



Token Allocation & Economics

Seeds Token Quick Facts:

Token Type	Utility
Blockchain Operating System / Chain	<u>EOSIO</u> / <u>Telos</u>
Key Dates: Original White Paper / Token Launch / Ecosystem Launch	July '17 / Nov '19 / Apr '21
Total Supply <i>(Until Go Live intended late 2021-2022)</i>	\$3,141,592,653 (100%)
Max Circulating Supply <i>(Until Go Live intended late 2021-2022)</i>	\$1,256,637,061 (40%)
Current Circulating Supply <i>(March 20th 2021)</i>	~\$103,206,287 (~3.3%) (click for current stats)
Market Capitalisation <i>(March 20th 2021)</i>	~\$4,144,805 USD
Tokens Currently Offered by Hypha	\$94,269,650 (3%)
Maximum USD Value of Both Sales	\$7,831,986 USD
Tokens Sold Each Round	\$1.1M/round Sale 1 (50 rounds) \$939K/round Sale 2 (50 rounds)
Price Increase Per Round	3.3%
Starting Sale Price	\$0.011 USD
Round / Current Sale Price <i>(March 20th 2021)</i>	>42 of 100 / >\$0.04 USD (click for current round and sale price)
100th Round Sale Price	\$0.273 USD (Price of Seeds if Hypha sales both rounds)
Weekly Purchase Limits	\$25,000 (Visitors) & \$250,000 (Residents) Seeds / Week

(1) Visitors, Residents and Citizens are types of accounts within SEEDS.

If viewing as a PDF, [click here](#) for the latest version with commentability.

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Notice

Ratified by the Citizens of SEEDS through decentralized governance

1. From December 26th 2019 to Jan 6th 2020 the Citizens of SEEDS voted **783 to 0** to ratify the Seeds allocations found in this document.
2. This document also serves as the basis for the 2nd Seeds request from Hypha in March 2020 detailing how Hypha intended to sell the Seeds it was requesting. Hypha's proposal passed **495 to 0** on 9th April 2020.
3. This document was updated on March 20th 2021 to serve as the basis for the 3rd Milestone Seeds request from Hypha detailing how Hypha intends to sell the Seeds it is requesting. Proposal results pending.
4. **This proposal updates a previous economic incentive that intended to reward "planted Seeds" at "Go Live" with a 30% bonus and a 1 year lock-up. If this proposal passes, it is intended that this benefit will only apply to Seeds that were planted before June 21st 2021.**

An Existential Opportunity

The foundations of our current systems were designed centuries ago. The creators of these systems could never have imagined the complexities of the 21st century. Our dominant systems weren't designed...

for a global civilization;

for 8+ billion people;

for equity and inclusion;

to properly steward our Planet...

We've inherited these archaic models and today it's more clear than ever that they are no longer creating the conditions for life on our planet to flourish.

Our world is in pain.

There is more pollution, fire, civil unrest and extinction of life occurring every day.

We need to evolve!

SEEDS can serve as the financial and governance layer for this transition. It's a tool that enables us to opt into and co-create new global systems. It's designed to provide us, our communities and our planet with more voice and more value, all the while creating a more beautiful future.



The currency symbol for Seeds. A transition from "top-down prison bars" of the dollar "\$", to rising equality "=".

See Seeds [3-pager](#) for a quick overview

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Introduction

SEEDS is a financial and governance system for all the people, projects and movements focused on creating a better world to use to amplify their efforts, and unite as one. It allows us to share in each other's financial successes, distribute value to support each other, and to collectively move towards a thriving and regenerative civilization.

SEEDS is not here to be another vehicle for speculation and the concentration of wealth.

The majority of the initial circulating supply of Seeds (87.5%) is earned¹ in campaigns for doing good in the world and supporting regeneration, rather than being purchased.

[Hypha](#)² can earn a maximum of only 12.5% of the initial circulating supply (5% of the initial total supply), to sell into circulation before "Go Live". With only 20% of the total supply earmarked in escrow to over 50 Hypha members to compensate the effort these members took to create SEEDS over the years.

The aim is a wide, diverse and equitable distribution of the initial Seeds through acts of cultural and ecological regeneration.

So, Hypha set weekly limits³ for how many of these Seeds each account can purchase or earn.

(1) Each person is capped at around \$555 USD in Seeds for how many Seeds they can earn.

(2) Hypha: A Decentralized Holonic/Human Organisation (DHO) helping build SEEDS.

(3) 250,000 Seeds a week.

Token Type

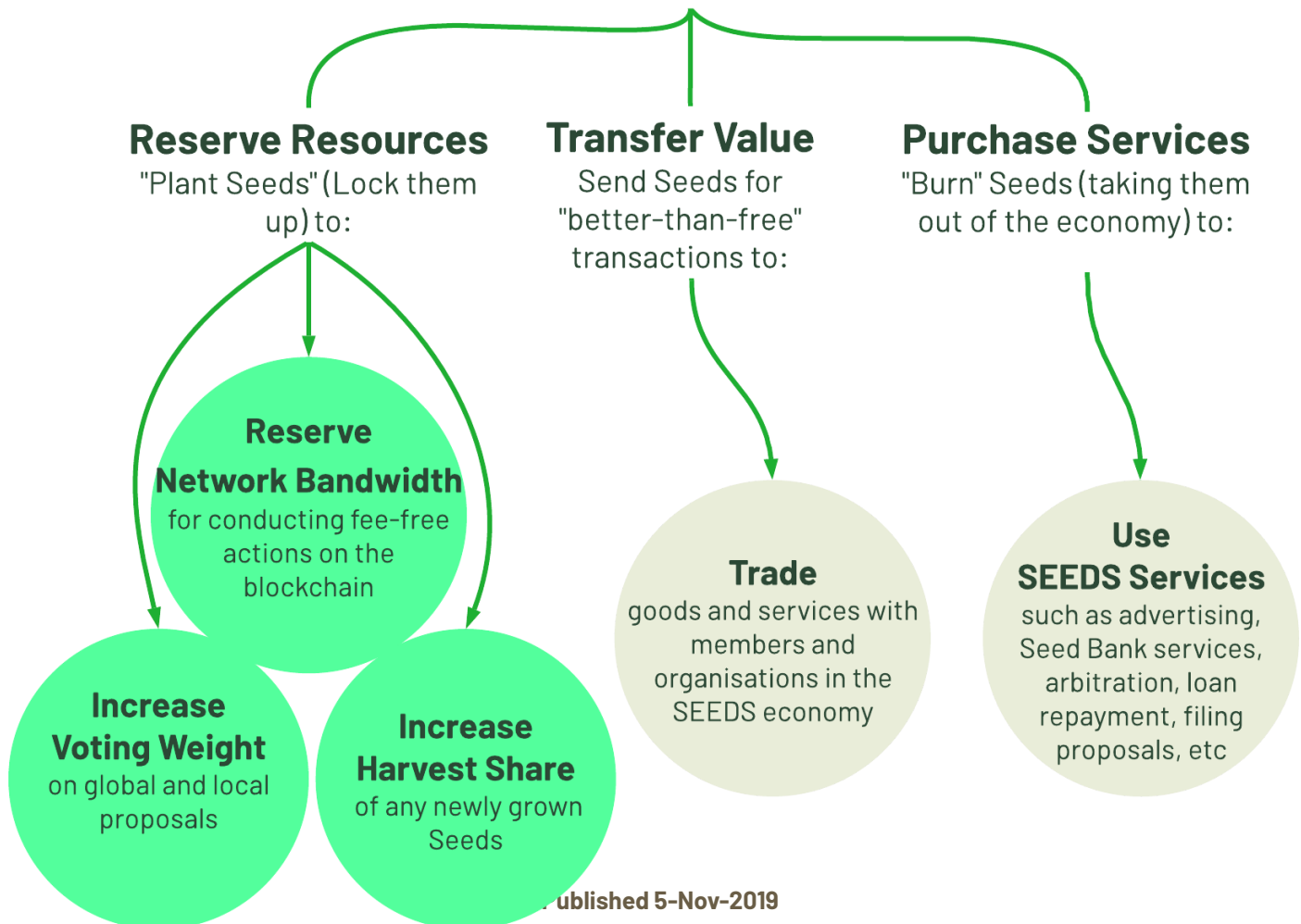
Seeds is the name given to the utility tokens used within the SEEDS ecosystem. They're used to reserve bandwidth for transactions on the blockchain that underpins SEEDS (the network), and to access SEEDS services and features.

Seeds are the medium for free and instant value exchange and storage.

The act of Planting Seeds (storing Seeds and taking them temporarily out of circulation) is required to successively unlock greater access to beneficial features within the SEEDS ecosystem. This includes 'better-than-free' transactions (rewards not fees) and other DeFi (decentralized finance) tools such as interest free loans, cryptocurrency-based collateralized debt positions (CDP's) and more.

Seeds

A utility token to



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The processes of Planting and Burning Seeds are designed to encourage Seeds to be routinely taken out of circulation as more members and organisations join and participate. This (along with the creation of Seeds when demand rises) enables the value of Seeds to be stabilized (after "Go-Live") by controlling supply, minimizing inflation and reducing incentives for speculation.

Citizen-Ratified Token Allocation

Community Campaigns 35% (Slow Release via Campaigns)	\$1,099,557,429	Distributed periodically from November 5th 2019 until "Go Live"
Hypha Milestone Completion 5% (Sale Details Below)	\$157,079,633	
Hypha Members (DHO Rewarding Contributions) 20% (Locked)	\$628,318,531	Locked until "Go Live" where escrowed Seeds will slowly be released to members to meet any new demand for Seeds.
Organization Partnerships (Allies) 12% (Locked)	\$376,991,118	
Community Referrals 8% (Locked)	\$251,327,412	
Bank (SEEDS DeFi) 20% (Locked)	\$628,318,531	Locked until post "Go Live" to provide initial liquidity for the Seed Bank contracts.

