



WHITE PAPER

ETHERUTILITYTOKEN (EUT)

WELCOME TO ETHERUTILITYTOKEN (EUT) THE NEXT
GENERATION OF ADVANCED SOLUTIONS FOR ALL GLOBAL MONETARY
TRANSACTIONS

March 2019

Release 1.0 - English

Abstract

This white paper presents the ETHERUTILITYTOKEN (EUT) concept of a decentralized autonomous EUT network on blockchain with its own crypto-economy which will serve as the first bandwidth exchange marketplace. Based on the blockchain technology, the network will contain thousands or even millions of exit nodes around the world and will provide an innovative new way for developers to build products that will potentially disrupt several markets, like the consumer EUT industry, cyber protection, CDN, business intelligence and even software and mobile apps monetization.

1. Introduction

EUT is an established and profitable company that was founded by a group of experienced IT entrepreneurs and talented developers who are passionate about the freedom of the internet, online security, and the rights of individuals and businesses to privacy protection.

Our team - which has more than 10 years' cyber security experience - are the developers of an incredibly easy-to-use, free VPN service - that can be used by anyone anywhere, regardless of their level of technical experience. Since 2015, more than 1,250,000 users have used this service.

EUT is also the team behind Temp-Mail.org. It has more than 200,000 daily visitors and filters out more than 10 million spam emails a day.

EUT has developed the advanced internet identity checking website, and many other privacy-related services.

Now we have created a concept of a decentralized, fully autonomous network on blockchain. The EUT Network is designed to have its own advanced crypto-economy and allow the users to rent out their broadband. We believe it has the potential to end the current era of internet censorship and totally change the current VPN market, among others (e.g. cyber security).

1.1 Major problems facing the internet

The incredible worldwide growth of internet users is astounding. In 2016 we had 3.4 billion users, representing 46% of the world's population. By 2020, it is predicted that we will see 5 billion users online.

But, as the number of users online grows, so does the level of internet censorship. In the future, most new users will likely come from countries with increasingly strict internet censorship laws; because these users often have poor internet mobile connections, they are the most vulnerable to these sometimes draconian and arbitrary laws. It is these users who are seeking effective solutions to internet restrictions.

Today, one of the major problems with the internet is the denial of the network neutrality paradigm, that suggests an equal opportunity for everyone to access the world wide web.

This denial will lead to the collapse of the internet as we have known it over the last 25 years. Users are not just being watched by overzealous governments and cybercriminals, their data is collected by ISPs and their basic privacy rights are routinely violated. This is happening not just in countries like China or Iran, but in Australia, Germany, and even the U.S.

The second problem is the cybersecurity issue. According to Cybersecurity Ventures report, we have more than \$3B in losses from cybersecurity incidents online in 2015 and it is expected to grow to \$6B in 2021. The complexity of technical solutions today means that robust encryption algorithms aren't always accessible to ordinary people to effectively protect their data and ensure cybersecurity easily and affordably.

The third problem is speed. While the internet is global, network quality is not equal in all countries. Content is getting heavier all the time, e.g. full HD videos, streaming movies, etc.

1.2 The current centralized solution

Solutions for the internet censorship problem are currently available on the market. However, they come with a high price tag and are still vulnerable to ISPs control. It's not a secret that the VPN industry is growing fast, not least of all because of the lure of the industry's huge profit margins. As an insider, EUT is aware of some of the major problems in the centralized VPN

arena, including false statements about log-keeping policies, data selling, overcharging, unclear billing policies, and the incredible margins that are siphoned off into marketing, advertising, etc.

In fact, the VPN industry doesn't protect users' privacy and data while the users pay a high price for VPN services only because there are no better options on the market.

1.3 New opportunities

With its huge potential to be one of the most powerful forces in the internet technologies sphere, blockchain will enable us to turn current internet privacy and security practices on its head, simultaneously speeding up the internet (without any physical scaling.)

EUT Network is a conceptual new solution that will benefit ordinary internet users, developers, and online businesses. We intend to reduce costs and margins on the VPN consumer market, eliminate the middleman and enable people to share (and profit from sharing) their spare broadband connection. We will provide a new horizon for developers to build awesome apps and services on the basis of this network, e.g. CDN, business intelligence proxy tools, anti-censorship SDKs for apps, etc. The wealth of potential applications is only limited by imagination.

1.4 Our mission and goals

Our mission is to create a decentralized and fully autonomous EUT Network on blockchain with advanced Internet bandwidth marketplace powered by its own crypto-economy.

Our goal is to show a possibility to create new kinds of products and services based on the Network capabilities which have the potential to transform a number of markets like VPN, CDN, cyber security and encryption or may even change the landscape of application monetization market.

2. Token EUT

The EUT Network ecosystem will be based on crypto-economic principles. EUT will be the only crypto-currency allowed for mutual settlements during the buying / selling interactions between network participants.

2.1 Specifications

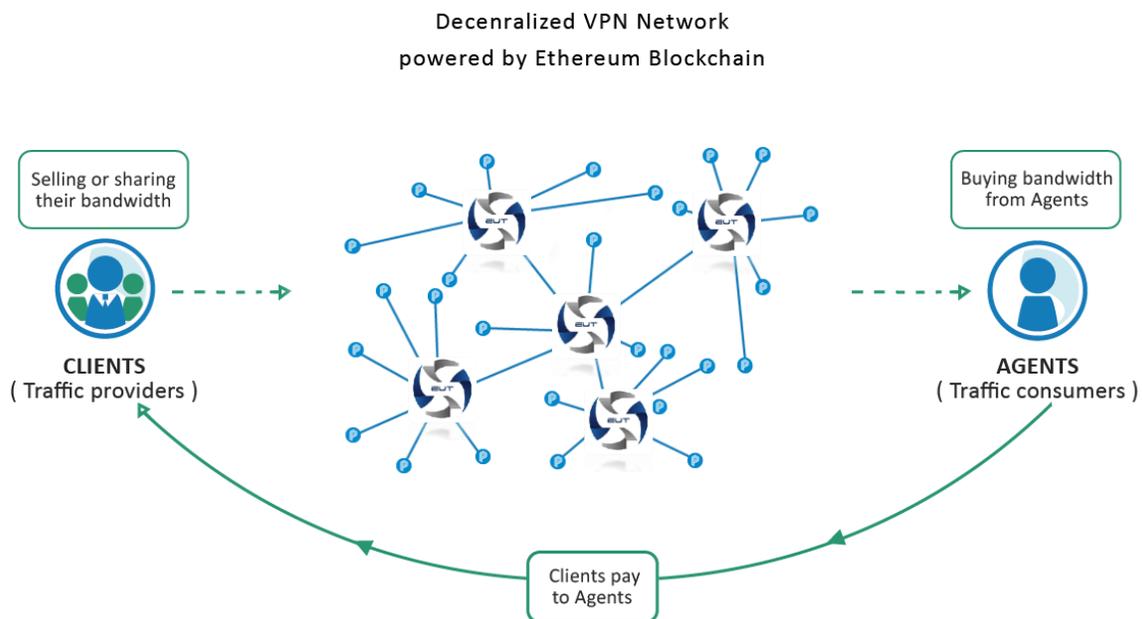
EUT, an ERC20 token on the Ethereum Blockchain, is the central part of the EUT Network. It's main purpose is to allow network participants to exchange value.

Token name	EtherUtilityToken
Ticker	EUT
Type	ERC20 (Ethereum)
Address	0xf2aea81b6ad3d0191c11ce118cbe73d0403fd51a
Decimals	2
Total supply (after burning)	350,000,000 EUT (fixed, no dilution)
Mining	No mining or any other means of increasing token amounts will apply to EUT
Token utility	Internal crypto-currency to exchange value (utility) between EUT Network participants
Token issuer	EUT Ltd (a EUT limited company)
Token special conditions	Token exchanges for purpose of buying / selling internet broadband (between EUT Network participants only) will be subject to commission fee - up to 1% of transaction price in EUT. No fees for any other transactions and exchanges except payments for bandwidth.

