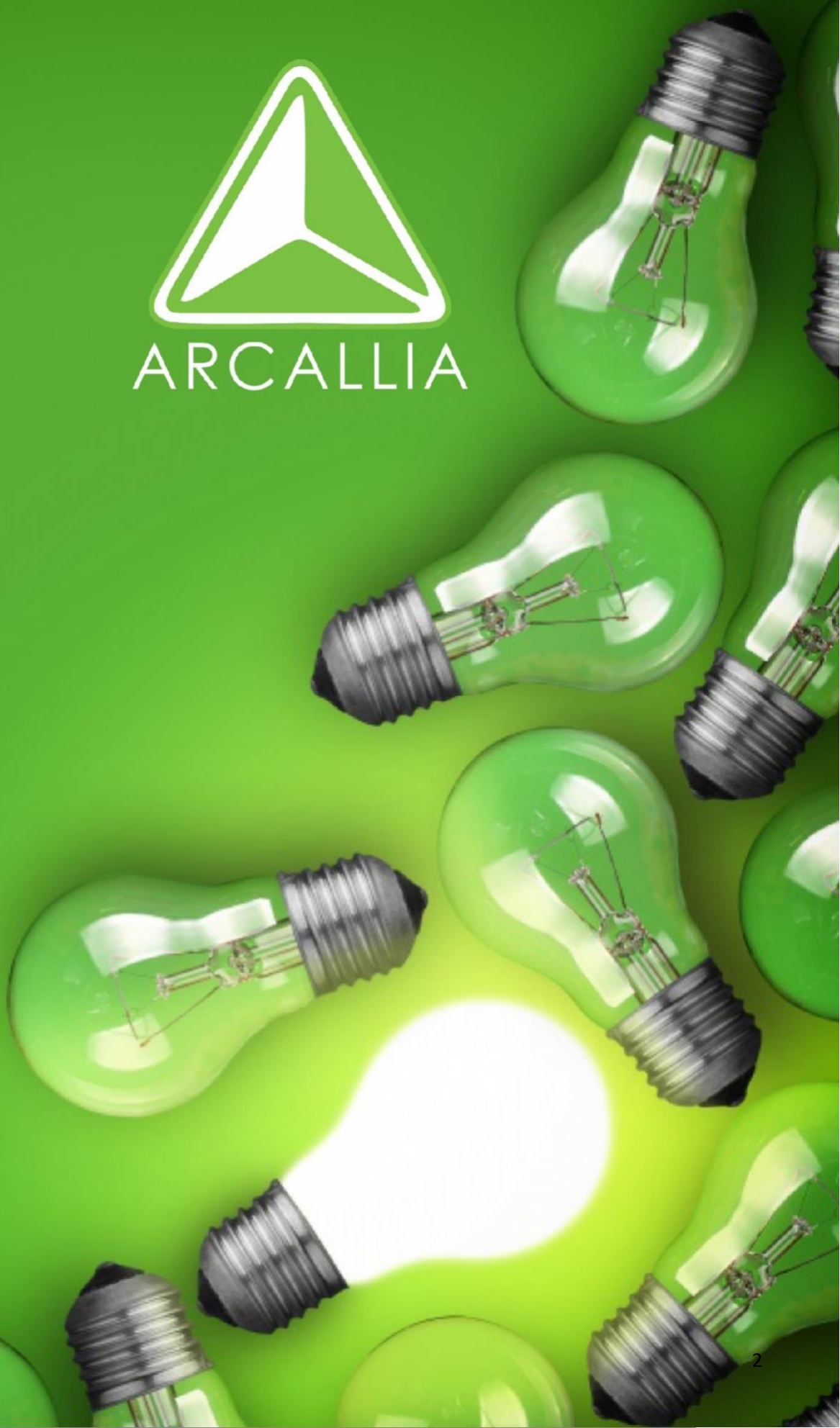




ARCALLIA





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Arcallia is developing the world's first decentralized blockchain-powered global marketplace for innovation.