The above Seeds allocation was ratified by the Citizens of SEEDS on January 6th, 2020 with a vote of 783 Trust to 0.

SEEDS is different from other distributed ledger projects that have conducted 'ICOs' (initial coin offerings). This sale was/is ***not*** an ICO. Seeds were already issued to the first accounts that have joined SEEDS. Seeds have been live on exchanges since Jan 6th 2020.

In addition, Hypha (the organisation responsible for creating the SEEDS ecosystem and author of this document) does not own SEEDS.

SEEDS is a decentralized network governed by its Citizens.

Hypha can only sell Seeds that are granted to Hypha by the SEEDS Citizens.

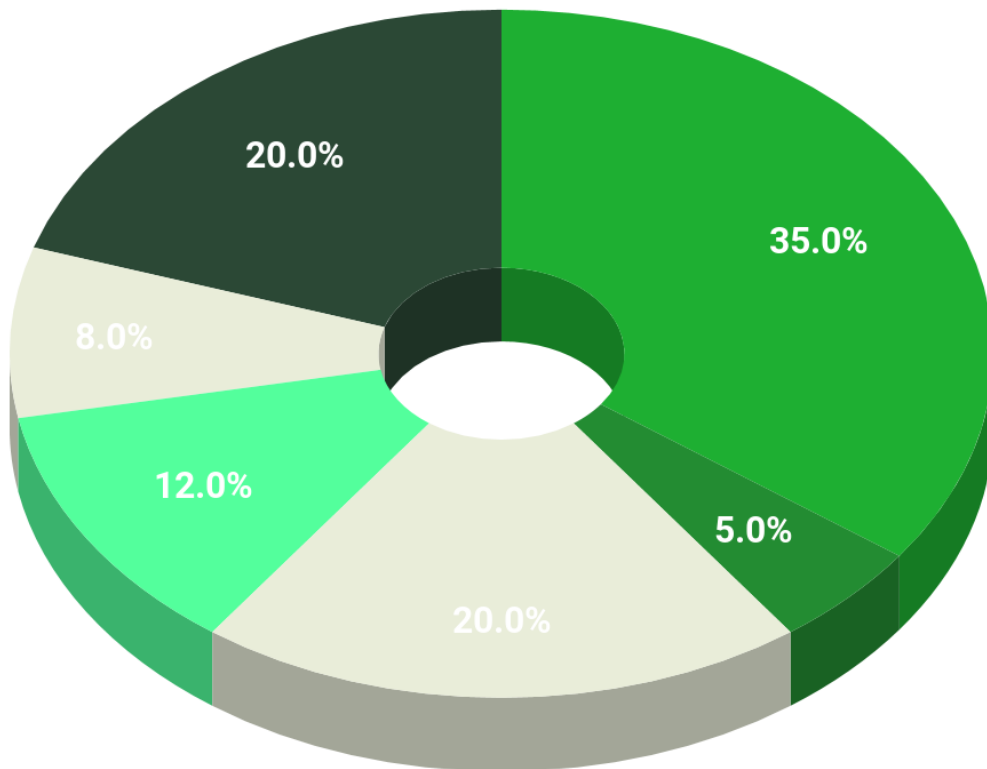
The SEEDS community may (if they choose to do so) release a quantity of Seeds to Hypha as compensation for work done to create the foundations for the SEEDS ecosystem and

initial mobile applications (the SEEDS Global Passport App, SEEDS Light Wallet App and Hypha DHO) to access it.

Each milestone Hypha will request additional Seeds from the Citizens of SEEDS. If the vote does not pass, Hypha is not paid.

With SEEDS the Citizens are in control!

Current Circulating Supply	5.0%	Released through Hypha Sale and Campaigns
Max Remaining Circulating Supply	35.0%	Citizen Run Campaigns and the Hypha Sale
Escrowed Seeds: Locked until after “Go Live”	40%	Referrals, Alliance Grants and Hypha Members Share
SEEDS Bank: Locked until after “Go Live”	20%	For Citizen Governed Decentralized Finance



Allocations Detailed

Community Campaigns 35%

The largest portion of Seeds is to be awarded to the people who participate in campaigns. These campaigns will be initiated by the SEEDS community to encourage creation of a healthier society and planet—from volunteering (#GoodDeedsGetSeeds) to planting trees (#PlantSeedsGetSeeds) and being part of the local food movement (#ProofOfFood) and more. These campaigns will be open to everyone, regardless of whether they are already active within SEEDS.

Community Campaigns Seeds are not for sale, and can only be obtained by participating in campaigns approved by the SEEDS community through decentralized governance. The intent of SEEDS is not to raise money, but to deliver value to people for healing our society and our planet.

SEEDS is a community-run ecosystem. As such, all campaigns will be conceived and selected by the community through the SEEDS Passport app. This means that anyone in the community can propose a campaign, with the Citizens of SEEDS responsible for voting on which campaigns should run.

Each Visitor account within SEEDS can earn a maximum of \$50 USD worth of Seeds from all campaigns. Each Resident or Citizen account can earn a maximum of \$555 USD in Seeds from all campaigns. These limits will ensure a wide distribution of Community Campaigns Seeds.

Hypha Milestone Completion 5%

It is proposed that this allocation of Seeds be released in increments to Hypha for reaching certain build and development milestones. The release of each increment will be voted on by the SEEDS Citizens. This is another tactic to make SEEDS as equitable, community-led and as decentralized as possible. This way, Hypha is awarded for work actually completed (and ratified by the community), not for promises made.

These are the tokens that Hypha will sell to the public following the completion of each milestone, in four batches of 1.25%. The first milestone was the November 5th 2019 Alpha release of the SEEDS Passport app. The second milestone is set for March 2020 with the Passport Beta (public) release.

Once completed, and if ratified by the SEEDS Citizens, these milestone allocations will bring the total amount distributed to Hypha to 25% (Hypha Members allocation of 20% plus Milestone Completion allocation of 5%).

Note: Tokens will only be released to Hypha following a vote by SEEDS Citizens. This means that if you feel that a milestone was not accomplished and Hypha did not meet expectations, then you can vote (as a SEEDS Citizen) to withhold the distribution.

Note: Hypha is a decentralized organisation that anyone can request to contribute to. If you'd like to participate, please reach out to us in the Hypha [Telegram community](#), in the [Hypha DHO](#), or directly in the [SEEDS Passport](#).

Hypha Members 20%

Reserved in an escrow account for Hypha, this allocation formed the basis for deriving all other values. It was obtained by combining 3+ years of reserving pay at fair market rates for Hypha members time; plus any financial capital contributions.

These contributions were awarded a waning multiplier (with a maximum of 2x starting 2017 to 1.3x ending 2020 and being completely removed December 2020). This was to compensate for the risk of potentially receiving no pay at all. This allocation for Hypha is capped at 20% and will only be released to Hypha members following the [escrowed Seeds release schedule](#). **Hypha members DO NOT have access to this 20% portion until after Go Live and following the same release schedule of all escrowed Seeds.**

Note: This is one of Hypha's many strategies for creating the most equitable token sale possible, as compensation is a direct reflection of the value committed and risks taken. Further contributions by Hypha are open for anyone to participate in, and in doing so earn a share of these escrowed tokens.

It's important to note that Hypha does not own SEEDS, and did not at the time of the original allocation request own any Seeds. Hypha only received this allocation after the SEEDS Citizens voted to do so on Jan 6th 2020 through decentralized governance.

Allies 12%

This allocation is for the organisations, movements and projects that are striving to create a more beautiful world. On submission of a proposal to the SEEDS community explaining how they've served the people and our planet, the community is able to give a share of these Seeds to acknowledge those efforts.

Allies can also receive Seeds to deliver value to their respective communities. It means that any such organisation, movement or project can request both a payout for themselves and a payout to deliver to their community (as long as their community also acts for the good of society and the planet).

This function will enable SEEDS to rapidly scale, as the SEEDS community is not being built from scratch, but rather SEEDS is serving as a connector of existing communities.

This is what unites all the movements together into a shared financial system with a shared purpose.

Note: See the 'Co-op' section of the SEEDS passport for proposals.

Ambassadors / Referrals 8%

This final allocation is for the 'Ambassadors' of SEEDS. These are the people who are spreading the word, serving their bioregions and dedicating their time to assisting the transition towards a regenerative society. This allocation of Seeds will be distributed in the form of commissions, and any member can be (and is) an Ambassador.

By inviting new people and organisations into SEEDS, you take on this role and can earn a share of these Ambassador / Referral Seeds.

Commissions are earned by an Ambassador whenever an individual they have invited into SEEDS becomes a Resident or Citizen, as well as for onboarding organisations into the SEEDS community. Any individuals invited into the community by those organisations will earn commission Seeds for both the organisation and the Ambassador when they become a Resident or Citizen. The size of the commission differs for each situation.

SEEDS Bank 20%

This is to seed the SEEDS Bank. This 'bank' is a series of transparent smart contracts that provide similar functions and services as central and commercial banks today. All aspects of the SEEDS bank will be governed, evolved and controlled by the SEEDS Citizens through decentralized governance (as detailed in the [SEEDS Game Guide](#)).

These Seeds provide the initial liquidity for this 'bank of SEEDS' that can then be used to assist in market-making, price stabilization and other decentralized finance (DeFi) and

regenerative finance (ReFi) tools after Go Live. These SEEDS will remain locked up until Go Live and will only be brought into circulation if there is increasing demand for Seeds.

