deny the holders of Republic Notes dividends that could otherwise be payable, which could result in investors losing their entire investment.

### **NOTE 8 – PRIVATE TPA OFFERING**

In November 2019, the Company began selling rights to receive Republic Notes to accredited investors pursuant to Token Purchase Agreements under Rule 506(b) of Regulation D and Section 4(a)(2) (the “Private TPA Offering”). As of December 31, 2019, the Company has received \$174,917 in proceeds from the Private TPA Offering. As the Private TPA Offering offers rights to receive, the Company recorded the proceeds as members’ equity (as the Company will do with the actual issuance of Republic Notes as discussed in Note 7).

### **NOTE 9 – RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS**

After addressing comments from the US Securities and Exchange Commission relating to the planned offering of Republic Notes, the Company is restating previously issued financial statements under ASC 250-10-50-7. The restatement pertains mostly to the classification of equity in a transaction with Republic Parent and the related footnote disclosures on revenue recognition, asset acquisitions and events subsequent to the balance sheet date. The following table discloses the material changes between originally reported amounts and the restated amounts.

	As Originally Reported	As Restated	Difference
Total Assets	352,154	352,154	0
Total current liabilities	1,788	1,813	25
Due to affiliate, net	166,293	0	(166,293)
Total Liabilities	168,081	1,813	(166,268)
Member capital	0	166,268	166,268
Net income/(loss)	9,157	9,157	0
Total Member Capital	184,074	350,342	166,268

We have also made immaterial amendments to the notes to the financial statements to account for the Company's adjustment to the contemplated offerings of the Republic Notes.

#### NOTE 10 – GOING CONCERN

These financial statements are prepared on a going concern basis. The Company began operation on March 8, 2019 and has limited operating history. The Company's ability to continue is dependent upon management's plan to raise additional funds (see Note 7) and achieve and sustain profitable operations. The financial statements do not include any adjustments that might be necessary if the Company is not able to continue as a going concern.

#### NOTE 11 – RELATED PARTY TRANSACTIONS

The Company has received capital contributions of cash and securities from Republic Parent to facilitate the Asset Acquisitions discussed in Note 6. As discussed below in Note 12, the Company has entered into an intellectual property license with Republic Parent and into services agreements with Republic Maximal, LLC and OpenDeal Portal LLC. In a series of separate actions which will occur during 2020, Republic Parent intends to assign the obligation to fulfill certain SAFEs and SAFE-STs previously issued by Republic Parent, with respect to the issuance of Republic Notes, to the Company.

The Company also subleases office space from Republic Parent.

As these transactions are among related parties, there is no guarantee that they are recorded at arm's length.

#### NOTE 12 – SUBSEQUENT EVENTS

##### *Entering into Republic IP Agreement*

The Company has entered into a strategic license agreement with Republic Parent on January 1, 2020. Specifically, the Republic Parent agreed to (i) provide the Company a license to (A) licensed trademarks and trade dress associated with the operations of the clients and (B) software which is necessary for the operations of such Client's operations, including a codebase and (ii) transferred, assigned and contributed to the Company's assets, including employee and service agreements that support the operations of the Company. The license agreement is a semi-exclusive, worldwide, revocable one-year license which will require Republic Core to make necessary payments to Republic Parent and meet the terms and conditions including the payment of \$12,500 quarterly.

##### *Assignment to Fulfill Obligations under Existing SAFEs and SAFE-STs*

In a series of separate actions during 2020, Republic Parent assigned the obligation to fulfill certain SAFEs and SAFE-STs previously issued by Republic Parent, with respect to the issuance of Republic Notes, to the Company. This was done as the monies contributed by SAFE-ST investors with respect to their Republic Note allocations (as then contemplated by the SAFE-ST) were largely for the development of the intellectual property that the Company uses today. Each SAFE-ST specifically contemplated an affiliate of Republic Parent developing and issuing what has become Republic Notes and therefore the intent of the contract is being fulfilled. The requirement to fulfill these obligations reduces Republic Core's ability to sell the Republic Notes for cash or other valuable consideration that can be used to fund operations.

#### *Current Regulation D Offering and Anticipated Regulation A Offering*

The Company plans to offer up to approximately 367,184,781.67 Republic Notes in a private placement and a public offering under Regulation A of the Securities Act of 1933 (collectively, the "Republic Note Cash Offering"). The Offering under Regulation A is contingent upon approval by the US Securities and Exchange Commission. The Republic Note Cash Offering of these Republic Notes is intended to be for the private placement under Regulation D, with the all unsold from the 367,184,781.67 pool to be offered under Regulation A.

- Cash Offering: up to 91,666,666.67 Republic Notes, at a price of \$0.12 each, to "accredited investors" (as such term is defined under Regulation D) *provided that*, as of the date of this Memorandum the Company will only offer up to 66,666,666.66 Republic Notes in the Cash Offering, we reserve the right to raise that number to 91,666,666.67 in the Company's sole discretion. Investors in the Cash Offering must pay for their Republic Notes in cash (or in equivalent amounts of Bitcoin, USDC or Ether); and

#### *Entering into Master Services Agreements with Clients*

In 2020, the Company entered into a services agreement with two clients, both related parties, OpenDeal Portal, LLC and Republic Maximal LLC.

In exchange for technology services, the clients agree to remit, in full satisfaction of amounts owed under the services agreement, the following amounts:

- OpenDeal Portal, LLC is to pay 100 percent of the carried interest in its securities portfolio. OpenDeal Portal, LLC operates a funding portal for third-party issuers to issue securities under Regulation CF. OpenDeal Portal, LLC earns a cash commission and, generally, a two percent securities commission.
- Republic Maximal, LLC is to pay 25 percent of the carried interest of its securities portfolio. Republic Maximal, LLC operates an investment advisory business and earns a carried interest owing to its advisory and fundraising services.

#### *Name Change*

On April 1, 2020, Republic Block LLC amended its Certificate of Formation and thereby changed its name to Republic Core LLC.

#### *Management's Evaluation*

Management has evaluated subsequent events through June 3, 2020, the date the financial statements were available to be issued. No further material events require disclosure at this time.