The world has seen tremendous progress and a digital revolution is in making. But all this advancement in technology has not helped reduce the world's suffering in a substantial and effective manner. We still need major breakthroughs in **energy, transport, food and health industries**. Such technological revolutions are only possible if we have a framework where we can help inventors fund their ideas and where these ideas can be adapted on a scale.

AIM

Arcallia's aim is to help bring the creations of the inventors to life and in this way help to make the world a better place.



Arcallia has integrated blockchain and its multiple features into the crowdfunding platform to allow for a decentralized distributed system. It allows for transparency for all stakeholders and our unique business model has created incentivization as the centrepiece for a win-win ecosystem. Arcallia will be Ethereum based and is designed to disrupt existing crowdfunding and traditional funding channels that have failed to meet the demands of the inventors' community.

Arcallia's platform will allow a curated list of inventors to engage with investors and corporates across the world. They would be able to showcase their IP, technology, solutions, patents, etc to the widest range of possible partners. The inventors will be able to get funding for their IP and will also be able to leverage the investor/corporate network for further development and deployment. The inventor community will finally be able to push revolutionary tech, which can push the humanity forward, from their labs to the real world.

The investor and corporates are struggling to earn a good rate of return on their investments in this ultra-competitive low-yield environment. The only differentiation today that can guarantee profits is the ability to protect your product or service through some unique IP or technical creativity. Investing through Arcallia's platform would allow investors/corporates to focus on their own individual requirements.

Arcallia, in effect, will become the Amazon of innovation where investors and corporates would be able to browse through hundreds and thousands of innovations and proprietary IP to evaluate what best suits their corporate and portfolio needs.

They can partner with the inventor in multiple ways. They can directly buy out the inventions, they can look to fund the inventor and take a stake in his company or license the technology for their own company for a royalty fee.

All of the above transactions would be routed through the EESTY Coin.

Thus the token will be the lifeblood of the platform and all funding and payouts will be denominated in EESTY Coin. Thus there will be a strong network effect where the



value of the token will increase in proportion to the increase in the number of participants.

The ethos of Arcallia's EESTY Coin is to be the bridge between investors and inventors and to create a win-win context where all the stakeholders in particular and our entire world in general can benefit from technical innovations brought to life.

SUMMARY OF ARCALLIA TOKEN

NAME	EESTY COIN
TICKER NAME	EEC TOKEN
CROWDFUNDING	8 BILLION TOKENS
STAGE 1	1,000,000,000 TOKENS
STAGE 2	7,000,000,000 TOKENS
1 TOKEN	1.00 USD



ARCALLIA

Bringing Innovations to Life
Ethereum based decentralized platform

What Arcallia Enables?

- Implementing inventions and innovative solutions in economy
- Comparative analyse of projects and implementation options
- Investments to economy
- Generating employment
- Export products and expert services of engineers, IT-specialists, designers, copywriters etc.
- Hub of international technology

What Arcallia Highlights?

- All transactions will be in EEC Token
- Strictly concentrated to innovation
- Administrative support for inventors and idea owners
- Support services to execute projects
- Buying and selling of genuine ideas/ solutions

“It’s not about ideas. It’s about making the idea happen.”



PROBLEM 1

Coming up with a great idea is only a small part of developing a new product. One common hurdle that almost every inventor has to face is how to shape his idea into a product. An idea can be developed into a product only when it is backed by a potential investor. So the first barrier is how can individual inventors find the money to get started with their ideas?

PROBLEM 2

Once the funding is in place to support the setup costs and working capital, then comes the commercialization stage. Commercialization of invention means introducing the invention as a product for sale to the general public. This involves legal risks, obtaining protection rights and contract of transfer of rights or grant of license to potential investors, manufactures and distributors. The investor you choose is the backbone behind the success of an invention.

PROBLEM 3

To find a legitimate investor and monetizing the invention is another barrier that inventors face. There are only few inventors who make millions of dollars on their first invention. The others more often become the prey of large corporations and are not compensated well because of lack of commercial experience and non-existent professional support in this domain.