2.2 The crypto-economy

The main economic agents inside the crypto-economy of the EUT Network are:

- Users who want to sell their internet bandwidth (Agents)
- Users who want to buy internet bandwidth from Agents (Clients)



EUT will be the only crypto-currency allowed for mutual settlements. At the same time, the EUT token itself is expected to be traded on external exchanges. Assuming there is sufficient market volume, EUT shall be freely exchangeable for other cryptocurrencies in both directions and anytime, subject to applicable regulations and/or restrictions in the various jurisdictions.

EUT is not intended to be a digital currency, security, commodity, bond, debt instrument or any kind of financial instrument or investment carrying equivalent rights, nor are the EUT tokens intended to represent any form of money or legal tender in any jurisdiction, nor any representation of money (including electronic money). Accordingly, any protections offered by

applicable law in relation to the purchase, holding and/or sale of the instruments and/or investments referred to above and generally known as “securities”, should not apply to your holding or sale of EUT tokens. EUT tokens are intended to be digital goods, similar to downloadable software, digital music, and etc.

In basic economic terms, on the demand side there are Clients and on the supply side there are Agents. Clients want to buy broadband from Agents, and Agents, accordingly, want to sell it. So, at the market equilibrium point, the price of internet broadband will be represented in EUT tokens (for example, 1 BC = 0.001 EUT).

In the event of an excessive demand for Agents' broadband, the EUT token is going to increase in price, thereby likely to attract more Agents to the network (as they will see they can sell their broadband for a higher price) and vice versa.

Demand and supply will be self-regulated effectively by market forces; attracted in the case of high traffic costs by Agents craving profit, and in the case of low traffic cost by Clients wishing to buy broadband as cheaply as possible.

2.3 Examples of use

Here are two very simple examples which demonstrate EUT tokens payments inside the EUT Network ecosystem.

Example 1

- Hans, a regular internet user from Germany, has a 100 Mbps channel and he does not use it completely, especially at night.
- He has already paid his ISP so no additional costs are required.
- Hans installs the EUT Network software and thereby becomes an Agent.
- On the other side of the world is a Chinese internet user, Lee.

- Lee does not have access to many internet sites because internet censorship in China is very strict.
- Lee installs a VPN program based on the Privatix Network and through it buys broadband from Hans. Now he can surf the internet via the encrypted German VPN and get access to all internet sites.
- Hans receives payment in EUT as Lee uses his free bandwidth.

Example 2

- Alex has an internet hosting business. He rents 10 dedicated servers and sells hosting services for his customers, e.g. site owners.
- All servers are already paid for but their bandwidth is significantly underused.
- Alex installs the EUT Network Agent software on all his servers and starts selling his bandwidth.
- Another user, Ivan, the owner of a video site, has to rent expensive servers so that people can watch HD video content from around the world.
- Ivan, in order to save on data transfer, uses a product based on the EUT Network - a CDN - which allows him to buy cheap broadband from hundreds of Agents like Alex.
- As a result, Alex fully loads his servers and receives profit while Ivan cuts content delivery costs.

3. Token sale

The EUT Token Sale opened on 19 October 2018 and ended at 16 November 2018. During those 30 days we collected: 1,095 ETH (2,183 ETH in total with , 408 ETH of Pre-sale).

3.1 ETHERUTILITYTOKEN (EUT) final distribution details

100% Total supply: 350,000,000

83% Token Sale and Pre-sale: 290,500,000

7% Founders (locked for 21m): 24,500,000

7% Future and current team: 24,500,000

3% Advisors, bounty, and cost covering: 10,500,000

Total circulation supply: 290,500,000 (7% of locked 12m tokens

excluded) Total contributors: 50,000

All unsold tokens were burned, and no future tokens can be issued.

The exact total supply is 350,000,000 EUT

Token address: [0xf2aea81b6ad3d0191c11ce118cbe73d0403fd51a](https://etherbase.org/address/0xf2aea81b6ad3d0191c11ce118cbe73d0403fd51a)

4. Business model

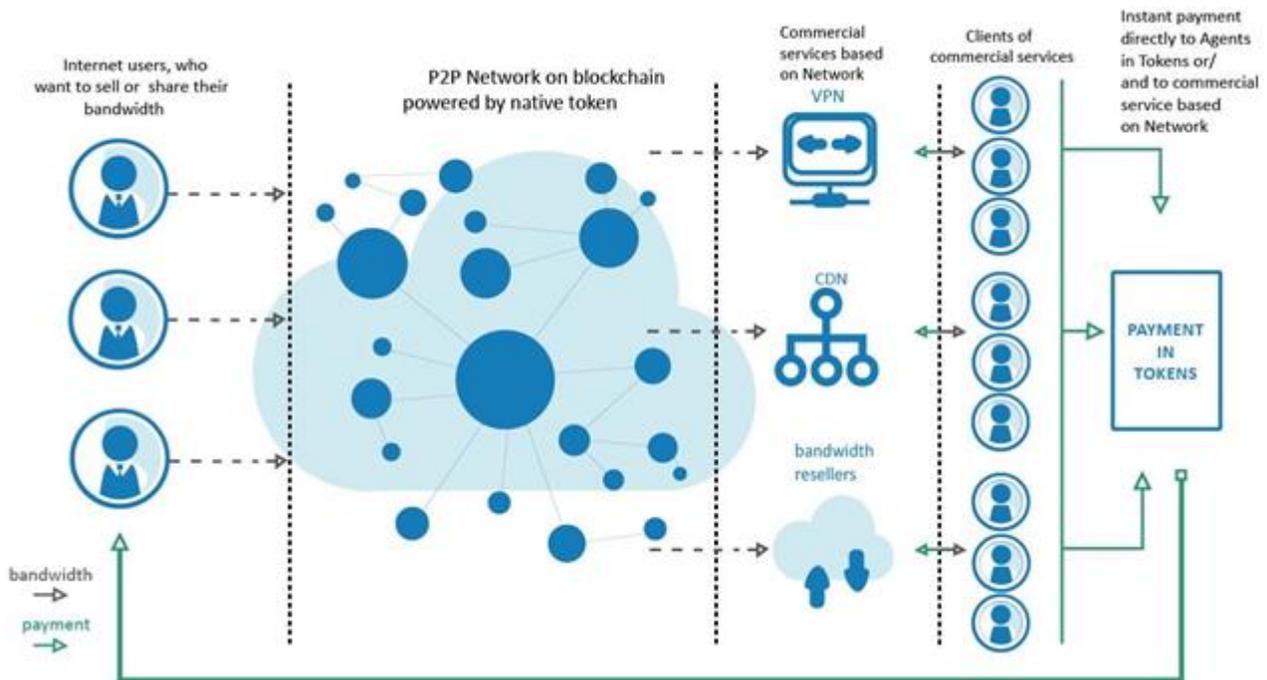
The main assets in the EUT Network are “exit nodes owners” (Agents). These Agents host on their internet-connected devices special lightweight software which enables them to sell their internet bandwidth.

Most internet-connected users have a lot of spare bandwidth that already has been paid for to an ISP but mostly remain unused.

EUT will enable the sale of this unused asset (bandwidth) to other network participants and strives to create meaningful value for Agents with no additional costs or any initial investment from their side (installing the free software is quick and easy).

All financial relationships between Agents and Clients will be in EUT crypto-currency only. Every token exchange linked to payment for internet broadband will be subject to a fee that will be accumulated by EUT for maintenance and future development. The fee will be in the range up to 1% of the transaction amount. All operations except payments for internet bandwidth, like token trades on exchanges, will be free from any fees.

4.1 Privatix Network



4.2 Proof of Concept (PoC) products

Our mission is to create a decentralized and fully autonomous network on blockchain - the EUT Network – but, hand in hand with this, one of our primary goals is to show how people can make the best use of this network and benefit from it in many different ways, including financially.

For this reason, we ourselves will create a number of revolutionary PoC products, based on the EUT Network, in order to demonstrate to entrepreneurs and developers how they can use this new platform in a number of innovative ways. EUT, as platform pioneer, also has the potential to derive significant profits from these products by transforming several popular VPN and other markets (e.g. cyber security).

