Terms and Conditions

ADX Creation and AdEx Project Creation

Terms & Conditions, Explanatory Note

ADX Creation and AdEx Project Creation

Principles

1 By transferring Ether (ETH) to the Smart Contract System and the Smart Contract System creating ADX Tokens ("ADX"), the User understands and accepts that the User makes a contribution into a Smart Contract System for the development of the AdEx Project, a Decentralized Ad Exchange, as further described in the AdEx Project Whitepaper ("AdEx Project" / "the Whitepaper"). For the Whitepaper and/or further information on the AdEx Project, visit: https://www.AdEx.network . The information contained in the Whitepaper and on the website are of descriptive nature only, are not binding and do – unless explicitly referred to herein – not form part of the Terms as set forth under para. 5 below.

2 The User understands and accepts that while the individuals and entities, including AdEx Network OÜ, incorporated under the law of Estonia (hereinafter "AdEx"), assigned to this task will make reasonable efforts to develop and complete the AdEx Project, **it is possible that such development may fail and User's ADX become useless and/or valueless due to technical, commercial, regulatory or any other reasons** (see also Chapter 5 regarding Risks).

3 The User is also aware of the risk that even if all or parts of the AdEx Project are successfully developed and released in full or in parts, due to a lack of public interest, the AdEx Project could be fully or partially abandoned, remain commercially unsuccessful or shut down for lack of interest, regulatory or other reasons. **The User therefore understands and accepts that the transfer of ETH to the Smart Contract System and the creation of ADX by the Smart Contract System carry significant financial, regulatory and/or reputational risks (including the complete loss of value of created ADX if any, and attributed features of the AdEx Project)**.

4 The User furthermore understands and accepts that - as the creation of the ADX as well as the assignment of the execution of the AdEx Project are smart contract based - the terms and conditions applicable thereon are set forth in the Smart Contract System Code, consisting of interconnected software code, existing on the Ethereum blockchain at the address specified on https://www.AdEx.network . **To the extent the terms contained herein or in any other document or communication contradict to the ones set forth in the Smart Contract System, the terms of the Smart Contract System prevail. Furthermore, neither this document nor any other document or communication may modify or add any additional obligations to AdEx or publisher of these terms or developer of the Smart Contract System and/or any other person, AdEx and/or affiliates involved with the deployment of the Smart Contract System and the setting**

up of the AdEx Project beyond those set forth in the Smart Contract System.

5   By transferring ETH to the Smart Contract System, the User expressly agrees to all of the terms and conditions set forth in Smart Contract System Code existing on the Ethereum blockchain (at the addresses set forth under para 4) and in this document (together the "Terms"), which is incorporated by reference herein. **The User further confirms to have carefully reviewed the Smart Contract System Code, its functions and the terms and conditions set forth in this document and to fully understands the risks and costs of creating ADX and contributing into a Smart Contract System for the development of the AdEx Project.**

6   This document does not constitute a prospectus of any sort, is not a solicitation for investment and does not pertain in any way to an initial public offering or a share/equity offering and does not pertain in any way to an offering of securities in any jurisdiction. It is a description of the functionality of a Smart Contract System.

7   By transferring ETH to the Smart Contract System and/or receiving ADX, no form of partnership, joint venture or any similar relationship between the Users and AdEx and/or other individuals or entities involved with the deployment of the Smart Contract System and the setting up of the AdEx Project is created.

8   The exchange in the Smart Contract System will not involve any fiat currencies and will strictly be done in cryptocurrencies (ETH).

1.   ADX Creation Function

1.1   No Ownership, Revenue or Governance Rights

9   **No Ownership, Revenue or Governance Rights**: In particular, User understands and accepts that **ADX do not represent or constitute any ownership right or stake, share or security or equivalent rights nor any right to receive future revenues, shares or any other form of participation or governance right in or relating to the AdEx Project and/or AdEx.** Ownership of ADX carries no rights, express or implied, other than the right to participate in the AdEx Project, if and to the extent the AdEx Project has been successfully completed and launched. AdEx may determine, in its sole discretion, that it is necessary to obtain certain personal information about Users to engage with AdEx project. User agree to provide AdEx such information promptly upon request.

1.2   Contribution

10   **Token Pools:** During the Creation Period, an amount of 100'000'000 ADX is planned to be created by the Smart Contract System ("Total Launch Quantity"), all of equal value and

functionality, however, divided by the Smart Contract System into 6 possible different pools.