PROBLEM 4

One of the gravest problems of our generation is the global misallocation of capital. Currently, out of \$100 trillion of global investible capital, only 1.4% is spent a year on facilitating innovation that is meant to improve the society's overall efficiency and future quality of life.¹ Wall Street is investing a major part of this money on derivatives for facilitating needless trading. These investments neither help the final

1 <https://www.youtube.com/watch?v=VtZbWnIALeE&feature=youtu.be&t=34s>

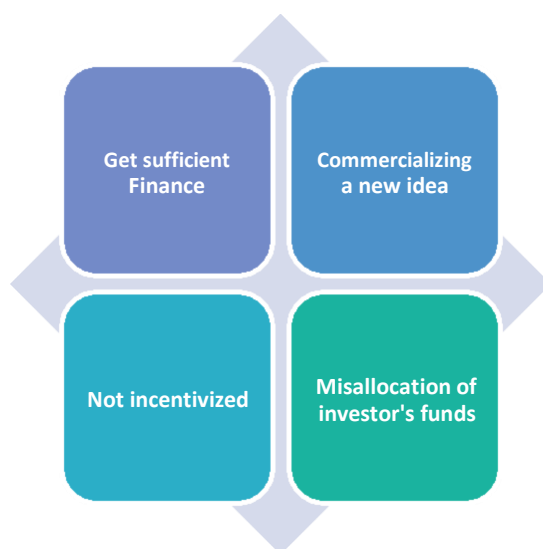


investor achieve superior returns nor ensure social or even commercial good for all stakeholders involved. The only aim of such investments and trading is to generate fees for Wall Street. This is crippling innovation and can have a massive black swan effect on the entire humanity.

THE NARROWER PROBLEM

If we narrow down the problems, we see the deep gap between innovators and investors. There is a need for a platform which can facilitate a faster, accurate and reliable way of funding inventions and innovators. Most investing companies, even the popular ones, make false claims to commercialize inventions at global level. This can be judged from their track record on investing in early-stage companies or pure-tech companies. The other obstacles in the ecosystem involve geographical distance, complex legal regulations among countries in cross-border fund transfers, information overload/scarcity, and lack of means to verify facts and build trust. Just for example, an inventor in China wants to sell his invention in the US market. First of all, he will have to search for a legitimate investor in the US which itself is a big challenge. Then the next problem which the parties will have to overcome: reliability with regard to genuineness of the company, difficulty in transfer of funds, legal contract structuring and communication barriers.

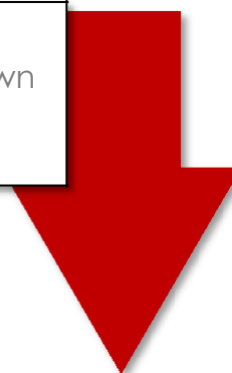
SUMMARY OF PROBLEMS IN THE ECOSYSTEM





Globally, 2016 was a bullish year for investment in the startup ecosystem with venture investment at its highest level in five years. But you need to have a deep, hard look inside these numbers to get to the real story. The U.S. funding environment slowed considerably. The most pronounced contraction for U.S. startup investment occurred in the fourth quarter, with impact across all stages.

U.S. VC investments down 11%: U.S. venture investment was around \$76 billion in 2016, down from \$86 billion in 2015.



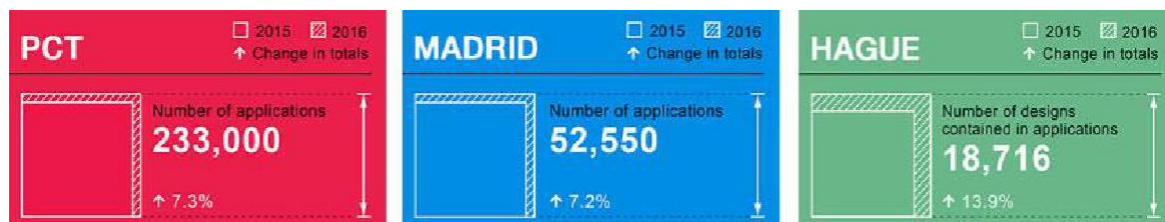
Number of U.S. seed rounds down 25%: The number of angel and seed rounds fell to its lowest point since 2012. Early and late stage rounds also saw dropoffs of 5% and 14% respectively.