How to Earn Rewards for Referrals

SEEDS Referrals

Refer new people or organizations by sending invites from your SEEDS Passport or Wallet

Referring Account
(the one sending the invite)

Individual Account
(the invited)

4 "Community Building Points"

Business Account

750 Seeds
1 CBP
1 "Reputation Point"
When invitee becomes...

Resident

1250 Seeds
1 CBP
1 "Reputation Point"
When invitee becomes...

Citizen

150 Seeds for referrer
640 Seeds for Org.
1 "CBP" for Org.

Resident

250 Seed for referrer
960 Seeds for Org.
1 "CBP" for Org.

Citizen

150 Seeds for referrer
640 Seeds for Org.
1 "CBP" for Org.

Resident

250 Seed for referrer
960 Seeds for Org.
1 "CBP" for Org.

Citizen

Up to **2000** Seeds, **2 Reputation points** and **2 Community Building points (CBP)** may be earned per invite - these points build your Contribution Score

IMPORTANT NOTE!
The number of Seeds for awards decrease as more awards are claimed - the number of Seeds listed here is just the starting figures. **These awards are limited!**

An organization may earn up to **1600 Seeds** and **2 Community Building points (CBP)** per Citizen

Referrers of the organisation earns up to **400 Seeds** per Citizen that a referred organization brings

Awards only paid when referees become Residents or Citizens

Hypha Token Sale Mechanics

Decentralized for Global Compliance

Hypha **may** sell up to a **total of 5%** of the initial Seeds supply. The reason for this small distribution is to ensure the majority of tokens are earned by, and gifted to, those who are healing our planet and communities.

Hypha (the organisation helping build SEEDS) does not own SEEDS. Hypha does not own the initial supply of Seeds tokens. It is the Citizens of SEEDS who are in control of how, if and when these Seeds are distributed.

For each milestone, if the SEEDS Citizens agree that Hypha has reached the stated targets, it can release the next round of tokens for Hypha to sell, and so finance Hypha's continued involvement in the SEEDS project.

At any time, the Citizens decide if Hypha will continue to be paid by voting whether or not to release the next round of tokens.

In this way Hypha's relationship with SEEDS is that of a contractor providing services to the members of a decentralized network.

Progressive Sales:

Conducting sales in the following "progressive price increase" (similar to a bonded curve) reduces the propensity for a "pump and dump" so common in the cryptocurrency space. Since tokens have a much more controlled growth trajectory it creates a more stable environment for members buying Seeds.

First Sale: Closed February 13th 2020

Start Date: January 4th 2020

End Date: February 13th 2020

Token Quantity: 1,349,657

Token Sell Price: \$0.01 USD

The first sale of tokens followed the completion of the first agreed milestone by Hypha—the launch of the Alpha version of the Passport app on November 5th 2019.

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The sale closed on February 13th 2020 at the predetermined end date having sold a total 1,349,657 Seeds.

Second Sale (1.75%) Progressive Sale

Start Date: March 2020

End Date: Once Round 50 Closes

Token Quantity: 47,300,000 Max

Token Sell Price: Starting at market rate (\$0.011)

Each round of 1.1M Seeds increases in sale price by 3.3%. There are 50 rounds in total.

Important Updates

1. Hypha members passed an additional criteria for closing a round each new and full moon From September to December 30 2020. This closes 7 rounds reducing the total sold by 7.7M Seeds. These Seeds will be added to the next sale totals and have been projected into the totals above. [See proposal](#).

2. Hypha members voted to continue and increase the previous proposal starting Jan 3rd 2021 to close 1 round every lunar phase. All unsold Seeds will roll over to the next sale. This sale will end when 50 rounds have been closed.

Hypha Selling its Seeds		Maximum USD Value of Sale	
Total tokens this sale	<47,300,000	\$1,370,288.53	
Starting Price in USD	\$0.0110		
Number of rounds	50 - 7 ¹		
Price increase per round	3.3%		
Tokens per round	1100000		
Round	Round Price	USD Value Per Round	Running Total
1	\$0.01100	\$12,100.00	\$12,100.00
2	\$0.01136	\$12,499.30	\$24,599.30
3	\$0.01174	\$12,911.78	\$37,511.08
48	\$0.05060	\$55,654.53	\$1,253,409.07
49	\$0.05226	\$57,491.12	\$1,310,900.20
50	\$0.05399	\$59,388.33	\$1,370,288.53

[Current round and price for Seeds - click here](#)

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Third Sale (1.25%) Progressive Sale

Start Date: Once Round 50 Closes

End Date: Once Round 100 Closes

Token Quantity: 46,969,650 Max

Token Sell Price: Starting at \$0.05577

If Hypha's proposal is successful the third sale will commence at 3.3% above where the second sale ends at \$0.05577 per Seed. A maximum of 46,969,650 Seeds will be sold in 50 rounds of 939,393 Seeds each. Where each round increases in price by 3.3% when the previous closes either by selling out, or through a "Lunar Increase" where a round is closed each week.

Hypha Selling its Seeds		Maximum USD Value of Sale	Maximum Cumulative
Total tokens this sale	46,969,650	\$6,461,698.07	\$7,831,986.59
Starting Price in USD	\$0.05577		
Number of rounds	50		
Price increase per round	3.3%		
Tokens per round	939393		
Round	Round Price	USD Value Per Round	Running Total
1	\$0.05577	\$52,390.93	\$52,390.93
2	\$0.05761	\$54,119.83	\$106,510.75
3	\$0.05951	\$55,905.78	\$162,416.54
48	\$0.25652	\$240,974.56	\$5,955,630.05
49	\$0.26499	\$248,926.72	\$6,204,556.77
50	\$0.27373	\$257,141.30	\$6,461,698.07

[Current round and price for Seeds - click here](#)

Fourth Sale (1.25%) TBD

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Economic Mechanics

On Market Capitalization (Market Cap) of SEEDS

Seeds are designed as a utility token and (more importantly) a better-than-free currency, not a security or equity.

The market capitalization—or 'market cap'—of SEEDS is therefore best represented by the total current and potential (speculative) economic activity within the SEEDS financial system.

For this reason, it's not appropriate to compare the current or potential market capitalization of SEEDS against the value of companies where stocks result in dividends and represent claims on the assets and profits of an organisation.

The more appropriate comparison is against other financial systems, as typically represented by other economies rather than companies. In this case, we could consider evaluating the value of the SEEDS economy by studying the value of other economies.

Market Capitalization as GDP

The economic activity of a country is expressed in terms of its gross domestic product (GDP). This GDP figure represents the total (trackable) value of goods and services provided in and by that country during one year (using the national currency for exchange). This is a simple method to determine the economic activity generated in that economy and facilitated by that nation's currency.

When calculating possible market capitalization values for entire economic systems, therefore, it is the quantity of organisations doing business, number of people transacting with them and resulting economic activity (from the use of that financial systems currency) that are important.

This is why it's more appropriate to compare the value of SEEDS against the GDP of a country than the stock value of a company.

The benefit SEEDS has over traditional financial systems (and economies), is that SEEDS is not limited by national boundaries—it is a global financial system. This provides a much larger growth potential than the artificially confined financial systems of countries today.

Key Factors to Consider

1. Population VS Members

- How many users (members) and businesses are there in SEEDS?
- How does this compare to that of other financial systems and their value?

2. GDP Per Capita VS Purchases in Seeds Per Member

- How much are SEEDS members buying goods and services with Seeds (volume)?
- How does this compare to the members of other economies?
- How often are users of other currencies or cryptocurrencies transacting in those currencies (velocity)?

3. GDP VS Market Capitalization

- Is the market capitalization of SEEDS comparable to existing financial systems given similar numbers of members and economic activity?

This information is derived from [public data](#) on the blockchain. Hypha may publish insights based on this public data to help SEEDS members understand the growth and behavior of the SEEDS financial system.

Rank	Country	GDP (Economy Size)	Population Size	GDP Per Capita
1	United States	\$22,198,120,000,000	331M	\$67,063
2	China	\$15,468,100,000,000	1.4B	\$10,747
3	Japan	\$5,495,420,000,000	126M	\$43,450
4	Germany	\$4,157,120,000,000	83M	\$49,617
48	Bitcoin	\$254,444,000,000 (NOT GDP) ¹	<u>1M - 7.1M</u> ²	\$35,837 - \$254,444 ³
160	Liberia	\$3,217,000,000	5M	\$636
161	Aruba	\$2,952,000,000	106K	\$27,649
162	Bhutan	\$2,939,000,000	771K	\$3,809
-	SEEDS	\$1,600,000 - \$50,265,000 (NOT GDP) ⁴	3K ⁵	\$500 - \$16,755 ⁶

Data from [World Population Review](#) and the IMF. This data is not a perfect comparison, as the total value of a nation's financial system could be larger or smaller than the yearly economic activity of that nation.

Starting with Bitcoin as a reference point:

- Present (October 2020) market capitalisation of the Bitcoin network. Bitcoin doesn't have a dedicated economy as the other nations represented do, and this does not reflect the value of goods exchanged in Bitcoin. This reflects the value the global market has given to this financial system.

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2. Since there are no official Bitcoin census statistics, this is the range of estimations of the active users of Bitcoin.
3. If there is a direct relationship between the number of users in Bitcoin (or any network / financial system) and the value of the network ([as some statistics suggest](#)) this would be the range of value that each active user (on average) brings to Bitcoin. This is equatable to the average value each person brings to an economy (average GDP per capita).

Which brings us to SEEDS:

4. The GDP range for SEEDS is the current market capitalisation (October 2020) at \$1.6M (circulating supply multiplied by current price of each seed) to the fully liquid market capitalisation (if all Seeds were in circulation).
5. This is the current (October 2020) number of active members in SEEDS.
6. This is the presumed value range each new member brings to the SEEDS network.

What do these numbers tell us?