- **Pool A / "Reserve Pool" consisting of 80'000'000 ADX**, intended to be created by the Smart Contract System during the Creation Period for Users having made Contributions. If the Contributions made by Users reach the Maximum Contribution Amount before the necessary to create 80'000'000 ADX to the Users of Pool A, the remaining number of ADX created by the Smart Contract System shall be allocated to a special **"Reserve Pool"** for the use of AdEx at its complete discretion. User understands and accepts that AdEx may use ADX in the Reserve Pool at its sole discretion, in any such way that supports the continuous development of the AdEx project.

  ADX of Reserve Pool are subject to a 2 (two) years descending vesting / lockup-period implemented in the SCS and therefore may not be transferred in accordance to the following schedule: First 6 months upon start of the Initial Creation Period: No transfers possible; 7th-24th months upon start of the Initial Creation Period: ¼ of ADX shall immediately becomes transferable, while the remaining ADX shall vest at a relative amount for each block generated on the Ethereum blockchain.

  User also understands and accepts that AdEx has the right to implement in the SCS a pre-allocation of Pool A ADX to third parties which were granted the right to participate in the contribution at an early stage. Accordingly, parts of the Pool A token will not be allocated to Users contributing during the Initial Creation Period, but to Users who made contributions to AdEx prior to the start of the Initial Creation Period.

- **Pool B consisting of 10'000'000 ADX** (10% of Total Launch Quantity)**,** intended to be created by the Smart Contract System during the Creation Period for people who participated as managers, founders, and other active team members who are working to develop the ideas and supporting structures of the AdEx Project ("AdEx Team Members").

  ADX of Pool B are subject to a 1 (one) year descending vesting / lockup-period implemented in the SCS and therefore may not be transferred in accordance to the following schedule: First 3 months upon start of the Initial Creation Period: No transfers possible; 4th-12th months upon start of the Initial Creation Period: ¼ of ADX shall immediately becomes transferable, while the remaining ADX shall vest at a relative amount for each block generated on the Ethereum blockchain

- **Pool C consisting of 6'000'000 ADX** (6% of Total Launch Quantity) intended to be created by the Smart Contract System during the Creation Period for people who participated as advisors and partners who made early development contributions or provided support or resources that were needed to realize the current design of the AdEx Project ("AdEx Advisors").

ADX of Pool C are subject to a 1 (one) year descending vesting / lockup-period implemented in the SCS and therefore may not be transferred in accordance to the following schedule: First 3 months upon start of the Initial Creation Period: No transfers possible; 4th -12th months upon start of the Initial Creation Period: ¼ of ADX shall immediately becomes transferable, while the remaining ADX shall vest at a relative amount for each block generated on the Ethereum blockchain.

- **Pool D consisting of 2'000'000 ADX** (2% of Total Launch Quantity)**,** intended to be created by the Smart Contract System during the Creation Period for WINGS DAO, at an Ethereum Smart Contract address specified on http://wings.ai ("WINGS"), to be distributed to users who participated in the AdEx Forecast and Evaluation Process on WINGS.

- **Pool E consisting of 2'000'000 ADX** (2% of Total Launch Quantity)**,** intended to be created by the Smart Contract System during the Creation Period for allocation to community grants and bounties.

11 **Creation Rate and Bonus System:** The Creation Rate during Creation Period for each ADX of Pool A will be divided into different levels, representing different Bonus schemes, according to the timing of the Contributions:

- **First day of the Creation Period**: For every ETH contributed, there will be 1,170 ADX allocated;

- **After the first day and for additional six days (until one week after the Creation Period have elapsed):** For every ETH contributed, there will be 1,035 ADX allocated;

- **After the first seven days and for For the rest of the Contribution Period:** For every ETH contributed, there will be 900 ADX allocated;

12 **Maximum Contribution Amount:** The Maximum Contribution Amount will be 40'000 ETH approx. USD 10 million, depending on the development of the exchange rate USD/ETH.

13 **Creation Period:** The Creation Period starts on June 30th, 2017, at 11:00 UTC and lasts until the Maximum Contribution Amount has been reached <u>or</u> for a maximal duration of 1 (one) month ("Maximal Duration Of Creation Period"), whichever is earlier.