The first product we will focus on will be a decentralized unblockable VPN on blockchain that we believe will address the challenges facing cybersecurity and internet censorship in the digital sphere forever. We expect to totally change the consumer VPN market, enabling people to use VPN for free by sharing their own network, or pay less than \$5-10 per year (10-20 times less than current centralized VPN prices).

4.3 Long-term strategy

We define the long-term strategy as a plan for the next three years. In the current real-world situation of internet disruption and blockchain technologies development, it is a challenge to create a fully detailed plan, but by sticking to our mission and goals, and relying on our extensive experience, we are completely confident that we will find the right way in any situation.

Facilitation of a EUT Network platform, provision of network supply in the form of Agents, as well as the creation of demand in the form of Clients are our main objectives for the immediate future.

5. Technical specifications

Specify high-level solution description for EUT.io services. This document describe high level architectural and process overview of Privatix.io service.

5. 1 General

[EUT](#) attempts to deliver multiple services that can be used through EUT network. First of them is decentralized VPN service on Ethereum blockchain. This paper will focus on VPN service. Before we will dig in to details, of how EUT services will operate, we need to mention some basic concepts.

EUT network users

Clients - those who consume and pay for services.

Agents - those who provide services and receive payment.

Concept

The idea that stands behind this project is to create process that will achieve consensus among EUT network users and develop software products that will allow users to provide and consume services on this network. Another important aspect that those processes should be decentralized as much as possible, to remove single point of failure both technically and politically. Last major goal is to protect privacy of users.

5.2 Basic usage scenario

To allow EUT network users to provide and consume services they need to:

- Create service offering
- Find service offering, compare and accept it
- Be sure that they can pay and get paid
- Negotiate on authentication and find service endpoint
- Provide and consume service
- Pay and get paid in small portions

Below we will describe each process, including some technical description.

5.3 Prerequisites

We assume that each network user has:

1. Internet access
2. EUT tokens with corresponding private keys
3. Agent - have installed Privatix Agent software
4. Client - have installed Privatix Client software

5.4 Smart contract operations

Ethereum smart contracts playing fundamental role in EUT DApp architecture. Currently deployed smart contract that holds all EUT tokens called EUT Token Contract (hereinafter EUT) and compliant with ERC20 standard.

EUT will be used for:

- Token exchange
- Upgrade to new service contract

To provide additional logic and features, as well as support future upgrades, EUT will deploy additional smart contract named EUT Service Contract (hereinafter EUT). EUT contract implements state channels features, service offering discovery, helps to negotiate on service setup, incentivize fair usage and controls supply visibility. Token exchange between Ethereum accounts is done using standard ERC20 transfer mechanism. EUT balances will be used to buy and sell EUT only, rather than pay for services. To use EUT services EUT tokens will be approved for transfer to EUT contract address effectively delegating all operations to EUT contract.

EUT will be used for:

- Local balance storage
- Agent SO registration and deposit placement
- Agent SO deactivation and deposit return
- Retrieving available supply for SO
- Pop up SO
- Creating state channel
- Cooperative close of channel
- Uncooperative close of channel
- Top up deposit of state channel

1. Markets overview

Below is a brief overview of the target markets for the EUT Network and possible products that can be made by using the network capabilities of buying / selling internet bandwidth.

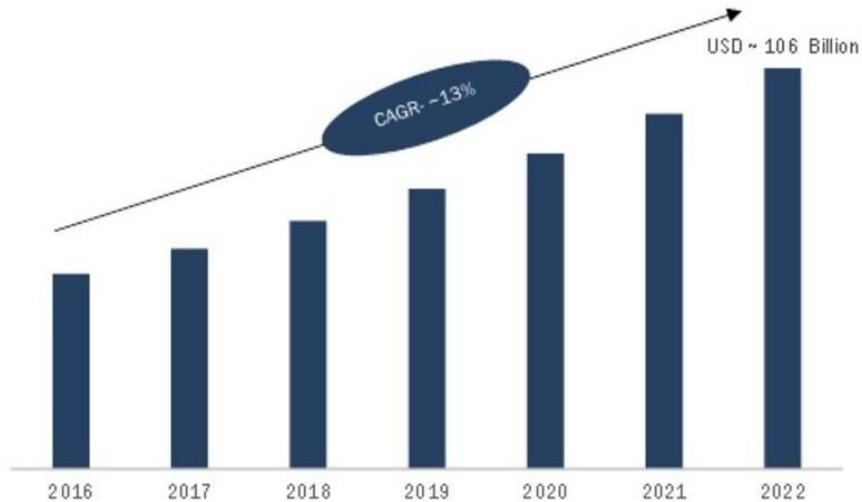
1.1 Global VPN market

There was an estimate of 3.5 billion internet users worldwide in 2016. This means that about 45 percent of the global population accessed the internet that year. The majority of global internet users are located in East and South Asia, while China is the largest online market in the world.

In 2016, China had over 721 million internet users, more than double the amount of third-ranked U.S., with nearly 290 million internet users. The global average internet speed stood at 6.1Mbps that year.

With the proliferation of inexpensive smart phones, many of today's 5 billion feature phone users will convert to internet users in the next 5 years. New users will mainly reside in countries with strict or strengthening internet censorship.

According to latest reports, the Virtual Private Network (VPN) market is expected to reach USD 106 billion by 2022 at a CAGR (compound annual growth rate) of 13%.



The major driving factors of this market are increasing internet censorship, an increase in the number of loud security incidents, growing industries, and the increasing number of connected devices mostly in countries with strict internet censorship; countries like China, countries in Asia and Africa, and now Russia as well.

There is no leader who controls more than 10% of the VPN market. Most of the 400 primary VPN providers compete for a small fraction of market share.

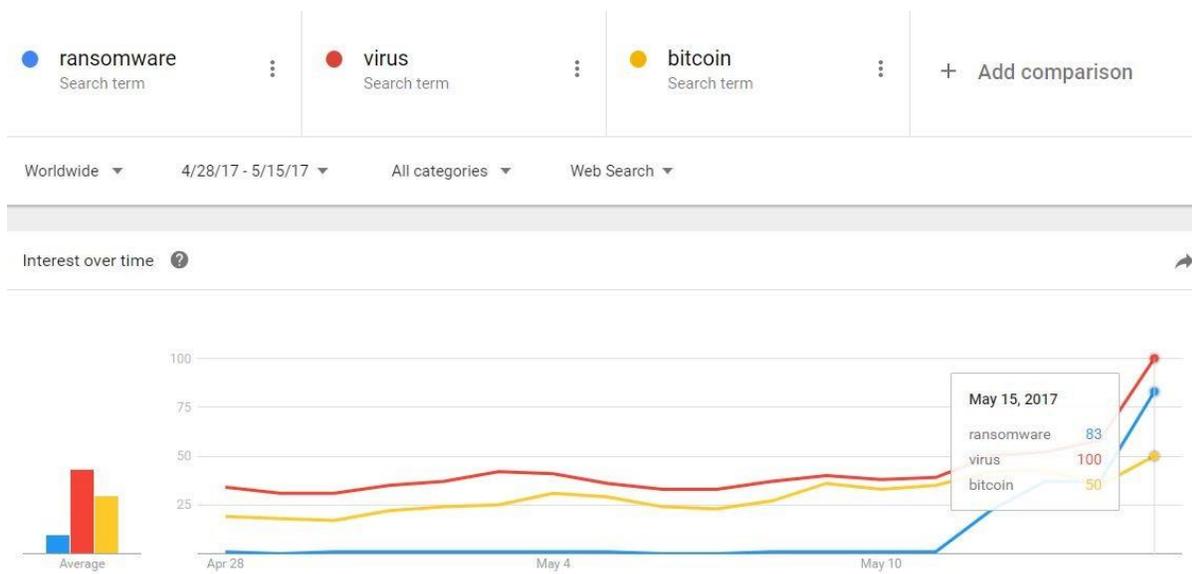
The most well-known players are: Hotspot Shield (Anchorfree¹) backed with more than \$62 million invested by VC's, Zenmate² with more than \$3 million in investments, and Hidemyass (EUT) that was acquired by AVG in 2015 for \$40 million³.