Valuing the SEEDS financial system

If the potential and future GDP of SEEDS (the economic activity in the SEEDS economy) at 'Go Live' was known, it would be possible to determine whether the secondary market was appropriately pricing the market capitalization of SEEDS and by extension the price of each Seed at this time.

Unfortunately, nobody knows what the future GDP (size of the economy) of SEEDS will be.

We don't know how many businesses or people will adopt Seeds as their preferred currency, and we don't know how many transactions people are going to make in Seeds. So, at this early stage, it's merely a matter of speculation based on what you believe the potential to be.

To determine if SEEDS is appropriately valued, consider the market capitalization relative to existing financial systems, and in line with the potential you see for SEEDS to be an alternative to these systems.

Biomimicry—the art of mimicking biological and ecological systems

The fundamental designs of SEEDS are inspired by ecological and biological systems. These living systems have varying protocols to govern growth and behaviour throughout

the life cycle of the organism. For example, the exponential growth protocols for a baby within a womb contrasted against the sustaining growth protocols for an adult.

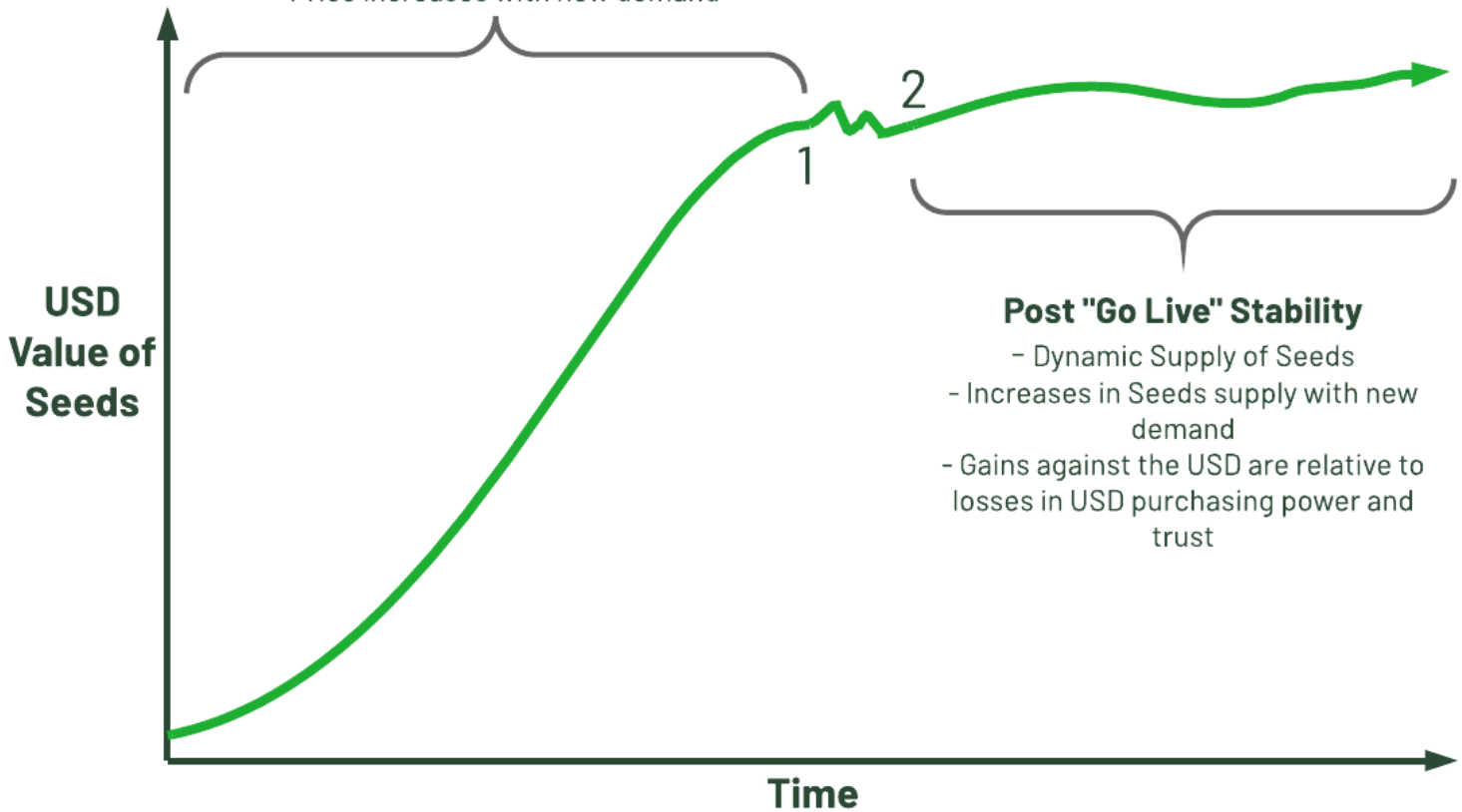
Seeds will initially go through at least two distinct stages of economic life (though more phases are likely as the SEEDS Citizens directly govern future evolutions).

The first is the pre-‘Go Live’ phase (launched Jan 6th 2020), to be followed by the post-‘Go Live’ phase that’s anticipated to start late 2021.

An Evolutionary Currency

Pre "Go Live" Growth

- Fixed Supply of Seeds
- Price increases with new demand



1. Go Live! This event is triggered by the Citizens of SEEDS at this point payments start becoming 'better than free' and is predicated on there being a diversity of organisations willing to accept Seeds.

2. 3 Cycles (~ 3 months) after go live the SEEDS protocols will have gathered enough economic data to start growing new Seeds to meet new demand. This is when Seeds will aim to become an intrinsically stable currency.

The economic protocols that currently govern SEEDS are intended to help Seeds (the currency) increase in token value as/if demand increases.

These protocols are designed to deliver increasing value to the early communities, projects and organisations that have allied with SEEDS to serve the transition to a regenerative civilization.

The 'Go Live' Event

This event will be triggered by a SEEDS community vote and is not anticipated until late 2021 or into 2022. Hypha does not know when this event will take place.

This is the moment where development of SEEDS is feature-complete (in line with the Constitution and Game Guide), the community and economy is thriving, and everything is ready for the members to take full control of the ecosystem and start the economic protocols designed to stabilize the value of each Seed.

INSERT DASHBOARD SCREENSHOT!

Go Live will require a series of targets to have been reached, including but not limited to:

1. SEEDS contracts passing robust economic and security tests;
2. fully operational decentralized governance over every aspect of SEEDS;
3. N number of organisational allies;
4. N number of Residents and Citizens;
5. N number of bioregions represented;
6. N monthly growth rate;
7. a USD to Seeds price floor of a minimum \$0.80.

These targets “N” will be defined and ratified by the SEEDS Citizens before Hypha’s final milestone (Q2/Q3 2021) through decentralized governance. Once these targets are reached, the Citizens can activate ‘Go Live’ through a vote.

This is the point where escrowed Seeds (some portion of 40% of the remaining 60% of Seeds tokens) will start being released as needed ([see Escrowed Seeds Release Schedule for details](#)). At the same time, the Harvest protocols that make Seeds a ‘better than free’ and intrinsically stable token will begin.

These protocols are discussed further in the [SEEDS White Deck](#) and [SEEDS Game Guide](#).

Zero Total Supply Inflation Period

Until ‘Go Live’, the total supply of Seeds will be fixed. This initial period is designed to better support finding a market price for Seeds and the “Go Live” period won’t trigger until Seeds have achieved a unit price of at least \$0.80.

Citizen Governed Restricted Circulating Supply

A maximum of 40% of the initial supply of Seeds will be in circulation before the 'Go Live' event. This 40% comprises 35% for campaigns and 5% for Hypha milestones. The release schedule is then governed by the Citizens. Meaning, they get to decide directly, in real time, if they want to bring more Seeds into circulation through the campaign or Hypha milestone proposals they approve. This is just another instance demonstrating the control that the Citizens of SEEDS have over every aspect of this new financial system.

Wide Distribution

This initial Seeds supply will be gradually and widely distributed throughout the time before 'Go Live' as people complete campaigns and Hypha reaches milestones.

Campaigns are intended to deliver a small number of Seeds to a wide number of people and the Citizens are governing which proposals they believe best do this.

This is to encourage that the more Seeds that get distributed, the more diverse and expansive the number of people they go to (or they won't be put into circulation).