14 **Activation Threshold**: If Contributions of less than ETH 4'500 (approx. USD 1.5 million, depending on the development of the exchange rate USD/ETH) are submitted to the Smart Contract System, the project is considered to have failed. The User's contribution will be transferred back to the address used to transfer the ETH to the Smart Contract System.

15 **Creation and Allocation of ADX:** The creation and allocation of ADX of Pool A by the Smart Contract System are initiated by the User sending an amount of ETH to the Smart

Contract System, located on the Ethereum blockchain at the addresses set forth under para 4, which triggers a smart contract operation. The Smart Contract System creates and allocates the corresponding ADX to the User's wallet address, from where the ETH were sent from. User therefore shall assure to make his contribution using an ETH address to which the Smart Contract System can send back ADX and/or ETH to (e.g. not an address of a currency exchange, such as Poloniex or Shapeshift). Issuance of ADX (meaning that respective entries of the Public Key (PUK) of User) are made by the Smart Contract System on the blockchain according to the allocation information in the Smart Contract System.

16 **No Refund:** The User understands and accepts that all Contributions for ADX are final and may not be reversed. Contributions are non-refundable. By contributing for ADX, the User acknowledges that he has no right to request a refund for any reason, and that the User will not receive money or other compensation for any ADX that is not used or remains unused.

17 **Assure to use the original Smart Contracts**: Only the Smart Contract(s) existing at the addresses set forth under para 4 will issue ADX during the Creation Period. Access to this Smart Contract will be available through https://www.AdEx.network . To the extent that any third-party website, service or smart-contract offers ADX during the Creation Period or facilitates the allocation or transfer of ADX in any way during the Creation Period or at any time up to its release, such third-party websites or services are, unless explicitly mentioned on https://www.AdEx.network , not authorised by AdEx and have no relationship in any way with AdEx.

18 **Transferability of ADX during the Creation Period:** Any and all ADX are not transferable during the Creation Period, as set forth in the Smart Contract System.

19 **Contribution Freeze / Abort**: During the Creation Period, the AdEx team may at any time stop the contribution function for security reasons. As long as such contribution freeze is upheld or if the Creation Period is aborted, no further Contribution will be possible.

1.3   ADX Functionality

20 ADX are only for use in connection with the AdEx Project under the terms of the Smart Contract System and under the terms of the AdEx Project (to be released), and only constitute a transferable representation of attributed functions specified in the Smart Contract System.

21 Ownership of ADX carries no rights express or implied other than participation in the AdEx Project as a mean to enable usage of and interaction with and within the AdEx Project, if successfully completed and deployed (see section 3). Beyond this, ownership of ADX carries no rights express or implied. In particular, User understands and accepts that he has no right to claim as holder of ADX any intellectual property rights, equity or equivalent rights or any other form of participation in or relating to the AdEx Project and/or AdEx.

1.4   Representation and Warranties of User

22 By transferring ETH to the Smart Contract System and creating ADX, the User represents and warrants that:

- the user is not a citizen or resident of a country, whose legislation conflicts with the present allocation of ADX and/or the AdEx Project in general;

- the user is not a citizen or resident of the USA;

- the User has a deep understanding of the functionality, usage, storage, transmission mechanisms and intricacies associated with cryptographic tokens, like bitcoin (BTC) and Ether (ETH), and blockchain-based software systems;

- the User understands and accepts that there is no warranty or assurance that the network of miners will allocate the ADX to the Users as proposed by these Terms.

- the User has carefully reviewed the code of the Smart Contract System located on the Ethereum blockchain at the addresses set forth under para 4 and fully understands and accepts the functions implemented therein;

- the User is legally permitted to transfer ETH to the Smart Contract System, create and obtain ADX in the User's jurisdiction;

- User will contribute ETH from a wallet or wallet service provider that technically supports the ADX. User understands and accepts, that failure to assure this may have the result that User will not gain access to his ADX;

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

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

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

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

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

- the User is purchasing the functionality of the ADX issued by the Smart Contract System primarily to support the development, testing, deployment and operation of the AdEx Project, being aware of the commercial risks associated with the AdEx Project;

- the User waives the right to participate in a class action lawsuit or a classwide arbitration against AdEx or any individual involved with the creation of ADX;

- the User understands the creation of ADX does not involve the purchase of shares or any equivalent in any existing or future public or private company, corporation or other entity in any jurisdiction;

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

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

- the User understands that the User has, other than in case the Activation Threshold has not been reached (see para 14), no right against any other party to request any refund of the ETH submitted to the Smart Contract System for the creation of the ADX under any circumstance; and that