1.2 Cyber security and privacy protection

According to Zion Market Research⁴, the global cyber security market was valued at USD 105.45 billion in 2015; is expected to reach USD 181.77 billion in 2021 and is anticipated to grow at a CAGR (compound annual growth rate) of 9.5% between 2016 and 2021.

Cyber security is associated with information technology security, which focuses on protecting computers and confidential data stored in it from cyber criminals. The cyber security market provides several benefits, including enhanced security of cyberspaces, expanded digital safeguards, and quicker reaction time to national crises. These benefits automatically enhance the value of services to market end-users.

An example of a major cyber security issue is linked ransomware attacks when people's computers are locked and bitcoin payment demanded by cyber criminals to unlock. These events have increased awareness of encryption and protection issues.



Google Trends show spike of interest to ransomware, viruses, and bitcoins after attacks

⁴<https://www.zionmarketresearch.com/sample/cyber-security-market>

The cyber security market is segmented based on security types, solution and vertical, and by regions. On the basis of security types, the market is divided into network security, cloud security, wireless security, and others. The cyber solution segment includes identity and access management (IAM), encryption, risk and compliance management, data loss prevention, antivirus and anti-malware, firewall, and others. By vertical, the market is segmented into aerospace, government, financial services, telecommunication, healthcare, and others.

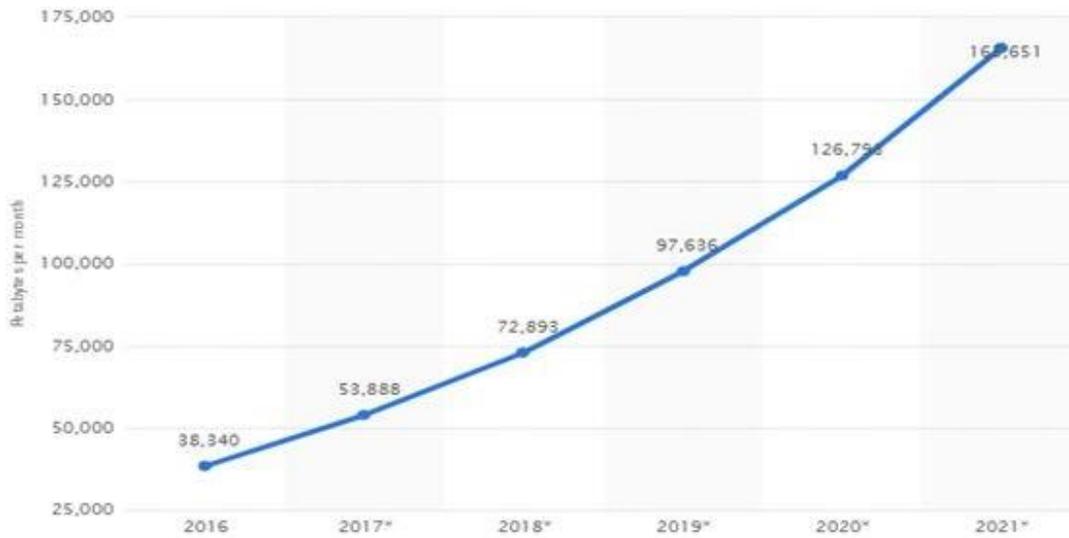
6.3 CDN

Companies leverage Content Delivery Networks (CDN) to increase their online presence in the global market and deliver a high-quality user experience worldwide. CDNs improve site speed, page load times, availability, and performance dramatically. This not only results in higher end-user satisfaction but also increases customer adoption and conversion rates⁵.

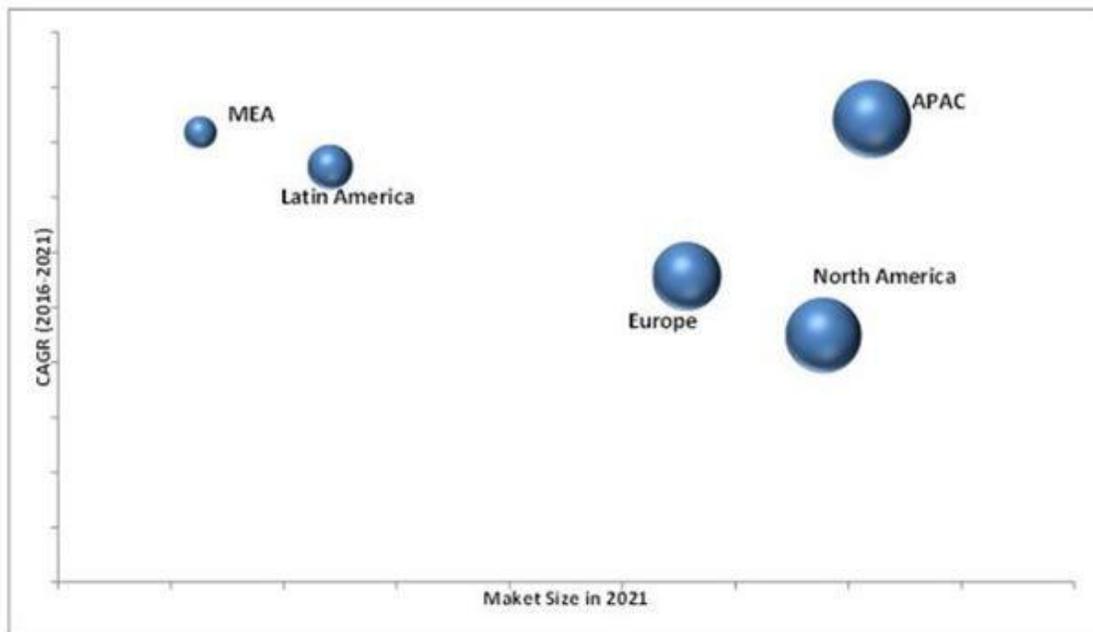
Market size and growth trends

- The market size of CDN is expected to grow from \$4.95 billion in 2015 to \$15.73 billion in 2020, and to \$70.3 billion by 2025.
- The mobile CDN market is estimated to grow from USD 2.11 billion in 2015 to USD 13.40 billion in 2020, at a compound annual growth rate CAGR (compound annual growth rate) of 44.7% from 2015 to 2020. In regional segmentation, North America is expected to be the largest market in terms of market size, while APAC, Latin America, and MEA are expected to emerge rapidly in this market at high CAGRs.
- The North American region dominated the CDN market in 2015 and is expected to reach \$4.6 billion by 2017.
- There are approximately 8.8 million websites using CDNs worldwide.
- Out of the top 10,000 websites, 48.3% are currently using a CDN.
- CDNs, globally, currently serve 50% of content consumed over the internet⁶.

- In 2018, worldwide online CDN traffic is expected to reach 72,893 petabytes per month. The data volume of global CDN internet traffic from 2016 to 2021 (in petabytes per month)⁷ is illustrated in the graph below.



Content Delivery Network Market, by Region, 2021(USD Billion)



Growth drivers

- Proliferation of rich media and video content - expected to grow at 4G speed
- Increasing use of connected and smart devices
- Optimized network solutions
- Digitization among organizations
- Highest growth in the online gaming industry

6.4 Business intelligence and data collecting (Proxy / Socks gateways)

The global business intelligence (BI) market was worth \$14.15 billion in 2015 and projected to reach \$26.89 billion by 2020. BI technologies have slowly but steadily revolutionized the field of business strategy and management and penetrated all over the world⁹.