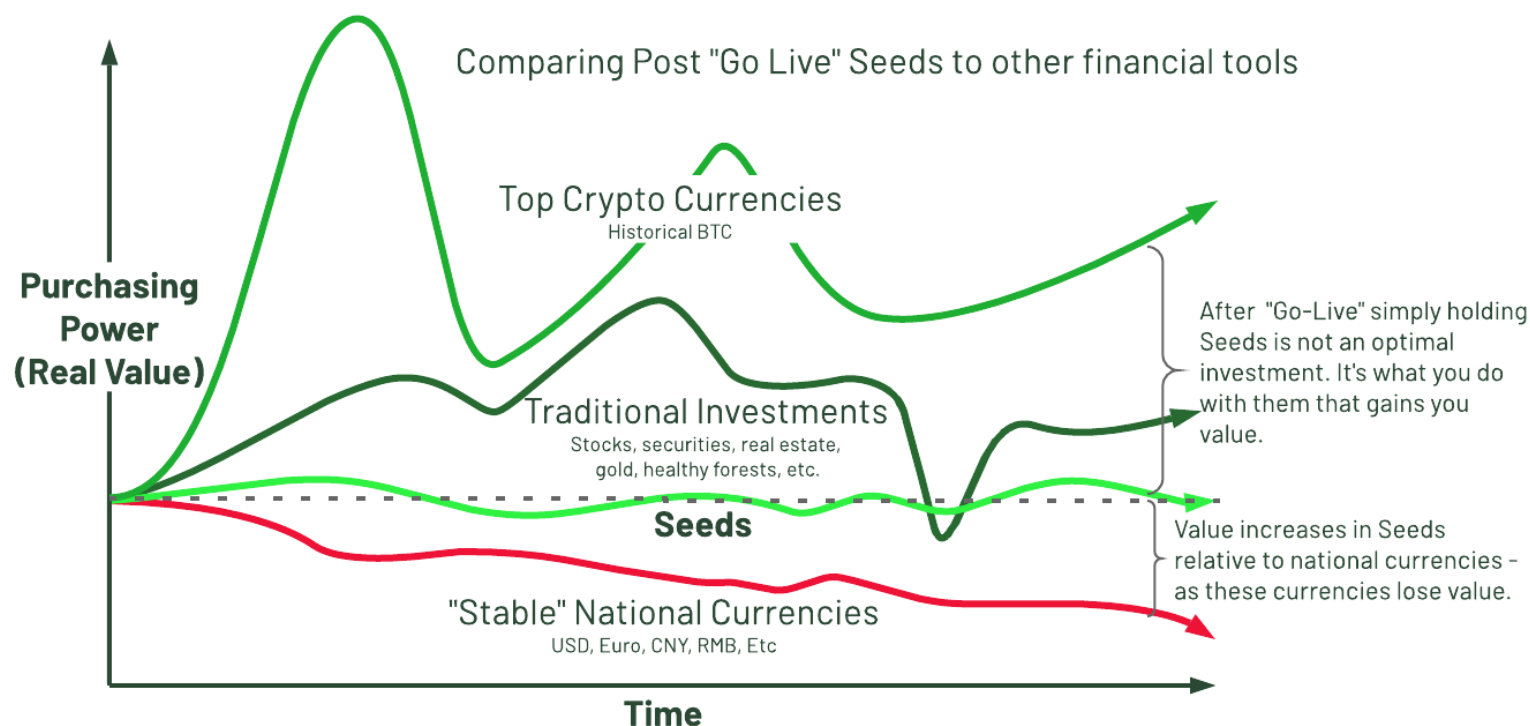
Tokens that are not released before 'Go Live' will remain as a budget for the community to continue to use to promote the healing of our society and planet.

Post 'Go-Live' Stability

Much of the documentation for SEEDS speaks of Seeds as a 'more stable' or 'intrinsically stable' currency. It's important to stress that **these protocols don't begin until after the Citizens of SEEDS vote to turn them on. After this point, Seeds will start to become an intrinsically stable token.**

Many crypto projects have launched 'stable' coins that are pegged to national currencies. However, national currencies consistently lose their purchasing power (example: [USD loses anywhere from 3-12% per year](#) and this was before the recent 2020 events where central banks have created 10's of Trillions of new money).

So, since Seeds are designed to be a more stable currency, relative to these other currencies, then Seeds could potentially be going up in value each year, while also remaining more stable.



Note: Simply owning Seeds after 'Go Live' is not the ideal form of investment—it's making transactions using Seeds and Planting them in your account, as well as contributing to SEEDS campaigns and governance, that earns you more Seeds.

The strategy to gain value is by earning more Seeds through participation.

This is important enough to repeat: The value generated within SEEDS is delivered throughout the network in the form of additional Seeds earned in a myriad of ways, each designed to encourage participation within the SEEDS ecosystem or promote the regeneration of our society and planet. You can view this the same as you would your local currency. **For building financial value you don't aim to increase your wealth by expecting the value of your local currency to go up, you aim to get more of that currency.**

The "Harvest" and Stability Protocols

These protocols won't take effect until after "Go Live" and are how SEEDS (network) balances the value of each Seed (currency). Leaning off fundamental calculations of Modern Monetary Theory, the value of Seeds are stabilised by adjusting the supply to meet changes in the SEEDS economy. If the financial system and economy are balanced - the value of Seeds are stable.

REV Harvest Calculations (Representative Ecosystem Volume)

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$$MV=PT$$

(Foundational calculation of Modern Monetary Theory)

Seeds Money Supply			=	SEEDS Economy		
Seasonal Change	Money Supply ¹ (M)	Velocity of Seeds ² (V)	=	Average Price Level ³ (P)	Volume of Goods Exchanged ⁴ (T)	Rolling Seasonal Average Change ⁵
Circulating supply of [3] cycles previous →	S1,333,561,643	3		1	S4,000,684,931	← 118-88.5 days ago [3] cycles
Proposed circulating supply →	S1,366,900,685 ⁷	3	=	1	S4,100,623,123 ⁶	← Running previous 29.5 days [1] cycle
Current Circulating Supply ⁸	S1,321,575,900	← Seeds currently in circulation			Base Economic Growth ¹³	2.5%
Gross Harvest ⁹	S31,026,311	← How many Seeds need to be added into circulation to balance MV=PT before running through the remaining harvest protocols (see Discovering Net Harvest from Gross Harvest).				
Net Harvest ¹⁰	S45,324,785	← Proposed Circulating Supply (7) - Current Circulating Supply (8) = Net Harvest Alternatively stated: Gross Harvest + Removed Seeds - Introduced Seeds = Net Harvest (see Discovering Net Harvest from Gross Harvest)				
Net Escrow Release ¹¹	S22,662,392	← How many Seeds are released from escrow (see Escrow Release Schedule).				
Net New Mint ¹²	S22,662,392	← After going through the remaining harvest protocols this is how many Seeds need to be minted as new Seeds increasing the total and circulating supply.				

All figures were derived from economic simulations run using conservative metrics for a post "Go Live" economic scenario. To sign-into the simulator click [here](#).

- 1. Money Supply (M):** Total Seeds in circulation. Taking the current circulating supply and the supply from 1 season [3 cycles] previous.
- 2. Velocity of Circulation (V):** How often a Seed exchanges hands each quarter.

First calculated in the 3 months following launch - to determine a base velocity - may require regular recalculations as velocity averages change.

- 3. Average Price Level (P):** For maintaining the value stability of Seeds, Citizens

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would keep this value constant. Citizens could choose to change this target. However, it's foundationally set for stability.

For example, it could be set at a 2% annual inflation rate (so that Seeds would lose 2% in purchasing power) this is similar to what central banks profess to do.

4. **Volume of Transactions of Goods (T):** Total value of qualifying seasonal transactions. Qualifying transactions are only those that count towards the "[transaction score](#)" of members. This is a representative subset of transactions that are harder to manipulate or fraud.
5. **Rolling Seasonal Average Change:** This is tracking the average growth of the economy over a rolling [3 cycle] basis. *If the economy is growing by 3% the circulating supply of Seeds will need to grow by 3% (if velocity and price level is stable).*
6. **Volume of Goods Exchanged:** This is the total value in Seeds exchanged that season for qualifying purchases. This is a "representative" group of actions that are more difficult to manipulate which gives a

more accurate assessment of the real economy.

7. **Proposed Circulating Supply:** This is the circulating supply that's needed to balance the equation to maintain the price level of Seeds.
8. **Current Circulating Supply:** This is the current circulating supply of Seeds that are available for members to use in exchanges.
Circulating Supply = Total Supply - all ".seeds" accounts.
9. **New Seeds Needed:** This is how many new Seeds need to be brought into circulation.
10. **Net Harvest:** The Net Harvest is **(Gross) Harvest + Removed Seeds - Introduced Seeds = (Net) Harvest** as detailed in the following harvest calculations.
11. **Released from Escrow:** This is how many Seeds will be released from escrow to meet this new demand.
12. **Total New Seeds Minted:** This is how many Seeds will be created (increasing the total supply of Seeds along with the circulating supply).
13. **Base Economic Growth:** This is the base seasonal growth of the SEEDS economy.

Escrowed Seeds Release Schedule

The escrowed Seeds release schedule is designed to reduce sale pressure as escrowed Seeds come into circulation to meet new demand as the SEEDS economy grows. This encourages a more stable value for Seeds and benefits all participants by removing the often-experienced mass "sell off" of tokens in various crypto economic experiments. This mutually beneficial game-dynamic encourages a more stable value for Seeds as they're

released. This is called a “economic-based escrow contract” opposed to the “time-based escrow contracts” typically used (e.g. N% of tokens released each month).

Escrow Seeds Release Schedule				
Percent of Harvest ¹ →	50%	Total Seeds Unlocked ²		\$16,656,365.38
Proportional Release By Account: Example ³	Account 1	Account 2	Account 3	Account 4
Percent of Total Escrowed Seeds	20%	5%	25%	50%
Seeds Released ⁴	\$3,331,273.08	\$832,818.27	\$4,164,091.35	\$8,328,182.69

- 1. Percent of Harvest:** Set by the Citizens of SEEDS as they decide what percentage of the total harvest they want releasing escrowed Seeds. With a target to have this high enough to release all escrowed Seeds within 2 years (or sooner)(cannot be less than 50%).
- 2. Total Seeds Unlocked:** This is obtained by taking the total number of new Seeds that need be created from the REV above and multiplying it by the percentage of the Harvest.
- 3. Proportional Release by Account:** How many Seeds are unlocked for a single account is determined based on the percentage of overall Escrowed Seeds that account holds.
- 4. Seeds Released:** How many Seeds that account would have unlocked and released to them over the coming Harvest

Reducing Sell Pressure

Selling pressure relates primarily to the drive to sell Seeds tokens for other financial tools or instruments such as Bitcoin, gold, stocks or other currency. This relates to the design of the economic (in this case "tokenomic") systems that promote or discourage selling of the token.

There are several unique design features of SEEDS that reduce the selling pressure typical amongst cryptocurrency projects.