- the User understands with regard to ADX no market liquidity may be guaranteed and that the value of ADX over time may experience extreme volatility or depreciate in full;

- the User understands that the User bears the sole responsibility to determine if the User's contribution to the Smart Contract System for the development of the AdEx Project, the transfer of ETH to the Smart Contract System, the creation, ownership or use of ADX, the potential appreciation or depreciation in the value of ADX over time (if any), the allocation of ADX and/or any other action or transaction related to the AdEx Project have tax implications for him; by creating, holding or using ADX, and to the extent permitted by law, the User agrees not to hold any third party (including developers, auditors, contractors or founders) liable for any tax liability associated with or arising from the creation, ownership or use of ADX or any other action or transaction related to the AdEx Project.

23 As part of the creation process the User will use own account (address) on the Ethereum network, with a private key associated to this address and password. The password is used to encrypt the User's private key. Following the creation of ADX by the Smart Contract System, the ADX will be transferred to the User's address by the Smart Contract System. The User understands that the User must keep his password and private key safe and that

the User may not share them with anybody. The User further understands that if his private key and/or password is lost or stolen, the User will not be able to generate a new password or recover his private key, and if the User also loses his private keys and password, the ADX associated with the User's account (address) will be unrecoverable and will be permanently lost. Furthermore, the User understands that there is no recovery mechanism for lost keys and passwords, so no one will be able to help the User retrieve or reconstruct a lost password and private keys and provide the User with access to any lost ADX.

2.   AdEx Project Execution

24   The User understands and accepts that the development and execution of the AdEx Project will be released by the Smart Contract System to the wallet of a third party contractor, AdEx. AdEx has the right to engage subcontractors to perform the entire or partial development and execution of the AdEx Project. The scope of the development work will be triggered by the amount of Contributions received during the Creation Period.

25   The User understands and accepts that for the purpose of the development and execution of the AdEx Project, AdEx receives the full amount of ETH transferred to the Smart Contract System during the Creation Period. This amount covers expenses, charges and other costs that may arise by AdEx and/or its subcontractors as part of the development and execution of the AdEx Project. It remains at AdEx's sole discretion to decide how to allocate the funds in order to develop and execute the AdEx Project.

26   The User understands and accepts that the User may not have any expectation of influence over governance on the AdEx Project.

27   The User understands and accepts that the AdEx Project will need to go through substantial development works as part of which it may become subject of significant conceptual, technical and commercial changes before release. User understands and accepts that as part of the development, an upgrade of the ADX may be required (including the migration of all ADX to a different protocol, such as Rootstock) and that, if User decides not to participate in such upgrade, he may no longer use his ADX and that non upgraded ADX may lose their functionality in full.

3.   Audit of the Smart Contract System

28   The Smart Contract System has been, on a reasonable effort basis, audited and approved by technical experts. The technical experts have confirmed that the Smart Contract System has, with regard to both accuracy and security, been programmed according to the current state of the art.

29   However, the User understands and accepts that smart contract technology is still in an early development stage and its application of experimental nature which carries significant

operational, technological, financial, regulatory and reputational risks. Accordingly, while the audit conducted raises the level of security and accuracy, the User understands and accepts that the audit does not amount to any form of warranty, including direct or indirect warranties that the Smart Contract System and the ADX are fit for a particular purpose or do not contain any weaknesses, vulnerabilities or bugs which could cause, inter alia, the complete loss of ETH and/or ADX.

4.   Risks

30   The User understands and accepts the risks in connection with transferring ETH to the Smart Contract System and creating ADX as exemplary set forth above and hereinafter. In particular, but not concluding, the User understands the inherent risks listed hereinafter:

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

- **Regulatory risk**: The User understands and accepts that the blockchain technology allows new forms of interaction and that it is possible that certain jurisdictions will apply existing regulations on, or introduce new regulations addressing, blockchain technology based applications, which may be contrary to the current setup of the Smart Contract System and which may, inter alia, result in substantial modifications of the Smart Contract System and/or the AdEx Project, including its termination and the loss of ADX for the User.

- **Risk of abandonment / lack of success**: The User understands and accepts that the creation of the ADX and the development of the AdEx Project may be abandoned for a number of reasons, including lack of interest from the public, lack of funding, lack of commercial success or prospects (e.g. caused by competing projects). The User therefore understands that there is no assurance that, even if the AdEx Project is partially or fully developed and launched, the User will receive any benefits through the ADX held by him.