Market size and growth trends

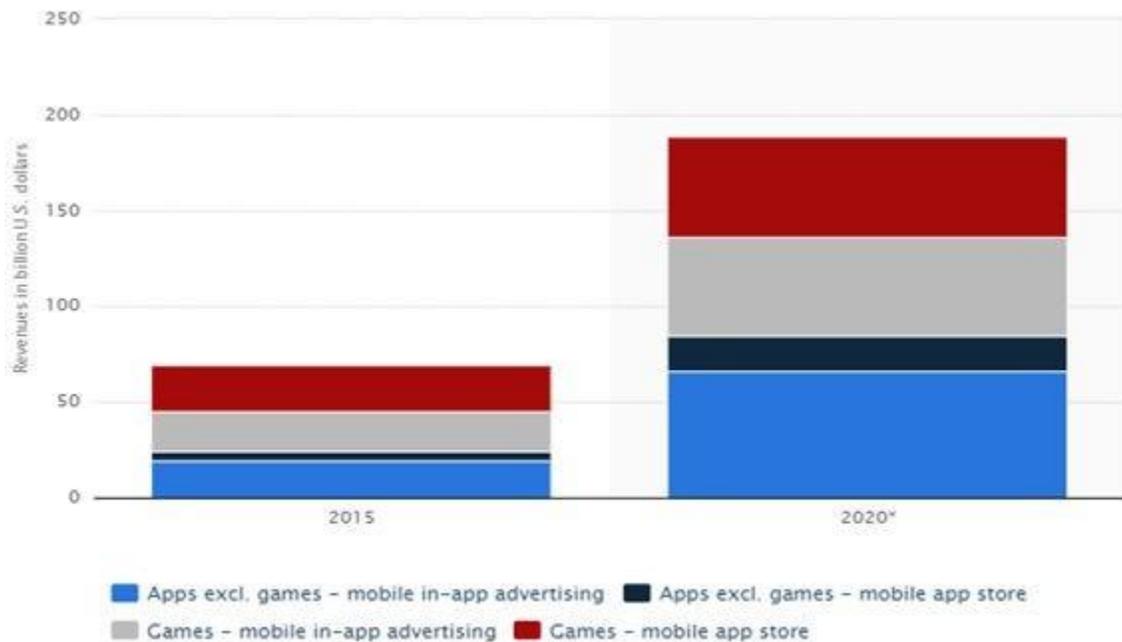
- The global BI market is estimated to grow at a compound annual growth rate (CAGR) of 9.5% between 2016 and 2021¹⁰.
- Global revenue in the BI and analytics software market is forecast to reach \$18.3 billion in 2017, an increase of 7.3% from 2016, according to Gartner, Inc¹¹.
- Data discovery / visualization, self-service BI, and data quality / master data management are the three most important trends¹².
- While the use of traditional dashboard BI is receding into the background, self-service machine data analytics, self-service data discovery and explorations, and BI and analytics in the Cloud are rapidly gaining momentum across the global spectrum¹³.
- There is increasing investment in robust BI platforms that can handle multiple data management capabilities such as integration, storage, visualization, statistical and quantitative analysis, instead of multiple specialty tools.

6.5 Mobile apps and software monetization

Trends point to hybrid monetization models, such as in-app ads and in-app purchases. In-app advertising is set to be a key driver of mobile growth over the coming years.

Market size and growth trends

- In 2015, the mobile app industry generated \$69.7 billion in gross annual revenue; it is projected to exceed \$189 billion by 2020¹⁴.

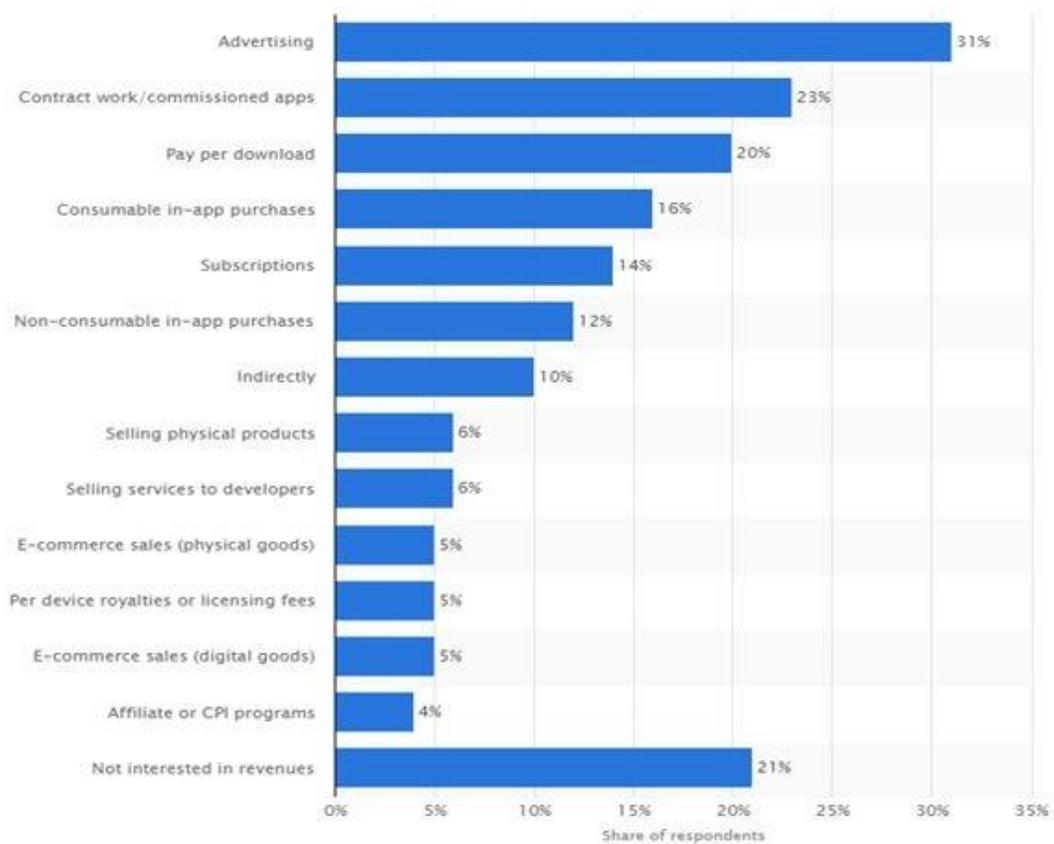


© Statista 2017

- The worldwide in-app advertising and app store revenues of mobile apps and games in 2015 and predicted in 2020 is illustrated below (in billion US\$):

2015		2020*	
• Apps excl. games – mobile in-app advertising	19.3	• Apps excl. games – mobile in-app advertising	65.8
• Apps excl. games – mobile app store	4.5	• Apps excl. games – mobile app store	18.8
• Games – mobile in-app advertising	21.1	• Games – mobile in-app advertising	51.4
• Games – mobile app store	24.8	• Games – mobile app store	53

- May 2016 - Android device owners spent an average of \$15.53 making in-app gaming purchases; in contrast, iOS device owners spent \$10.96.¹⁵
- December 2016: 92% of games on Google Play were free to download, and 23% of those used in-app purchases as a monetization model¹⁶.
- Top app monetization models according to mobile developers worldwide (June 2015):



- North America is the leading region in third party in-app advertising both in absolute and relative terms; Asia Pacific will record the largest increase in the next five years at a 177% compound annual growth rate between 2015 and 2020.

Growth drivers

- Customization apps
- Aggregator apps
- Enterprise apps – micro and hybrid
- Software subscription model
- Messaging apps
- Internet of Things¹⁷
- Android First¹⁸
- UX, accessibility, and security are more important than ever

Competitive landscape

- 9 million mobile app developers in the world; 60% make \$500 or less profit per month
- Less than 0.1% of all apps are commercially successful
- Companies that focus on mobile in-app advertising command the majority of the mobile advertising market and companies that focus on native advertising as a primary revenue stream are the most successful at monetizing through mobile¹⁹.
- Top app monetization solution providers include:²⁰
 - Google AdMob
 - Facebook Audience Network
 - Inneractive
 - OpenX Mobile
 - Unity Ads

Classic VPN service	Decentralized VPN on blockchain
<ul style="list-style-type: none"> ● Focused on owner's profit ONLY ● High profit margins ● Huge marketing and data costs ● No complete anonymity ● Risk of data access by a third-party Can be blocked by sophisticated DPI ● The fact of using VPN is visible ● Slow speed and unstable connection 	<ul style="list-style-type: none"> ● Focus on network participants' benefits ● Fair prices without middleman margins ● Low traffic expenses ● Full anonymity ● No private data and logging, no access for a third-party ● Can't be blocked ● The fact of using VPN is invisible ● High speed and stable connection

2. Roadmap

This roadmap is representing projected intentions and may be a subject to changes according to the technical development and testing progress.