No Miners or Block Producers In SEEDS

‘Miners’ and ‘Block Producers’ are the people who are paid to secure and create a blockchain network. This process creates a consistent sell pressure on the native token as the Miners or Block Producers are selling their earnings to pay for the expenses involved in that operation.

In contrast, SEEDS is a DApp (decentralized application) built on top of the Telos blockchain, which has its own Block Producers. Because SEEDS doesn’t have its own blockchain, it doesn’t experience this constant sell pressure.

SEEDS only needs to purchase TLOS (the token of the Telos blockchain) and stake it whenever SEEDS grows significantly enough in transaction volume to need to reserve more bandwidth on the Telos blockchain. This means there is only a sell pressure (selling Seeds to buy TLOS) after significant growth occurs and not on a constant basis.

Seeds as a Currency, Not a Security or Stock

Many cryptocurrency projects design their tokens to act more like stocks. This means that to ‘realize profits’ (to be able to make purchases), tokens need to be sold.

The projects that are designed this way typically have one point in time when there is a tremendous sell pressure as early investors or adopters realize their profits.

SEEDS is unique because it doesn’t allow those who have earned tokens by being part of the build team to sell their tokens until after the ‘Go Live’ event. Due to the nature of the Go Live event, at this point, there will be a global economy of organisations willing to accept Seeds as a currency (or the network wouldn’t “Go Live”). So, profits can be realized by making purchases using the Seeds currency itself, rather than requiring exchange (sale) for another financial tool to facilitate their purchase.

This reduces the sell pressure that is typically present in cryptocurrency and legacy startup projects. It also creates additional Seeds transactions, resulting in more beneficial economic activity within the SEEDS financial ecosystem—a more optimal situation for everyone.

Slow Release and Balanced Liquidity EventsThe 'Go Live' event will be the trigger for when the "better than free"

mechanics of Seeds starts. This is intended to produce an increase in demand for Seeds, as people are more incentivized and have more options to make purchases using Seeds. This will help accommodate the additional supply coming into circulation as escrowed Seeds locked up until this point are gradually released to meet this new demand. This maintains a favorable economic game mechanic, where it is still better to hold (the appreciating in value vs fiat) Seeds for your "checking account" then it would be fiat currencies. This game mechanic is designed to reduce sale pressure from escrowed Seeds after "go live".

No Venture Capital or Major Investments Into the Protocol

Up until now (December 2020) SEEDS has received no VC (venture capital) money investments. The money, time, knowledge, passion and other forms of capital that has helped SEEDS to get to this point was from a diverse set of individual members directly contributing into Hypha: who are here for the purpose of co-creating a regenerative civilization and financial system.

Evolutionary Currency - "Use to Trade" Opposed to "Cashing Out"

"Go Live" only occurs after SEEDS has reached various economic targets. This is designed to ensure enough organisations, people and businesses accept Seeds as a payment to constitute a thriving economy, in which to make purchases before the 'better than free' and stability protocols begin. This is designed to reduce any sell pressure as people and organisations can use their escrowed Seeds as currency opposed to only being able to "cash out".

Benefits For Seeds' Holders and Planters



Definitions of terms used in the graphic above:

Harvest = The process by which value generated within the SEEDS ecosystem is distributed.

Planted Seeds = Seeds that have been locked away (similar to a term deposit) in exchange for a higher Contribution Score, Trust Token distribution and increased bandwidth for transactions.

'Trust Tokens' or 'Voice' = the amount of voting power an individual has within the SEEDS ecosystem.

Evolving Beyond the Concentration of Wealth

"...the U.S. has a Gini coefficient, according to Dr. Roubini, of around 0.5. Europe's coefficient is 0.35. North Korea's is 0.86. Bitcoin and Ethereum have Gini coefficients around 0.88. In other words, crypto is less equitably spread than wealth in arguably the least equitable country in the world." [Bitsonline](#)

"Runaway inequality is eroding trust in democratic societies and paving the way for authoritarian and nativist regimes to take root, according to a dire new report from the United Nations." [Washington Post 2020](#)

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Bitcoin and other artificially scarce assets increase in unit value as their primary way of distributing value to the network. **This concentrates wealth and delivers the most wealth to those who already have the largest amount—not necessarily to those who added the most value to the network.**

Blockchain, like any other exceptionally powerful technology, can be used to exacerbate the worst qualities of humanity; or, it can be used to create a more free, equitable and healthy global civilization.

While it remains equitable to rewards those who take the risk of bootstrapping fledgling networks, these rewards should wane as the network matures. This is why SEEDS has adopted two divergent protocols for governing SEEDS as it matures.

Before 'Go Live', the majority of Seeds will be given to people participating in a variety of campaigns and actions to create a more beautiful society. These members may capture the benefit of rising token value as the network matures.

Then, after 'Go Live', Seeds will be distributed in a more equitable way than any previous or current financial system, one that is directed towards financing and incentivizing the regeneration of our planet.

Note: These protocols are discussed further in the [SEEDS White Deck](#), part 3 and 4 of the [SEEDS Game Guide](#) and favored article: [A regenerative financial system for a thriving global civilization](#)

How and Where to Buy Seeds

Via the SEEDS Website with Crypto-Assets

Visit the [‘Buy Seeds’ page on the joinseeds.com website](#) and follow the instructions to buy Seeds.

Trading on Exchanges

You can currently trade Seeds on the [Seeds Swap](#), [NewDEX](#), [Alcor](#), Gravity (TBD) and Uniswap (TBD) decentralized exchanges, and we’re encouraging the SEEDS community to reach out to more exchanges and request Seeds be listed.

For the latest list of exchanges where Seeds can be traded, visit the [‘Buy Seeds’ page on the joinseeds.com website](#).

Hypha Team

SEEDS' DNA is crafted by Hypha, a decentralized organisation comprising an award-winning team and alliance of passionate entrepreneurs, researchers, regenerators, technologists, financiers, artists, ecologists and whole-systems designers.

For SEEDS to be a truly decentralized financial and governance system, the organisation building it needs to be decentralized. For this reason Hypha built the first-ever [holarchy-inspired DAO](#) (Decentralized Autonomous Organization) that we call a Decentralized Holonic/Human Organisation (DHO - pronounced "DOO").

The DHO empowers our global community to co-create as Hypha!



Members with

- 100+ members (contributing regularly) with more contributors and advisors joining every day
- Over \$20M USD of value in contributions since mid 2017
- 120+ years full-stack development experience
- 50+ years of blockchain development experience
- Entrepreneurs and founders of 22+ successful organisations many with multi-million USD revenue
- Practical wisdom including storytelling, complex system design, game theory, token engineering, classical finance, community building and regenerative economics.

[See the current membership of the Hypha DHO](#)

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Further Exploration

Expanding on our 'why': [Medium Publication](#), [SEEDS Library](#) and [JoinSEEDS.earth](#)

Extended Philosophy and Reasoning

Whale Resistance / Regeneration Rising

SEEDS isn't intended to be another speculative token for professional traders to profit from.

It's the genesis for a Regenerative Society that gives value to those who are actively working towards the healing of our society and planet. For this reason, a maximum of only 5% of the total initial supply of Seeds will be made available through the progressive sales from Hypha. The majority of tokens will be distributed in the form of grants, gifts, referrals, loans and campaigns that are proposed, and decided upon, by the SEEDS community.

If a single person were to buy up all of Hypha's sales, they would only hold 5% of the total initial supply of Seeds. They would only be able to obtain more through value exchange with someone who had received tokens for activities connected to healing our world and planet, or by directly doing such activities themselves.

Consequently, this will either create a thoroughly decentralized ecosystem, or we create a situation where those accumulating more wealth have given value to people who are healing our planet, or are doing so themselves. Either way, it's a true win-win for people and our planet.

Furthermore, when purchasing directly from the Hypha sales, there is a weekly maximum limit to encourage a more decentralized distribution (and prevent one person from being able to obtain all the Seeds in the first place). These maximums are higher for those who are Residents or Citizens of SEEDS.

Community-Led

SEEDS is for the people and by the people. Hypha is building decentralized governance tools and releasing them as soon as they're built. This gives more and more tools to joyfully control the network to the SEEDS community.

At the 'Go Live' event, the intention is to have raised a fully autonomous, thriving, healthy and free organism—it's like giving birth to and raising a child. Hypha has no intention of controlling SEEDS, and has from the start given as much governance as is technologically feasible over to the community.

Open Source

SEEDS contracts are open-source and you can find them in the SEEDS github.com repository. As SEEDS becomes more widely known, the hope is that more of the SEEDS community will take part in building SEEDS.

Global Reach / Diversity

SEEDS intends to activate and build communities in, and offer value to, a wide diversity of bioregions on our planet. By leveling the global playing field, SEEDS gives anyone with a bit of time and access to a mobile phone the ability to participate in campaigns and earn some Seeds.

For example, one campaign proposal is just about spending time in a natural environment and sharing how you felt when you listened to the natural world around you. It's about rewarding presence and awareness for the beauty of our Earth. This is something that anyone can do and gain incredible value from, including being rewarded in Seeds! This further supports the SEEDS network as each additional active member brings in more value to the network than was likely given. This creates a virtuous feedback loop, where giving value grows collective value.

More Equal Opportunity

With Hypha holding up to four progressive sales, the intention is to give greater opportunity for the wider movement to learn about and participate in SEEDS by buying the tokens offered. Further, the majority of tokens are reserved as gifts, grants, loans and for people to earn through acts of regeneration. This opens the door for anyone who hears about SEEDS to have multiple ways of joining the movement.

Legal Disclaimer

Please, take the time to read this.

Seeds, also called the SEEDS Token is designed as a hybrid token (cryptocurrency and utility) and already serves the function it's intended to.

Owning a token confers no rights to revenue, profit or governance in Hypha or SEEDS upon the owner. It is what an owner does with that token and a wide variety of other behaviours that influences those rights and does therefore, according to their structure, not constitute a security.

