

Ripe Capital

Music Royalties as a Digital Asset Class

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Past performance of any music catalog or royalty stream is not indicative of future results. You may lose some or all of your investment.

RIPE Tech Corp. is not registered with the SEC as a broker-dealer or investment adviser.

1. Overview

RIPE Tech Corp. ("RIPE") is a Delaware C-corporation that operates a digital platform enabling individuals to access music royalty revenue streams through tokenized fractional interests in curated music catalogs.

The Platform allows participants to purchase digital tokens, each representing a proportional claim on royalty revenue generated by a specific portfolio of musical works and sound recordings. Royalty revenue is collected by RIPE and distributed to token holders periodically, net of management fees and expenses.

Key characteristics of the Platform:

- **Accessibility:** participation starts from \$10, using both fiat currency and stablecoins
- **Transparency:** royalty flows, catalog composition, and distribution calculations are disclosed on the Platform

- **Blockchain infrastructure:** tokens are issued on the Arbitrum network using smart contracts with account abstraction for simplified user experience
- **Periodic distributions:** royalty revenue is distributed weekly (subject to actual receipt of royalties and operational requirements)

2. Market Context

2.1 The music royalty market

The global recorded music market generated approximately \$30 billion in annual revenue (IFPI, 2024), with streaming accounting for over 67% of total revenue. Music royalty rights have historically exhibited characteristics distinct from traditional asset classes, including low correlation with equity markets and relatively predictable (though declining over time) cash flows for established catalogs.

Major transactions in the music rights space — including acquisitions by Hipgnosis Songs Fund, Primary Wave, and KKR — have valued catalogs at 15-30x annual net publisher's share, reflecting institutional demand for this asset class. However, access to these transactions has traditionally been limited to institutional investors, family offices, and high-net-worth individuals.

2.2 The opportunity

RIPE addresses the gap between institutional-scale music royalty investment and individual participation by:

- Curating diversified catalogs of musical works from established and emerging artists
- Tokenizing fractional interests in these catalogs on blockchain infrastructure
- Providing a user-friendly platform that abstracts the complexity of blockchain transactions
- Distributing royalty revenue to token holders on a weekly basis

Important: Music royalties are not guaranteed income streams. Revenue depends on streaming volumes, licensing activity, and consumer demand, all of which may decline. See Section 8 (Risk Factors) for a comprehensive discussion of risks.

3. How It Works

3.1 Catalog acquisition and management

RIPE acquires copyright interests, neighboring rights, and/or license rights from musicians, producers, and labels. The acquisition process involves:

- **Identification:** RIPE's team, assisted by proprietary data analytics, identifies tracks and catalogs based on historical streaming performance, genre diversification, geographic distribution, and revenue trajectory
- **Due diligence:** legal review of rights ownership, contractual terms, and revenue verification
- **Acquisition:** negotiation and execution of rights acquisition or licensing agreements
- **Ongoing management:** monitoring royalty collections across distributors and performance rights organizations (PROs), optimizing placement opportunities, and managing administrative aspects of rights ownership

3.2 Tokenization

After acquiring catalog rights, RIPE creates a token representing fractional participation in the royalty revenue stream of that catalog (or a diversified index of catalogs). Tokens are issued on the Arbitrum blockchain as smart contract-based digital assets.

Each token entitles the holder to a proportional share of net royalty revenue from the associated catalog, after deduction of RIPE's management fees and applicable expenses. Token pricing is determined by RIPE based on discounted cash flow analysis of projected royalty revenue, catalog age, and historical performance.

3.3 User experience

The Platform is designed for accessibility, abstracting blockchain complexity behind a familiar web2-style interface:

- **Account creation:** sign up via email, Google, or Apple login — no seed phrases or crypto knowledge required
- **Wallet:** each user receives an account abstraction wallet (ERC-4337) on Arbitrum, managed through embedded wallet technology
- **Deposit:** fund your account via bank card (through third-party payment processors) or by sending stablecoins (USDT/USDC) directly to your wallet
- **Purchase:** browse available catalogs, review performance data, and purchase tokens with one click
- **Distributions:** royalty revenue is distributed weekly — claim manually or enable auto-compound to reinvest automatically

3.4 Royalty distribution

RIPE collects royalties from distributors, streaming platforms, and PROs. After receipt and reconciliation, net royalty revenue is loaded into a distribution smart contract. Token holders can claim their proportional share. The process is:

- 1. RIPE receives royalty payments from distributors (typically monthly or quarterly)
- 2. RIPE deducts management fees and applicable expenses
- 3. Net revenue is deposited into the Distribution Contract on Arbitrum
- 4. Token holders claim their share (manually or via auto-compound)
- 5. Distributions occur weekly (Fridays), subject to RIPE having received underlying royalty payments

Important: RIPE does not guarantee any specific distribution amount, frequency, or yield. Distributions depend entirely on actual royalty revenue received. There may be periods with reduced or zero distributions.