2.1 First steps

We will have several months until the end of the year in which we want to prepare the company for the next steps as quickly and efficiently as possible.

9.1.1 First month priorities

We have some top priority tasks that must be finalized in the first month after Token Sale. We will report on these steps and our progress to the community:

- Distributing all bounty tokens to participants and suppliers
- New office spaces renting or expanding current ones in Ukraine, Israel, and Russia
- Transferring to third-party management, “canning / preserve”, or sale of existing projects of the company
- Hiring administrative personnel

9.1.2 Legal, HR and administrative issues

Some legal formalities, as well as financial business processes, will need to be adjusted and facilitated during this period.

Also, the procedure for selecting and hiring new team members will be started. The procedure for hiring talented people is not always easy and it can be time-consuming to source the best, but with our experience and funding, we will be able to afford to hire the most skilled and motivated people. We know exactly who we are looking for.

9.2 Q4 / 2019 - Q2 / 2020 : EUT Network Core Development

The final quarter of 2020 and the first two quarters of 2021 will be used to develop a prototype and Alpha version of the EUT Network, as well as cross-platform software for Agents.

Deadline: The end of the second quarter of 2021

9.2.1 EUT Network - Alpha

The first release of the EUT Network will include centralized elements and will be available in open source to receive feedback from the community by the end of the second quarter of 2019.

9.2.2 EUT.Agent - cross-platform software for exit nodes owners

This product is one of the two most important foundations of the entire EUT Network, since it allows you to route traffic and sell internet bandwidth to the network.

The first versions for such popular platforms as Windows, Ubuntu, Android, MacOS, iOS will be developed.

9.3 Q3 - Q4 / 2019 : Proof of Concept (PoC) products and Network

For two quarters, further development of the EUT Network will be conducted taking into account feedback from the community. At the end of that period, the Beta release of the network will be made, which in essence will be a fully working version.

At the same time, on the basis of the Alpha version of the network, the development of products based on the network will begin; these products will ensure there is adequate demand for broadband. We hope to reduce development time through partnerships or the creation of specialized individual teams and business units in the company.

Deadline: The fourth quarter of 2019

9.3.1 Consumer VPN, based on DPI-free VPN protocol

In the development of standard VPN services we have no competitors. However, we are dealing with VPN on blockchain with a completely different level of development. VPN applications will be developed for all popular operating systems and platforms for maximum market coverage.

9.3.2 Advanced Proxy / Socks selling API platform

A unique platform on which it is possible to use the API to buy multiple outgoing residential IP addresses and their associated spare internet broadband. We expect that this product will allow us to create a huge demand for traffic on the network and therefore we have made it one of our priorities.

Privatix Network - Beta release

The second (Beta) release of the network will be a fully working Network but with some centralized elements. These elements will be fully transferred to the blockchain with the final release of the network in the next stage.

9.4 Q1 - Q2 / 2020 : Additional Proof of Concept (PoC) products and Network

At the beginning of 2019 our company will already have a fully working Network, so the work that will be conducted in the first two quarters of 2019 will relate to its final release and the transfer of all elements to the blockchain. Also in the first two quarters of 2019, two more products will be created based on the Network.

Deadline for release: The second quarter of 2019

Note: This stage will be implemented if the maximum goal (hard cap) is reached.

9.4.1 EUT Network - Final release

The final release of the network means that from then on it becomes completely autonomous and any developer can use it to create their own products.

9.4.2 EUT.FAAS (SDK)

A product that removes the need for developers to worry that their application will be blocked from any source, whether by a local firewall at the ISP level or a global block at governmental level.

9.4.3 Privatix.Monetize (SDK)

This product will allow developers to earn more on their applications and programs. By installing our SDK, the developer will be able to monetize a portion of users' spare bandwidth.

9.5 Q3 - Q4 / 2019 : Proof of Concept (PoC) products and Network

In the second half of 2019, having already a working and autonomous Privatix Network, we will be able to develop additional products based on it, which will increase the number of participants and, accordingly, the demand for the token itself.

Deadline for releases: end of 2019.

Note: This stage will be implemented if the maximum goal (hard cap) is reached.

9.5.1 Infrastructure for VPN providers

We plan to create a product in the form of a network-based service and essentially resell the broadband to existing VPN providers. They will be able to use the traffic from the Privatix Network instead of buying it from internet hosts, and thereby save costs without losing quality.

3. Additional information

3.1 Legal protection framework for exit nodes owners

We will develop a legal framework to help exit node owners (Agents) to handle situations when they are accused of improper activity by someone who used their node (IP address) .

The basic concept behind this proposal is that certain responsibilities will be transferred from Agents to our company. We will provide to all Agents a document stating that we as a company lease their network for our use and resell it. This document will contain the Agent's node IP and hash in blockchain and the Agent will be able to download it from his dashboard.

For example, in the event an exit node was compromised by criminal activity and police make an investigation, the Agent can print the document and give it to the investigators. Based on node hash and timestamps, the investigators can find on open blockchain related and relevant information, and also contact us and make request for additional data.

We will also try to provide legal help and assistance to investigators and compromised Agents in serious cases at our cost. We will take out some insurance as well; insurance that we can extend to all our Agents in future to cover these types of expenses, should the need arise.

Anonymity is the basis of our network. Of course it has certain risks, but in response to these risks we are going to free Agents from legal responsibility rather than stake out every user.

3.2 Solution for mass adoption problem

As advocates of blockchain principles and a decentralized economy, we certainly support the idea that all payments need to be executed internally with our tokens inside our crypto-economy. Even though this is our paramount goal, we understand that it would make it quite difficult to achieve mass adoption and tempt Agents. At this time, only a fraction of people understand the crypto-economy concept and we don't have time to wait for the entire internet to climb on board; that could take years.

In order to grow as fast as possible within these limitations, we will develop a centralized exchange gateway to the EUT crypto-economy in order to create a bigger supply of spare broadband and multiply the number of Agents quickly. Thus, not just users that are familiar with the crypto-world will be able to be an Agent and profit from spare broadband, but all regular internet users as well.

These Agents will see the EUT token as internal currency and the instant value of these tokens in fiat currency at the same time. For example, if an Agent accumulated the equivalent of “100” in some fiat currency and demanded to be paid, we would provide a simple mechanism to withdraw this token through exchange to fiat and pay him using a common payment system.

3.3 Commitment to open source community

Our team strongly believe in open source and make a promise after three years to contribute 5% from EUT profits to the development of important open source projects.

3.4 Legal disclaimers

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL, AN INVITATION TO INDUCE AN OFFER, OR A SOLICITATION OF AN OFFER TO ACQUIRE SECURITIES.

THIS DOCUMENT IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE INVESTMENT ADVICE.

OUR WHITE PAPER MAY CONTAIN ‘FORWARD-LOOKING STATEMENTS’ - THAT IS, STATEMENTS RELATED TO FUTURE, NOT PAST, EVENTS. IN THIS CONTEXT, FORWARD-LOOKING STATEMENTS OFTEN ADDRESS OUR EXPECTED FUTURE BUSINESS AND ORGANIZATIONAL PLANS, THE PERFORMANCE, AND DEVELOPMENT OF THE EUT PLATFORM INTEGRATED WITH BLOCKCHAIN,

AND OFTEN CONTAIN WORDS SUCH AS 'EXPECT', 'ANTICIPATE', 'INTEND', 'PLAN', 'WILL', 'WOULD', 'ESTIMATE', 'FORECAST' OR 'TARGET'. SUCH FORWARD-LOOKING STATEMENTS BY THEIR NATURE ADDRESS MATTERS THAT ARE, TO DIFFERENT DEGREES, UNCERTAIN. WE CANNOT GUARANTEE THAT ANY FORWARD LOOKING STATEMENTS, BACKTESTS OR EXPERIMENTS MADE BY US OR EXPECTED RESULTS OF OPERATION OF THE EUT PLATFORM WILL CORRELATE WITH THE ACTUAL FUTURE FACTS OR RESULTS.