Seed deals got larger, but became harder to raise towards the end of the year. The average reported angel-seed investment rose 30% in 2016 to 900k, but deal volume saw a 15% drop in the final quarter of the year.²

If we talk about protecting an invention, Applicants based in the United States maintained their number one ranking for the 39th year running, accounting for roughly a quarter (24.3%) of the 233,000 applications filed under WIPO's Patent Cooperation Treaty (PCT) in 2016 – itself a 7.3 percent year-on-year increase – followed by applicants in Japan (19.4%) and China (18.5%), with the latter driving the overall growth in demand. Digital communications and computer technology showed the greatest activity by sector.

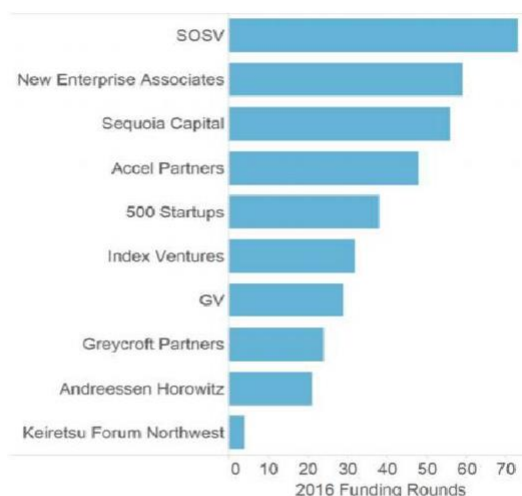
² https://static.crunchbase.com/reports/annual_2016_yf42a/crunchbase_annual_2016.pdf





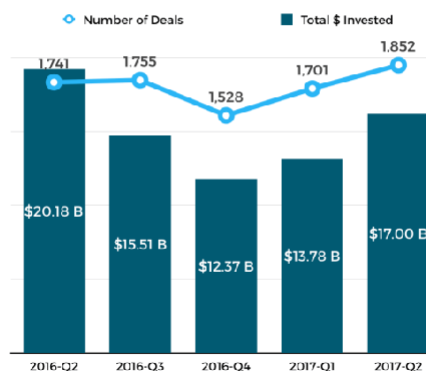
“In an interlinked, knowledge-based global economy, creators and innovators are increasingly relying on intellectual property to promote and protect their competitive edge around the world,” said WIPO Director General Francis Gurry. “China-based filers are behind much of the growth in international patent and trademark filings, making great strides in internationalizing their businesses as the country continues its journey from ‘Made in China’ to ‘Created in China’.”¹

active global early stage investors



Global Early-Stage Deal And Dollar Volume In Q2 2017

Based on Projections From Crunchbase



Again, the stats all show that the IP and Patent world is chugging along at a great growth rate. But the reality showcases the stark reality of where the innovation-focused money is actually flowing and if our patent and IP system is being able to produce actual impact or not.

- According to a study by Ministry of Science and Technology of China, there are about 30,000 scientific achievements annually at the provincial and ministerial level, but only 10-15% of these are relevant for large scale commercialization
- The annual number of patented technologies reaches an estimated 70,000, but just a paltry 10% of them are commercialized.
- Another important area for analysis is where the innovation is actually happening. According to the World Intellectual Property Report 2017, almost 35% of the patents filed since 1990 may relate to smartphones. This highlights that consumer tech, though an important industry, is hogging all the investments for short term corporate profitability. You do not have enough inventors or investors incentivized for creating an innovation ecosystem which will fund technologies which will push humanity forward.





We are a hard-working multi-faceted team of 6 members with experience across fintech, A.I., blockchain, investment and lending.

KALLE KÖÖMNEMÄGI

CEO / Co-Founder

Technical engineer at the Estonian Academy of Sciences Institute of Biology and the University of Tartu.
Secretary-General of the Estonian Inventor's Association.



VEIKO HUUSE

CMO / Co-Founder

2 higher education, 27 years of international business management experience. In addition, he has experience of 15 years in investment company Smartinvest Ltd.



TANEL VAARMANN

Advisory Team Manager / Co-Founder

Sales & Marketing, Global logistics and international trade expert with wide knowledge and experience in webmarketing and advertising strategies.