4. Technology Architecture

4.1 Blockchain infrastructure

RIPE operates on the Arbitrum network, an Ethereum Layer 2 rollup that provides:

- Low transaction costs (typically less than \$0.05 per transaction)
- Fast finality (sub-second transaction confirmation)
- Ethereum-level security through fraud proofs
- EVM compatibility for smart contract deployment

4.2 Account abstraction (ERC-4337)

User wallets are implemented as ERC-4337 smart contract accounts, enabling:

- **Passwordless login:** users authenticate via email, social login, or passkeys — no seed phrases
- **Gasless transactions:** a Paymaster contract sponsors gas fees, so users never need to hold ETH
- **Session keys:** users can authorize recurring actions (e.g., auto-compound) with scoped, revocable permissions
- **Social recovery:** account recovery through trusted contacts rather than seed phrase backup

The wallet architecture is designed to be self-custodial: the user's private key is generated and stored on the user's device (or through an embedded wallet provider with MPC/secure enclave). RIPE does not have access to users' private keys and cannot unilaterally sign transactions on behalf of users.

4.3 Smart contracts

The Platform's core logic is implemented in audited smart contracts:

- **Token Contract:** ERC-20 compliant tokens representing fractional catalog interests
- **Catalog Contract:** manages token minting, pricing, and redemption logic
- **Distribution Contract:** calculates and distributes proportional royalty revenue to token holders
- **Paymaster Contract:** sponsors gas fees for user transactions

Smart contracts are subject to independent security audits. Audit reports are published at ripe.capital/security.

4.4 Data analytics

RIPE utilizes proprietary data analytics and machine learning models to:

- Identify high-potential tracks and catalogs for acquisition
- Forecast royalty revenue trajectories (decay curves) based on historical streaming data
- Monitor catalog performance across streaming platforms and territories
- Optimize geographic and genre diversification across indices

Analytical models are tools to assist decision-making and do not guarantee future performance. Model outputs are based on historical data and assumptions that may not hold in the future.

5. Token Economics

5.1 Token structure

Each catalog (or index of catalogs) has its own token class. Token characteristics:

- **Standard:** ERC-20 on Arbitrum
- **Pricing:** determined by RIPE based on DCF valuation of projected royalty revenue. Token prices may vary by catalog and may change over time.
- **Supply:** total token supply for each catalog is determined at the time of offering and corresponds to the total funding target
- **Rights:** each token entitles the holder to a proportional share of net royalty distributions from the associated catalog
- **Transferability:** tokens are currently redeemable only through the Platform. Secondary trading may be enabled in the future through regulated Alternative Trading Systems (ATS), subject to applicable securities law restrictions.

5.2 Revenue model

RIPE generates revenue through:

- **Management fee:** a percentage of gross royalty revenue retained by RIPE before distribution to token holders. The current fee rate is disclosed on the Platform.
- **Transaction fees:** a fixed percentage charged on token purchases and redemptions
- **Distribution fees:** a fee on royalty distributions, if applicable

All fees are disclosed at ripe.capital/fees. RIPE does not receive payment for order flow or hidden compensation from third parties.

5.3 Use of proceeds

Proceeds from token sales are used for:

- Acquiring additional music rights and catalogs
- Platform development and technology infrastructure
- Operational expenses (team, legal, compliance, administration)
- Working capital and reserves for ensuring distribution continuity

A breakdown of fund allocation is available in offering documents provided to qualified participants.

6. Artist Collaboration

RIPE partners with musicians and rights holders through two models:

- **Rights acquisition:** RIPE purchases copyright or licensing interests from artists, providing upfront capital in exchange for future royalty streams
- **Revenue participation:** artists may receive tokens as partial compensation, aligning their interests with platform participants

Artist partnerships are structured through individually negotiated agreements. Artists featured on the Platform serve as catalog contributors and are not acting as ambassadors or promoters of the token offering.

7. Regulatory Framework

7.1 Securities compliance

RIPE acknowledges that the tokens offered through the Platform may constitute securities under U.S. federal law and the laws of other jurisdictions. The tokens have not been registered under the Securities Act of 1933. Token offerings are conducted pursuant to applicable exemptions from registration, which may include:

- **Regulation D, Rule 506(c):** offerings to accredited investors with general solicitation permitted
- **Regulation A+ (Tier 2):** qualified offerings to all investors (accredited and non-accredited), up to \$75 million per year
- **Regulation S:** offerings to non-U.S. persons outside the United States

The specific exemption applicable to each offering is disclosed in the relevant offering documents. RIPE is working with securities counsel to determine the optimal registration or exemption path.