ALL POTENTIAL RISKS CAN BE ASSESSED HERE

THE SALE OF EUT TOKENS CONSTITUTES THE SALE OF A LEGAL SOFTWARE PRODUCT UNDER EUT LAW. THIS PRODUCT SALE IS CONDUCTED BY EUT TOKEN LIMITED, A EUT LIMITED COMPANY, OPERATING UNDER EUT LAW. IT IS THE RESPONSIBILITY OF EACH POTENTIAL PURCHASER OF EUT TOKENS TO DETERMINE IF THE PURCHASER CAN LEGALLY PURCHASE EUT TOKENS IN THE PURCHASER'S JURISDICTION AND WHETHER THE PURCHASER CAN THEN RESELL THE EUT TOKENS TO ANOTHER PURCHASER IN ANY GIVEN JURISDICTION.

To be used if the White Paper and other documents will be available in multiple languages:

FOR THE CONVENIENCE OF OUR USERS, THE PRIVATIX WHITE PAPER, WEBSITE AND OTHER RELATED DOCUMENTS ARE AVAILABLE IN A NUMBER OF LANGUAGES. IN THE EVENT THERE IS ANY CONFLICT BETWEEN THE ENGLISH LANGUAGE VERSION AND A FOREIGN LANGUAGE VERSION, THE ENGLISH LANGUAGE VERSION SHALL GOVERN.

3.5 RISK FACTORS

You should carefully consider and evaluate each of the following risk factors and all other information contained in the Terms of Token Sale (the “Terms”) before deciding to participate in the EUT Token Sale (“Token Sale”). To the best of EUT Token Ltd.’s (the “Company”) knowledge and belief, all risk factors which are material to you in making an informed decision to participate in the Token Sale have been set out below. If any of the following considerations, uncertainties or material risks develops into actual events, the business, financial position and/or results of operations of the Company and the maintenance and level of usage of the EUT platform and the EUT Tokens (“EUT”) could be materially and adversely affected. In such cases, the trading price of EUT Tokens (in the case where they are listed on a cryptocurrency exchange) could decline due to any of these considerations, uncertainties or material risks, and you may lose all or part of your EUT Tokens.

RISKS RELATING TO PARTICIPATION IN THE TOKEN SALE

There is no prior market for EUT Tokens and the Token Sale may not result in an active or liquid market for the EUT Tokens

Prior to the Token Sale, there has been no public market for the EUT Tokens. Although the Company will use reasonable endeavors to seek the approval for availability of the EUT Tokens for trading on a cryptocurrency exchange, there is no assurance that such approval will be obtained. Furthermore, even if such approval is granted by a cryptocurrency exchange, there is no assurance that an active or liquid trading market for the EUT Tokens will develop or if developed, be sustained after the EUT Tokens have been made available for trading on such cryptocurrency exchange. There is also no assurance that the market price of the EUT Tokens will not decline below the original purchase price (the “Purchase Price”). The Purchase Price may not be indicative of the market price of the EUT Tokens after they have been made available for trading on a cryptocurrency exchange.

A EUT Token is not a currency issued by any central bank or national, supra-national or quasi-national organization, nor is it backed by any hard assets or other credit. The Company is

not responsible for nor does it pursue the circulation and trading of EUT Tokens on the market. Trading of EUT Tokens will merely depend on the consensus on its value between the relevant market participants, and no one is obliged to purchase any EUT Token from any holder of the EUT Token, including the purchasers, nor does anyone guarantee the liquidity or market price of EUT Tokens to any extent at any time.

Furthermore, EUT Tokens may not be resold to purchasers who are citizens or permanent residents of, People's Republic of China, Republic of Korea (including its territories and possessions) or any other jurisdiction where the purchase of EUT Tokens may be in violation of applicable laws. Accordingly, the Company cannot ensure that there will be any demand or market for EUT Tokens, or that the Purchase Price is indicative of the market price of EUT Tokens after they have been made available for trading on a cryptocurrency exchange.

Future sales or issuance of the EUT Tokens could materially and adversely affect the market price of EUT Tokens

Any future sale or issuance of the EUT Tokens would increase the supply of EUT Tokens in the market and this may result in a downward price pressure on the EUT Token. The sale or distribution of a significant number of EUT Tokens outside of the Token Sale (including but not limited to the sales of EUT Tokens undertaken after the completion of the initial token sale, issuance of EUT Tokens to persons other than purchasers for purposes of community and employee initiatives, affiliate (or bounty) program development, academic research, education and market expansion and issuance of EUT Tokens as a reward to employees and/or users of the EUT platform), or the mere perception that such further sales or issuance may occur, could adversely affect the trading price of the EUT Tokens.

Negative publicity may materially and adversely affect the price of the EUT Tokens

Negative publicity involving the Company, the Privatix platform, the EUT Tokens or any of the key personnel of the Company, may materially and adversely affect the market perception or market price of the EUT Tokens, whether or not it is justified.

We may not be able to pay any anticipated rewards in the future

There is no assurance that there will be any transaction volume such that you will receive any rewards anticipated to be distributed to active users of the EUT platform. Further, even in the

event there is substantial transaction volume and interactions among the users and the EUT platform, there is no assurance you personally will receive any part of the rewards. This is because the ability of the Company to pay any reward to you will depend on the future results of operations and the future business and financial condition of the Company and there is no assurance of the future results of operations and the future business and financial condition of the Company.

There is no assurance of any success of EUT Platform or any Future Business Line

The value of, and demand for, the PRIX Tokens hinges heavily on the performance of the EUT platform. There is no assurance that the EUT platform will gain traction after its launch and achieve any commercial success. Although the Company has performed some testing, including QA-testing of the EUT platform with relatively positive results, the EUT platform has not been fully developed and finalized and is subject to further changes, updates and adjustments prior to its launch. Such changes may result in unexpected and unforeseen effects on its projected appeal to users, possibly due to the failure to meet users' preconceived expectations based on the beta version, and hence impact its success. Limited usage of the EUT platform and potential lack of trust for its crowdsourced predictive accuracy would impact the public demand for the EUT Tokens and correspondingly the trading price of the EUT Tokens.

The trading price of the EUT Tokens may fluctuate following the Token Generation Event

The prices of cryptographic tokens in general tend to be relatively volatile, and can fluctuate significantly over short periods of time. The demand for, and corresponding the market price of, the EUT Tokens may fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond the control of the Company:

- (a) new technical innovations;
- (b) analysts' speculations, recommendations, perceptions or estimates of the EUT Token's market price or the Company's financial and business performance;
- (c) changes in market valuations and token prices of entities with businesses similar to that of the Company that may be listed on the same cryptocurrency exchanges as the EUT Tokens;

- (d) announcements by the Company of significant events, for example partnerships, sponsorships, new product developments;
- (e) fluctuations in market prices and trading volume of cryptocurrencies on cryptocurrency exchanges;
- (f) additions or departures of key personnel of the Company;
- (h) success or failure of the Company's management in implementing business, development and growth strategies;
- (i) changes in conditions affecting the blockchain or sport technology industry, the general economic conditions or market sentiments, or other events or factors.

The funds raised in the Token Sale are exposed to risks of theft

Further, upon receipt of the funds, the Company will make every effort to ensure that the funds received will be securely held through the implementation of security measures. Notwithstanding such security measures, there is no assurance that there will be no theft of the cryptocurrencies as a result of hacks, sophisticated cyber-attacks, distributed denials of service or errors, vulnerabilities or defects on the Token Sale website, in the smart contract(s), if used, on which the escrow wallet and the Token Sale may rely, on the Ethereum or any other blockchain, or otherwise. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. In such event, even if the Token Sale is completed, the Company may not be able to receive the cryptocurrencies raised and may not be able to use such funds for the development of the EUT platform and/or for launching the EUT platform, including but not limited to the structuring and through developing of the EUT peer-to-peer bandwidth marketplace. In such case, the launch of the Privatix platform might be temporarily or permanently curtailed. As such, distributed EUT Tokens may hold little worth or value, and this would impact its trading price.