VLADIMIR ZAKHMATOV

Senior expert / Advisor

Doctor of Engineering Sciences, Professor and an active member of the International Academy of Ecology and Safety (Russian Federation), the New York Academy of Sciences (USA)



ARVO POLOKAINEN

Seine / Technology Advisor

Doctor's Degree, 1986, (sup) Vladimir Muzõka, Effects of different nature damaging agents on some chemical characteristics of gistones, University of Tartu



MAUNU KORPELA

Copyright / Patents Advisor

1st executive director (FINF) – IPR Lawyer, Finnish Inventors' National Federation University of Helsinki, long-term international experience, Helsinki area, FINLAND





THOUGHTS ON CRYPTOWORLD

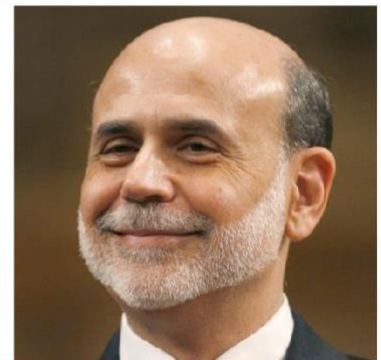
“It's money 2.0, a huge huge huge deal.”

- ***Chamath Palihapitiya , Previous head of AOL instant messenger***



“Virtual Currencies may hold long- term promise, particularly if the innovations promote a faster, more secure and more efficient payment system.”

- ***Ben Bernanke, former Chairman of the Federal Reserve***





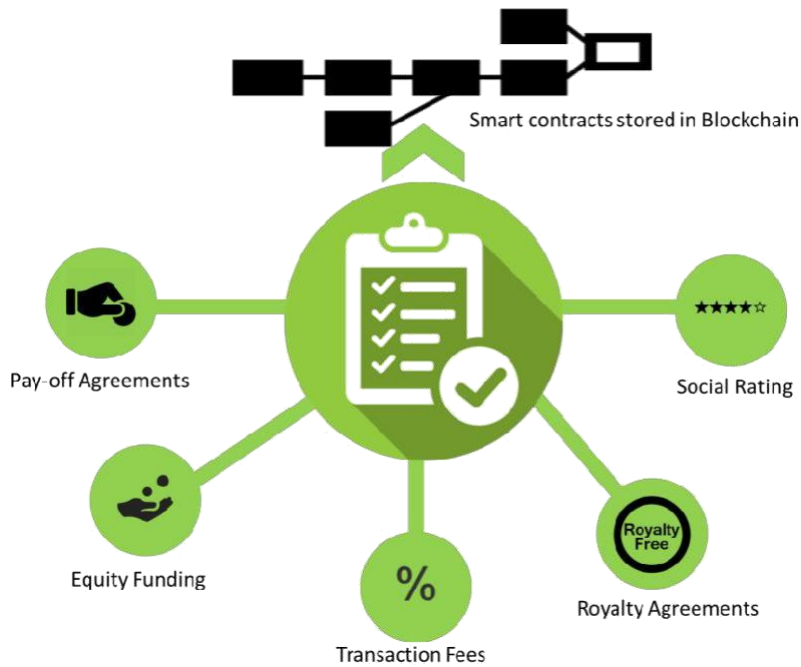
We started Arcallia to resolve aforementioned shortcomings of the funding ecosystem. We aim to support the innovators at all stages of development from research to creation to marketing and sales of the invented product. We create opportunities for real innovation to reach the lives of the people to bring a change in the world. Arcallia is a blockchain based platform empowered with Ethereum based smart contracts which creates an ecosystem where inventors and investors can communicate and trade conveniently.

The platform removes the geographical barriers that the inventors face if they have to target a foreign market with transactions being executed via smart contracts.

Arcallia uses self-executing smart contracts, stored on Blockchain, to enforce contracts between parties with cryptographic codes. Since blockchain is a distributed and decentralised ledger with codes and agreements being public, every transaction on the platform is traceable and irreversible and thereby do not need any enforcement agency.