7.2 Platform compliance

RIPE maintains the following compliance measures:

- **KYC/AML:** all users undergo identity verification and sanctions screening through certified third-party providers
- **Investor qualification:** where required by the applicable offering exemption, RIPE verifies accredited investor status
- **SEC Safe Harbor:** RIPE is evaluating its Platform architecture for compliance with the SEC Staff Statement of April 13, 2026, regarding Covered User Interface Providers for crypto asset securities
- **Geographic restrictions:** access is restricted for residents of sanctioned jurisdictions (see Terms of Use)
- **Transaction monitoring:** automated monitoring for suspicious activity, unusual transaction patterns, and sanctions compliance

7.3 Self-custodial architecture

The Platform's wallet architecture is designed to be self-custodial, consistent with the SEC's definition (Staff Statement, April 13, 2026, footnote 6). Key characteristics:

- User private keys are generated and managed on the user's device or through embedded wallet providers with MPC technology
- RIPE does not have custody of, or access to, user private keys
- All transactions require explicit user authorization (biometric, PIN, or cryptographic signature)
- RIPE cannot unilaterally freeze, transfer, or confiscate user funds or tokens

This architecture is subject to ongoing review and independent audit. For details, see ripe.capital/security.

8. Risk Factors

PURCHASING TOKENS INVOLVES SIGNIFICANT RISKS. THE FOLLOWING IS NOT AN EXHAUSTIVE LIST. PROSPECTIVE PURCHASERS SHOULD CAREFULLY CONSIDER ALL RISKS BEFORE MAKING AN INVESTMENT DECISION.

8.1 Market and revenue risks

- Music streaming revenue may decline due to changes in consumer behavior, competition, or industry disruption
- Individual catalogs may underperform projections due to declining popularity, playlist removal, or genre shifts
- Royalty revenue exhibits natural decay over time — newer tracks typically earn more than older tracks
- Currency fluctuations may affect royalty revenue collected in non-USD currencies
- Changes in streaming platform economics (e.g., payout rates per stream) may reduce royalty income

8.2 Liquidity risks

- Tokens have limited liquidity — there is currently no secondary market
- Redemptions are subject to volume limits and may be queued or suspended
- Future secondary trading (if any) may not provide sufficient liquidity
- Tokens may not be transferable to external wallets or exchanges

8.3 Technology and operational risks

- Smart contracts may contain bugs or vulnerabilities despite audits
- The Arbitrum network may experience downtime, congestion, or security breaches
- Account abstraction wallets and embedded wallet providers may have vulnerabilities
- Loss of access to account credentials may result in permanent loss of tokens
- Blockchain transactions are irreversible — errors cannot be corrected
- MEV (front-running) attacks may affect transaction outcomes

8.4 Regulatory risks

- The regulatory environment for digital assets and tokenized securities is evolving and uncertain
- RIPE may be required to register as a broker-dealer, investment adviser, or other regulated entity

- Changes in law may require RIPE to modify, restrict, or cease operations
- Tax treatment of token purchases and royalty distributions may be unfavorable or uncertain
- RIPE may face enforcement actions from regulatory authorities

8.5 Counterparty and concentration risks

- Token holders are exposed to the credit and operational risk of RIPE Tech Corp.
- RIPE is a startup with limited operating history
- RIPE depends on third-party distributors and streaming platforms for royalty collection
- Individual catalogs may be concentrated in specific artists, genres, or territories
- RIPE is not insured by SIPC, FDIC, or any government deposit insurance program

9. Team

Founder and CEO

Sergey Golovkov — Stanford GSB graduate with experience in fintech entrepreneurship, including successful exits in finance and e-commerce.

Core capabilities

- **AI/ML Engineering:** published researchers with expertise in machine learning applied to streaming data analysis and royalty forecasting
- **Web3 Engineering:** experienced blockchain developers with backgrounds in smart contract development, account abstraction, and DeFi infrastructure
- **Fintech Operations:** team members with experience building regulated financial platforms, including ventures backed by institutional investors
- **Music Industry:** advisors with direct experience in music rights management, including work with Grammy-winning artists

10. Roadmap

Completed

- Platform launch with tokenized music royalty catalogs
- Integration of account abstraction wallets (ERC-4337) on Arbitrum
- Weekly royalty distribution system

- KYC/AML compliance infrastructure
- 9,000+ registered users

In progress (2026)

- SEC compliance: architectural audit for safe harbor compliance (Staff Statement, April 13, 2026)
- Securities exemption filing (Reg D 506(c) / Reg A+ evaluation)
- Partnership with registered broker-dealer for regulatory coverage
- Enhanced portfolio analytics dashboard for investors (earnings, sources, territories, top tracks)
- Mobile-first UI redesign
- Independent smart contract security audit

Planned (2026-2027)

- Secondary market trading through regulated ATS (e.g., Securitize Markets)
- Expansion of catalog offerings across genres and geographies
- Institutional investor onboarding
- Expansion into adjacent creator economy assets (YouTube revenue, gaming, podcasts)
- API for third-party integrations and data access

The roadmap is subject to change based on regulatory developments, market conditions, and business priorities. RIPE does not commit to specific timelines.

11. Conclusion

RIPE Capital is building infrastructure to make music royalty revenue accessible as a digital asset class. By combining blockchain technology, data analytics, and music industry expertise, RIPE aims to create a transparent and accessible platform for participation in music royalty revenue streams.

The platform prioritizes regulatory compliance, user experience, and transparency. As the regulatory landscape for digital assets continues to evolve, RIPE is committed to operating within applicable legal frameworks and adapting its approach accordingly.

For more information, visit ripe.capital or contact info@ripe.capital.

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