RISKS RELATING TO EUT TOKEN LIMITED.

The EUT platform is developed, operated and maintained by EUT Token Limited. Any events or circumstances which adversely affect EUT Token Limited or any of its successor operating entities (collectively referred to herein as "EUT Token Limited") may have a

corresponding adverse effect on the EUT platform. Such adverse effects would correspondingly have an impact on the utility, liquidity, and the trading price of the PRIX Tokens.

EUT Token Limited may be materially and adversely affected if it fails to effectively manage its operations as its business develops and evolves, which would have a direct impact on its ability to maintain the EUT platform. The sport media technology and cryptocurrency industries, and the markets in which EUT Token Limited competes have grown rapidly over the past years and continue to evolve in response to new technological advances, changing business models and other factors. As a result of this constantly changing environment, EUT Token Limited may face operational difficulties in adjusting to the changes, and the sustainability of EUT Token Limited will depend on its ability to manage its operations and ensure that it hires qualified and competent employees, and provides proper training for its personnel. As its business evolves, EUT Token Limited must also expand and adapt its operational infrastructure. EUT Token Limited's business relies on its blockchain-based software systems, cryptocurrency wallets or other related token storage mechanisms, blockchain technology and smart contract technology, if used, and on machine learning and artificial intelligence platforms. All of these systems and tools represent complex, costly, and rapidly changing technical infrastructure. In order to demonstrate continued ability to effectively manage technical support infrastructure for the EUT platform, EUT Token Limited will need to continue to upgrade and improve its data systems and other operational systems, procedures and controls. These upgrades and improvements will require a dedication of resources, are likely to be complex and increasingly rely on hosted computer services from third parties that EUT Token Limited does not control. If EUT Token Limited is unable to adapt its systems and organization in a timely, efficient and cost-effective manner to accommodate changing circumstances, its business, financial condition and results of operations may be adversely affected. If the third parties whom EUT Token Limited relies on are subject to a security breach or otherwise suffer disruptions that impact the services EUT Token Limited uses, the integrity and availability of its internal information could be compromised, which may consequently cause the loss of confidential or proprietary information, and economic loss. The

loss of financial, labor or other resources, and any other adverse effect on EUT Token Limited's business, financial condition and operations, would have a direct adverse effect on EUT Token Limited's ability to maintain the EUT platform. Any adverse effects affecting EUT Token Limited's business or technology are likely to also adversely impact the utility, liquidity, and trading price of the EUT Tokens.

EUT Token Limited may experience system failures, unplanned interruptions in its network or services, hardware or software defects, security breaches or other causes that could adversely affect EUT Token Limited's infrastructure network, and/or the EUT platform.

EUT Token Limited is not able to anticipate when there would be occurrences of hacks, cyber-attacks, distributed denials of service or errors, vulnerabilities or defects in the EUT platform, in the smart contracts, if used, or on the Ethereum or any other blockchain technology. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. EUT Token Limited may not be able to detect such hacks, cyber-attacks, distributed denials of service errors vulnerabilities or defects in a timely manner, and may not have sufficient resources to efficiently cope with multiple service incidents happening simultaneously or in rapid succession.

EUT Token Limited's network or services, which would include the EUT platform, could be disrupted by numerous events, including natural disasters, equipment breakdown, network connectivity downtime, power losses, or even intentional disruptions of its services, such as disruptions caused by software viruses or attacks by unauthorized users, some of which are beyond EUT Token Limited's control. Although EUT Token Limited has taken steps against malicious attacks on its platform or its infrastructure, which are critical for the maintenance of the EUT platform, there can be no assurance that cyber-attacks, such as distributed denials of service, will not be attempted in the future, that Company's enhanced security measures will be effective. EUT Token Limited may be prone to attacks on its infrastructure intended to steal information about its technology, financial data or user information or take other actions that would be damaging to the Company and/or holders of the EUT Tokens. Any significant breach of the Company's security measures or other disruptions

resulting in a compromise of the usability, stability and security of the EUT platform may adversely affect the utility, liquidity and/or trading price of the EUT Tokens.

We are dependent in part on the location and data center facilities of third parties

EUT Token Limited's current infrastructure network is in part established through servers which it owns and houses at the location facilities of third parties, and servers that it rents at data center facilities of third parties. If the Company is unable to renew its data facility lease on commercially reasonable terms or at all, EUT Token Limited may be required to transfer its servers to a new data center facility, and may incur significant costs and possible service interruption in connection with the relocation. These facilities are also vulnerable to damage or interruption from, among others, natural disasters, arson, terrorist attacks, power losses, and telecommunication failures. Additionally, the third party providers of such facilities may suffer a breach of security as a result of third party action, employee error, malfeasance or otherwise, and a third party may obtain unauthorized access to the data in such servers. As techniques used to obtain unauthorized access to, or to sabotage systems change frequently and generally are not recognized until launched against a target, EUT Token Limited and the providers of such facilities may be unable to anticipate these techniques or to implement adequate preventive measures. Any such security breaches or damages which occur which impact upon the Company's infrastructure network and/or the EUT platform may adversely impact the utility, liquidity, and/or trading price of the EUT Tokens.

General global market and economic conditions may have an adverse impact on EUT Token Limited operating performance, results of operations and cash flows

EUT Token Limited has been and could continue to be affected by general global economic and market conditions. Challenging economic conditions worldwide have from time to time, contributed, and may continue to contribute, to slowdowns in the information technology industry at large. Weakness in the economy could have a negative effect on the Company's business, operations and financial condition, including decreases in revenue and operating cash flows, and inability to attract future equity and/or debt financing on commercially reasonable terms. Additionally, in a down-cycle economic environment, EUT Token Limited may experience the negative effects of a slowdown in trading and usage of the Privatix platform.

Suppliers on which EUT Token Limited relies for servers, bandwidth, location and other services could also be negatively impacted by economic conditions that, in turn, could have a negative impact on the Company's operations or expenses. There can be no assurance, therefore, that current economic conditions or worsening economic conditions or a prolonged or recurring recession will not have a significant adverse impact on EUT Token Limited's business, financial condition and results of operations and hence the EUT platform. Any such circumstances would then correspondingly negatively impact the utility, liquidity, and/or trading price of the EUT Tokens.

The Company or the EUT Tokens may be affected by newly implemented regulations

Cryptocurrency trading and token sales are generally unregulated worldwide, but numerous regulatory authorities across jurisdictions have been outspoken about considering the implementation of regulatory regimes which govern cryptocurrency or cryptocurrency markets.

The Company or the EUT Tokens may be affected by newly implemented regulations relating to cryptocurrencies or cryptocurrency markets, including having to take measures to comply with such regulations, or having to deal with queries, notices, requests or enforcement actions by regulatory authorities, which may come at a substantial cost and may also require substantial modifications to the EUT platform. This may impact the appeal of the EUT platform for users and result in decreased usage of the EUT platform and the EUT Tokens. Further, should the costs (financial or otherwise) of complying with such newly implemented regulations exceed a certain threshold, maintaining the EUT platform may no longer be commercially viable and the Company may opt to discontinue the EUT platform and/or the EUT Tokens. Further, it is difficult to predict how or whether governments or regulatory authorities may implement any changes to laws and regulations affecting distributed ledger technology and its applications, including the EUT platform and the EUT Tokens. EUT Token Limited may also have to cease operations in a jurisdiction that makes it illegal to operate in such jurisdiction, or make it commercially unviable or undesirable to obtain the necessary regulatory approval(s) or license(s) to operate in such jurisdiction. In scenarios such as the foregoing, the utility, liquidating, and/or trading price of EUT Tokens will be adversely affected or EUT Tokens may cease to be traded.

There may be unanticipated risks arising from the EUT Tokens

Cryptographic tokens such as the EUT Tokens are a relatively new and dynamic technology. In addition to the risks included in the above discussion of Risk Factors, there are other risks associated with your purchase, holding and use of the EUT Tokens, including those that EUT Token Limited cannot anticipate. Such risks may further appear as unanticipated variations or combinations of the risks discussed above.