- **Risk associated with other applications**: The User understands and accepts that the AdEx Project may give rise to other, alternative projects, promoted by unaffiliated third parties, under which ADX will have no intrinsic value.

- **Risk of loss of private key**: ADX can only be accessed by using an Ethereum wallet with a combination of User's account information (address), private key and

password. The private key is encrypted with a password. The User understands and accepts that if his private key file or password respectively got lost or stolen, the obtained ADX associated with the User's account (address) or password will be unrecoverable and will be permanently lost.

- **Risk of theft**: The User understands and accepts that the Smart Contract System concept, the underlying software application and software platform (i.e. the Ethereum blockchain) may be exposed to attacks by hackers or other individuals that could result in theft or loss of ADX or ETH, impacting the ability to develop the AdEx Project.

- **Risk of Ethereum mining attacks**: The User understands and accepts that, as with other cryptocurrencies, the blockchain used for the Smart Contract System is susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and race condition attacks. Any successful attacks present a risk to the Smart Contract System, expected proper execution and sequencing of ADX transactions, and expected proper execution and sequencing of contract computations.

- **Risk of incompatible Wallet service:** The User understands and accepts, that the wallet or wallet service provider used for the contribution, has to be technically compatible with the ADX. The failure to assure this may have the result that User will not gain access to his ADX.

5. Taxation

31 The User bears the sole responsibility to determine if his contribution into the Smart Contract System for the development of the AdEx Project, the transfer of ETH, the creation, ownership or use of ADX, the potential appreciation or depreciation in the value of ADX over time (if any), the allocation of ADX and/or any other action or transaction related to the AdEx Project have tax implications for him.

32 By creating, holding or using ADX, and to the extent permitted by law, the User agrees not to hold any third party (including developers, auditors, contractors or founders) liable for any tax liability associated with or arising from the creation, ownership or use of ADX or any other action or transaction related to the AdEx Project.

6. No Liability

33 The User acknowledges and agrees that, to the fullest extent permitted by any applicable law, the User will not hold any developers, advisors, auditors contractors or founders of the ADX, the Smart Contract System and/or AdEx liable for any and all damages or injury whatsoever caused by or related to the use of, or the inability to use, ADX or the Smart

Contract System under any cause or action whatsoever of any kind in any jurisdiction, including, without limitation, actions for breach of warranty, breach of contract or tort (including negligence) and that developers, auditors, advisors, contractors or founders of the Smart Contract System, the ADX and/or the AdEx Project shall not be liable for any indirect, incidental, special, exemplary or consequential damages, including for loss of profits, goodwill or data, in any way whatsoever arising out of the use of, or the inability to use of the Smart Contract System, the AdEx Project and/or ADX.

34   The User further specifically acknowledges that developers, advisors, auditors, contractors or founders of the ADX, Smart Contract System and/or the AdEx Project are not liable, and the User agrees not to seek to hold them liable, for the conduct of third parties, including other creators of ADX, and that the risk of creating, holding and using ADX rests entirely with the User.

35   By creating, holding or using ADX, and to the extent permitted by law, the User agrees not to hold any third party (including developers, auditors, advisors, contractors or founders) liable for any regulatory implications or liability associated with or arising from the creation, ownership or use of ADX or any other action or transaction related to the AdEx Project.

7.   Miscellaneous

36   The User understands and accepts that the network of miners will be ultimately in control of the Smart Contract System. The User understands that a majority of these miners could agree at any point to make changes to the official Smart Contract System and to run the new version of the Smart Contract System. Such a scenario could lead to ADX losing intrinsic value.

37   The User agrees that if any portion of these Terms is found illegal or unenforceable, in whole or in part, such provision shall, as to such jurisdiction, be ineffective solely to the extent of such determination of invalidity or unenforceability without affecting the validity or enforceability thereof in any other manner or jurisdiction and without affecting the remaining provisions of the Terms, which shall continue to be in full force and effect.

38   The Terms govern the creation, ownership and use of ADX and supersede any public statements about the launch of ADX and/or the Smart Contract System made by anyone in the past, present and future.

39   The applicable law is Estonian law. Any dispute arising out of or in connection with the creation of the ADX and the development and execution of the AdEx Project shall be finally settled by the ordinary courts of the registered domicile of the defendant.

June 30, 2017