SMART CONTRACT APPLICATION IN ARCALLIA



We focus on rewarding each participant of the ecosystem and facilitating collaboration for each other's interest. For this purpose, we devised a social rating system where every user of the platform has the option to bet on the success of the invention.



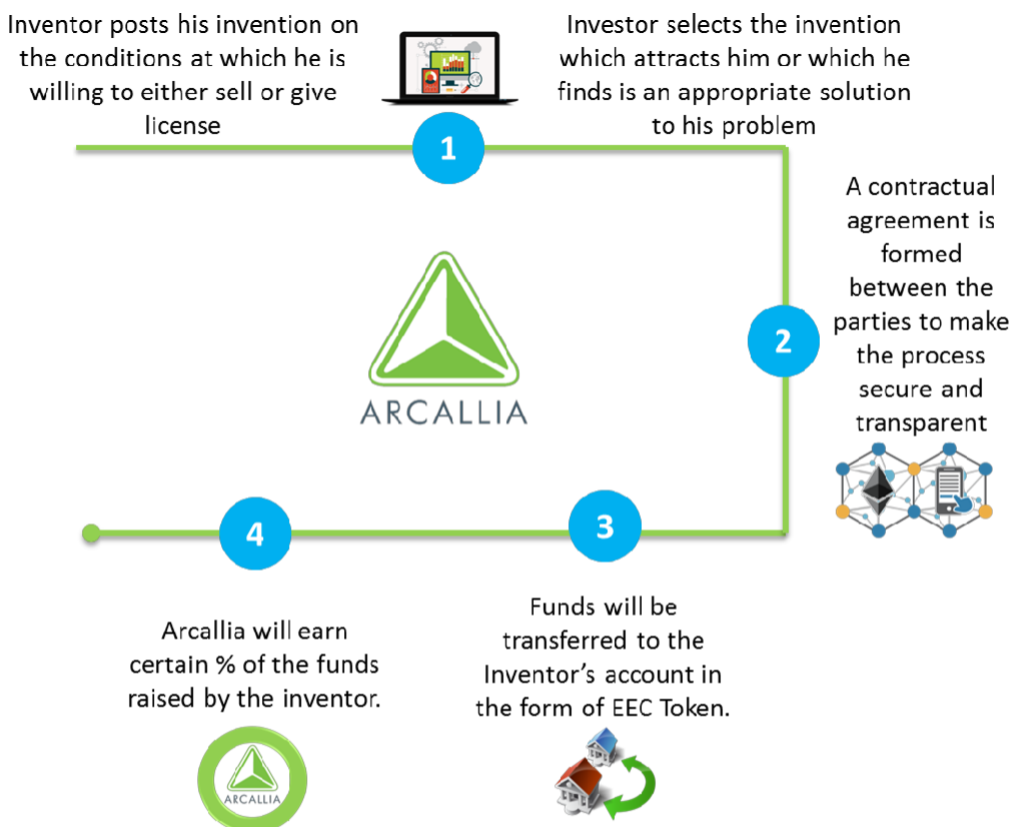


Using Blockchain Technology to Bring Innovation in the World

PRODUCT DESIGN

Arcallia is a multilingual web-platform that is designed to create a bridge between inventors, creators of innovative solutions, and potential users of the solutions. It creates an opportunity for the inventors to take their invention in the lives of people and for investors to allocate their capital in such a manner so as to maximize their return. It also helps the corporates to crowdsource their problems for the ability to gain global insight. Apart from trading, the platform also encourages expert services which are required during the process of funding, patenting or for any other purpose.

EXAMPLE HOW ARCALLIA WILL WORK?



The inventors can post the details and usefulness of their inventions on the platform to attract the potential investors or corporate entities. Arcallia gives them all rights to quote a suitable price for their invention or can even conduct mini-ICOs on the Arcallia platform to raise funds.

The investors who find the inventions profitable or the corporate entities looking for appropriate solutions can conveniently communicate with the inventors to either sell/license their inventions to them or develop a unique solution for them.

The platform is a tool that removes the geographical barriers and accelerates the funding process. The platform secures every transaction by using smart contracts that are stored on a blockchain ledger that can be accessible any time anywhere and by anybody.