Owning Seeds does not grant a person or an account rewards or a share in profits.

Owning Seeds does not grant a person or an account voting rights.

Owning Seeds does not give a person or an account ownership over Hypha (the decentralised movement helping build SEEDS) nor of SEEDS itself. As SEEDS is open-source code owned by no one.

Seeds gives a user access to the application, ability to access bandwidth to conduct transactions and access to decentralized contracts.

Locking Seeds into the platform are a single action of multiple actions that a user must conduct in order to gain voting rights in the evolution of the network itself.

The SEEDS network is open-source code and is owned by no-one and operated by a decentralized network which is compensated in Seeds.

Hypha does not own SEEDS, nor the SEEDS token. Hypha has requested payment in the Seeds' token for services provided to the SEEDS community.

Hypha has only received Seeds to sell as the Citizens have voted to give Hypha Seeds to compensate Hypha for its services conducted so far.

The relationship between Hypha and SEEDS is that of a contractor and decentralized network. Hypha provides the SEEDS community services and is compensated for these services as long as the SEEDS community continues to pass Hypha's proposals for funding.

Establishment of a legal relationship solely on the basis of individual agreements

This Token Sale Proposal does not imply any elements of a contractual relationship. The content of this Token Sale Proposal is not binding for Hypha and is subject to change in line with the ongoing research and development of the SEEDS platform. Any legal relationship between a token purchaser of the SEEDS Token and Hypha is not established by this document but solely based on separate individual agreements and conditions, in which the rights and obligations of a token purchaser and Hypha are ruled. In case of any ambiguities or

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contradictions the regulations of the individual agreement take precedence over the information contained in this Token Sale Proposal.

Excluded token purchasers

This Token Sale Proposal and the SEEDS Token sale is in particular not directed at persons with registered residence or office, habitual residence or tax residence in countries or initiate the acquisition of SEEDS Token from or through countries in which the sale or purchase of tokens and cryptocurrencies is prohibited or subject to certain conditions, such as official approval, which have been classified as high-risk countries and countries under observation with regard to money laundering and terrorist financing by the Financial Action Tasks Force (FATF), or against which embargoes or sanctions have been imposed, in particular by the United States of America or the European Union (hereinafter “Excluded Third Parties”). These countries include, in particular, Bosnia and Herzegovina, the Democratic People’s Republic of Korea, Ethiopia, Iran, Iraq, Sri Lanka, Syria, Trinidad and Tobago, Tunisia, Vanuatu, Yemen, the People’s Republic of China, Singapore and Cuba (hereinafter “Excluded Countries”).

High risk of loss

The purchase of SEEDS Token involves considerable risks. Therefore, a token purchaser should not purchase a substantial amount of SEEDS Token and should be economically able to cope with a total loss of the purchase. A token purchaser should have experience with cryptocurrencies, in particular those generated by decentralized networks, and should be able to understand the economic and technical interdependencies of the entrepreneurial activities of decentralized networks.

No financing through loan

It is strongly advised against the financing of the purchase of SEEDS Token through a loan. The obligations to pay interest and amortization remain even if the purchased SEEDS Token should become worthless.

This Token Sale Proposal does not replace competent advice

This Token Sale Proposal merely gives an overview over the planned sale of SEEDS tokens. This Token Sale Proposal does not constitute investment, economic, legal, tax, regulatory, financial, accounting or other advice, and is not intended to provide the sole basis for any evaluation of a transaction on acquisition of SEEDS Token. This Token Sale Proposal cannot replace investment, economic, legal, tax, regulatory, financial, accounting or other advice. Prior to the acquisition of SEEDS Token, a token purchaser should independently assess any possible risks, seek advice with respect to the economic, legal, regulatory and tax implications of the purchase of SEEDS Token and should consult with his/her own investment, legal, tax, accounting or other advisors to determine the potential benefits, burdens, risks and other consequences of a purchase of SEEDS Token. Hypha does not accept any liability with respect to the personal economic goals a token purchaser strives for/to? with the purchase of SEEDS Token.

Calculations, forecasts and forward-looking statements

The information set forth in this Token Sale Proposal may not be exhaustive. The calculations and forecasts in this Token Sale Proposal are essentially based on the experiences or assessments of the management of

Hypha.

In this respect, this Token Sale Proposal contains forward-looking statements, in particular subjective objectives of the future business development, which are associated with uncertainties and risks. Opinions, assumptions, assessments, (forward-looking) statements or the like reflect the current state of perceptions and expectations of Hypha and constitute only subjective views, beliefs, outlooks, estimations or intentions of Hypha.

*The SEEDS Token is a payment token (cryptocurrency) and a utility token, thus a hybrid token, which does not substantiate any debt claim against Hypha or SEEDS and comprises no other rights but the right to use and have access to the SEEDS platform and its services via the SEEDS Token, thus no further rights than described in this Token Sale Proposal neither vis-à-vis Hypha nor third parties, in particular no participation or membership rights, no voting rights, no dividend rights, no subscription rights. **SEEDS Token does not represent an investment or a share in a company. Token purchasers have no claim to any benefits. Token purchasers have no right to return acquired SEEDS Tokens to Hypha.***

There is no assurance that SEEDS Token retains their value. Purchasing of SEEDS tokens should be to gain access to the SEEDS network and services – not as a form of investment. It is with this aim in mind that Hypha is establishing weekly purchase limits to deter people treating this as a form of investment.

Legal environment with respect to Initial Coin Offerings (ICOs) and Token Generating Events (TGEs) in Europe

All statements on the legal situation with respect to Token Generating Events (TGEs), Initial Coin Offerings (ICOs) and the sale of cryptocurrencies and utility tokens (SEEDS) presented in this Token Sale Proposal are limited to Europe and European law and explicitly do not refer to other countries and jurisdictions respectively with possibly deviating regulations. It cannot be excluded that according to such other jurisdictions, TGEs, ICOs and the sale of cryptocurrencies and utility tokens (SEEDS) are subject to prior official authorization, subject to prospectus requirements or other restrictions or obligations.

The sale of cryptocurrencies and utility tokens (SEEDS) respectively are subject to a very complex and evolving legal environment. TGEs, ICOs and the sale of cryptocurrencies and utility tokens (SEEDS) are currently not subject to any specific regulation and are under current law subject to interpretation. For the time being, there are only very limited guidelines and comments from authorities on the legal treatment of selling cryptocurrencies and the sale of cryptocurrencies and utility tokens (SEEDS) in Europe and it is possible that authorities and courts will in the future have opinions different from those expressed in this Token Sale Proposal.

At the moment, there is no generally accepted classification of tokens, either in Europe or internationally. In its guidelines of February 16, 2018, the Swiss Financial Market Supervisory Authority (hereinafter “FINMA”) set up its own approach in classifying the tokens based on the underlying economic function. FINMA distinguishes between payment, utility and asset tokens. The payment tokens (= cryptocurrencies) are tokens which are intended to be used as a means of payment for offered goods or services or as a means for the transfer of money or value. Cryptocurrencies are not coupled with any claim against Hypha. Utility tokens are tokens which are intended to provide access digitally to an application or service on a blockchain-based infrastructure. Asset tokens represent a specific asset or claim, such as a debt or equity claim on Hypha. Asset tokens promise, for instance, a share in future company profits or future capital flows.

Restitution and repayment excluded

Because SEEDS is a mere payment token, restitution of SEEDS Token to Hypha and repayment of the purchase price by Hypha are explicitly excluded. Purchasers of SEEDS Token must therefore take into account that the money used to purchase SEEDS Token might be tied in SEEDS Token and can only be changed in fiat currencies or other cryptocurrencies via trading systems of third parties, insofar as such trading systems are available. Unless a third party is willing to acquire SEEDS Token from the purchaser against fiat currencies or other cryptocurrencies, the purchaser of SEEDS Token cannot sell SEEDS Token and the acquired SEEDS Token might become useless or worthless to the purchaser.

Tradability and value fluctuations

Tradability of SEEDS Token cannot be guaranteed. Although Hypha aims that the SEEDS Token will be listed on one or several trading systems for trading, it cannot be excluded that Hypha fails to find one or several trading systems who are willing or able to list the SEEDS Token for trading. Even if Hypha succeeds to list the SEEDS Token for trading at one or several trading systems, it cannot be excluded that because of the absence of buyer or seller no trading will take place.

Even if Hypha succeeds to list the SEEDS Token on one or more trading systems for trading, it must be expected that the trading price and thus the value of the SEEDS Token will be subject to substantial short-term fluctuations. Furthermore, it cannot be excluded that trading prices and thus the value of the SEEDS Token will develop very differently on different trading systems. The development of the value of the SEEDS Token on trading systems may also be affected massively by the development of the value of other cryptocurrencies, such as e.g. Bitcoin or Ether, even if the operating business of Hypha provides no reason or starting point for any changes in value.

Hypha does not guarantee that a trading system, in which the SEEDS Token is listed, will perform or offer a transparent determination of the price or will be in a position to meet legal or regulatory requirements. The purchaser of SEEDS Token must further consider that the trading of acquired SEEDS Token probably will incur costs, which will have to be covered by the purchaser and which will further affect the value of the purchased or traded SEEDS Token.

Regulatory risks, no regulatory audit or clearance

Hypha assumes that the SEEDS Token qualifies as a payment token combined with a utility token and that the issuance, sale and purchase of SEEDS Token and the payment, access to and use of services via the SEEDS platform with SEEDS Token – in each case performed by non-excluded third parties – is not subject to regulation and not subject to approval by any government agency. However, the legal environment of blockchain projects, distributed ledger technologies, smart contracts and their applications, in particular of TGEs and ICOs and the sale of cryptocurrencies and utility tokens (SEEDS), is complex, evolving and not clearly regulated, neither national nor international. Therefore, it cannot be excluded that due to national or international regulatory or legal action or by reason of new jurisprudence, the issuance, acquisition, management (including trade) of or payment for products or services with cryptocurrencies and utility tokens is legally qualified differently, prohibited in whole or in part or possible only under certain conditions. The legal situation, thus, may change. This can lead to significant negative effects on Hypha's business model and the development of the value of Hypha and the SEEDS Token, e.g. in the case of a repatriation of SEEDS Token or termination of the business

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operations as a result of an official directive and the bankruptcy of Hypha and to the total loss of the investment.

Furthermore, it cannot be excluded that third parties, who are offering the trading of cryptocurrencies and tokens such as the SEEDS Token on their platform are prohibited to further offer their services as a trading platform in general or without an official permit, so that there might not be any trading platforms anymore to trade or exchange the SEEDS Token into other cryptocurrencies or fiat currencies. Also, this might result that SEEDS Token become worthless.

This Token Sale Proposal has neither been submitted to any authority for examination or clearance nor been reviewed or approved by any government agency. Currently, no specific regulations or legal requirements exist with respect to the content of this Token Sale Proposal. Accordingly, this Token Sale Proposal is not composed in accordance with, and is not subject to, laws or regulations of any jurisdiction, which are designed to protect token purchasers. The content of this Token Sale Proposal and its structure are solely based on the decisions of the management of Hypha.

Further Risk Factors

General remark

Any cryptocurrency involves risks that cannot be eliminated. The risks described hereinafter should not be considered as all the risks that exist. There may be additional risks that are not known or considered immaterial at this time, but if they do occur, they could have a substantially negative effect on the operation of the SEEDS network, the operating results, or the financial situation of Hypha. The order in which the risks are related, should not be interpreted as an index that indicates its possibility or that indicates its level of materiality. Each token purchaser invests at his/her own risk.

Business risks

The projects financed through the funds collected through the token sale are at an early stage of development and based on assumptions that could turn out to be overly optimistic or just unrealistic. There is no way to anticipate with certainty the success of the projects and Hypha at the time. It is also possible that the blockchain and Hypha's tokenized ecosystem (SEEDS platform) will not be used by many individuals, companies and other entities or that there will be limited public interest in the creation and development of the SEEDS platform. Such a lack of use or interest could negatively impact the development of the SEEDS platform and the potential usefulness of the SEEDS Token.

Operative risks

Hypha is a start-up and has just a short operating history against which purchasers of the token may consider the appropriateness of purchasing the token.

Many risks and uncertainties affect start-up and early stage companies, which often have very limited operating history, profits or cash flow. There can be no assurance of the success of such enterprises. Their

potential must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with new or developing businesses, including technology risks, unproven business models, untested plans, uncertain market acceptance, competition and lack of revenues and financing.

The technological fields and markets that many start-up and early stage companies address, have undergone and are expected to continue to undergo rapid and significant change. Rapid technological developments may result in the technology of companies becoming obsolete, uneconomical or uncompetitive before any commercial success or financial return can be achieved. Numerous other risks may affect developing companies and ventures, including risks that products or services will be found to be ineffective, unreliable, unsafe or uncompetitive and risks that such companies' technologies, products or services will not achieve market acceptance or penetration. Market acceptance of new products, services or technologies depend on many factors and uncertainties and cannot be assured.

In a start-up business, the loss or disability of a key person(s) can result in significant financial hardship, in some cases the failure of the company. More than other businesses, start-ups are highly dependent on the skills and contributions of very few key employees.

Any projections, forecasts, plans or other forward-looking statements are subject to numerous risks, uncertainties, changing circumstances and other factors that could cause actual results, performance, plans, prospects, operations and opportunities to differ materially from any forward-looking statements, including competition, inability to identify and do business with appropriate customers, existing and future law and regulations, liabilities under the securities laws, inability to hire, retain or qualify sufficient management and staff, general economic conditions, rapid technological change, cost overruns, delays in bringing products or services to market, marketing failures, difficulty in penetrating markets, delays or failures in developing anticipated capabilities, products or services, failure to obtain necessary regulatory approvals, insufficient funding, lack of availability of capital, rates of economic growth, levels of consumer and business spending, conditions in the technology and financial industries, dependence on strategic partners and business relationships, unproven business models, adverse developments affecting customers and end-users, fluctuations in securities markets and valuations, limited marketing, expansion risks, losses and costs, uncertain revenues and profitability, conditions in particular industries, accounting problems, costs, delays and liabilities arising from legal proceedings, failure to obtain and maintain intellectual property or proprietary rights and management failures.

Decentralized network risks

Decentralized networks are generally in their infancy. There is limited history in the effectiveness and robustness of decentralized networks. The SEEDS community is gaining an ever increasing voice in governance and may choose to make decisions that aren't in the long-term interests of the network or of Hypha itself.

SEEDS is an experiment

Never before in history has there been a global digital financial system directly governed by the participants. There is no telling how this experiment will turn out.

Hypha financing risks

Hypha as a young company depends on generating adequate funding for the development and expansion of the business. Should Hypha not be successful in generating adequate funding, e.g. in the event of failure of

receiving more tokens from SEEDS or direct investment, there is a risk that Hypha cannot develop and expand its business operations as planned and as the case may be has to wholly or partly cease its business operations or even declare itself insolvent. Such a development could have a lasting negative effect on the usability or intrinsic value of the SEEDS Token until they become useless or worthless. However, with SEEDS being a publicly available network - the community has the ability to continue developing SEEDS without the need for Hypha.

Regulatory and legal risks

Reference is made to the information in the Legal Disclaimer section above.

The SEEDS Token is not being structured or sold as securities or any other form of investment product. Accordingly, none of the information presented in this Token Sale Proposal is intended to form the basis for any investment decision, and no specific recommendations are intended. Hypha expressly disclaims any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from:

- reliance on any information contained in this Token Sale Proposal;
- any error, omission or inaccuracy in any such information; or
- any action resulting from such information.

The regulation of token sales is in development and at different stages of maturity in different markets. Further regulatory developments are expected to take place during 2020 and 2021. In this dynamic regulatory environment, Hypha does every effort to comply with known regulations, to anticipate regulatory trends, and to promote an equitable and decentralized practice that grants best possible consumers' / token purchasers' protection, accordingly. There is a risk that the regulation may develop in a way unfavorable to token purchasers. By no means are token purchasers protected in their investments to a level comparable to when investing in fully regulated financial products. This risk is amplified in the case of international token purchasers and due to the significant differing status of cryptocurrency regulations internationally.

Financial risks

In a first phase, the SEEDS Token is intended to be used solely on the SEEDS Dapp and Hypha does not support or otherwise facilitate any secondary trading or external valuation of it. This restricts the contemplated avenues for using the SEEDS Token to obtain services or access the SEEDS platform, and could therefore create illiquidity risk for the SEEDS Token holders. When secondary trading of the SEEDS Token is facilitated by third party exchanges, such exchanges may be relatively new and subject to little or no regulatory oversight, making them more susceptible to market-related risks.

Furthermore, to the extent that third-parties do ascribe an external exchange value to the SEEDS Token, such value may be extremely volatile (as evidenced by price fluctuations in other crypto assets) and diminish to zero. It is also possible that no secondary exchange develops for the SEEDS Token or that the terms of exchange turn out to be extremely negative for the SEEDS Token holders. Then, the trading of the SEEDS Token or their exchange into national currencies (fiat) may be subject to limitations. Finally, unlike bank accounts or accounts at other financial institutions, the SEEDS Token is uninsured unless the holder specifically obtains private insurance to insure it. Thus, in the event of loss or loss of utility value, there is no public or private insurance arranged by Issuer, to offer recourse to the holder.

Technological and security risks

The token purchaser bears the entire responsibility regarding the secure storage of the private key (necessary to access and use the SEEDS Token). The loss or theft of the private key means loss of the SEEDS Token(s). There may be flaws in the code or programs that are used to create, transfer or store the tokens. Token purchasers may not be able to access or control their tokens, or tokens may be stolen, e.g., in case of a hack. More generally, the technology may not function quickly and securely, e.g. during peaks of activity.

Because the SEEDS Token and the SEEDS platform are based on the Telos Blockchain, any malfunction, breakdown or abandonment of the Telos Blockchain may have a material adverse effect on the SEEDS platform or token.

It is possible that alternative platforms could be established that utilize the same open source code and protocol underlying the SEEDS platform and attempt to facilitate services that are materially similar to the services. The SEEDS platform may compete with these alternative platforms, which could negatively impact the SEEDS platform and the SEEDS Token, including the token's utility for obtaining services.

The SEEDS platform is still under development and may undergo significant changes over time. Hypha may have to make changes to the specifications of the SEEDS Token or the SEEDS platform for any number of legitimate reasons. This could create the risk that the SEEDS Token or the SEEDS platform, as further developed and maintained, may not meet your expectations at the time of acquiring the SEEDS Token. Furthermore, despite our good faith efforts to develop and maintain the SEEDS platform, it is still possible that the SEEDS platform will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the SEEDS platform and the potential utility of the SEEDS Token, including its utility for obtaining services.

Tax risks

The tax characterization of tokens is under development in different jurisdictions and may vary even within jurisdiction. Token purchasers and token holders must seek their own tax advice in the relevant jurisdictions in connection with acquiring tokens, which may result in adverse tax consequences, including withholding taxes, income taxes and tax reporting requirements.

The possibility should not be excluded therefore that transactions with cryptocurrencies and utility tokens both with Hypha and with buyers lead to tax burdens that put a strain on the operational activities of Hypha or the usability or intrinsic value of purchased token until they become useless or worthless.