Once the contractual agreement is made between the parties, the funds will be transferred into the inventor's accounts in EEC token form. Arcallia makes revenue by charging a certain percentage from the inventors after successful funding of the invention.

Arcallia aims to gratify each user who is participating in the working of the platform. For this purpose, Arcallia has design an incentive system for those who bet on the inventions.





- **INVENTOR:** Inventor is the creator of the innovative solutions/ products/ concepts and lists them on the Arcallia platform.



- **INVESTOR:** Investor will seek to invest capital in the innovation to get higher yield from his investment. He will financially support the inventors to commercialize their innovations at global level.

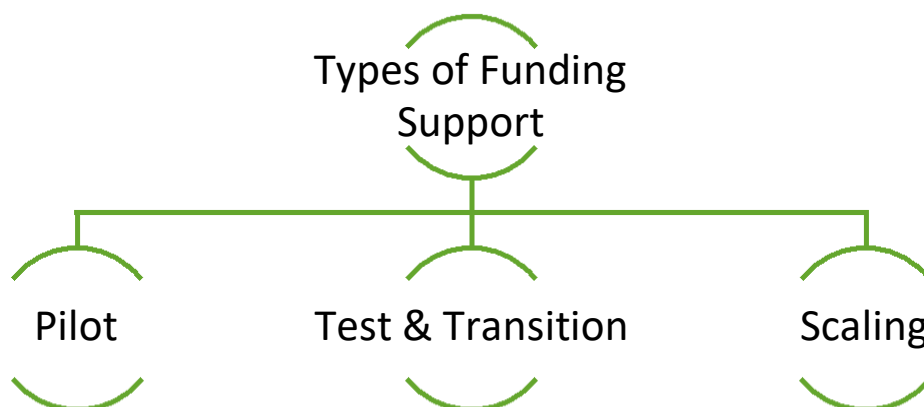


- **CORPORATE BUSINESS:** Businesses who are looking for solutions to their problems will find inventors who can either provide tailor made solutions or sell/license their IP.





Arcallia will fuel innovations at all stages of development.



- ☐ **PILOT:** We will support the early stage innovation & field testing of innovation.
- ☐ **TEST & TRANSITION:** We will aid the innovations that have already demonstrated success at a small scale.
- ☐ **SCALING:** We will support the expansion of innovation that have already demonstrated a strong back record of social impact & effectiveness.

To expedite funding process and to bring an idea to life, we are leveraging Blockchain for all types of funding support.





BLOCKCHAIN

Adopting blockchain technology into the system will facilitate easy, quick and secure solutions such as peer-to-peer transactions, cross-border transactions and virtual currencies.



EEC TOKEN

EEC Tokens will be used to facilitate all transactions in the ecosystem.



REWARD SYSTEM

Arcallia will incentivize each member in the ecosystem through its social rating system to encourage the participation of users.



SMART CONTRACTS

Smart contracts are self-executing cryptographic codes that will collaborate and protect the interest of all users.





AS A SYSTEM OF RECORD

Digital Identity

Blockchain technologies make tracking and managing digital identities secure and efficient, resulting in seamless sign-on and reduced fraud. Blockchain technology offers a solution to many digital identity issues, where identity can be uniquely authenticated in an irrefutable, immutable, and secure manner. Current methods use problematic password-based systems of shared secrets exchanged and stored on insecure systems. Blockchain-based authentication systems are based on irrefutable identity verification using digital signatures based on public key cryptography. In blockchain identity authentication, the only check performed is whether or not the transaction was signed by the correct private key. It is inferred that whoever has access to the private key is the owner and the exact identity of the owner is deemed irrelevant.³

Distributed Ledger

Blockchain is a public distributed ledger for recording the transactions and transferring tokens between the interconnected networks. Arcallia is using blockchain technology for its payment process as it secures the system from fraud and makes it more reliable for its users.

3 https://www.huffingtonpost.com/ameer-rosic/-5-blockchain-applications_b_13279010.html



AS A PLATFORM

For smart contracting

Blockchain enables digital relationships between the parties to contract that is secured and self-enforceable. In the words of Vitalik Buterin, a founder of Ethereum,

“Smart contracts solve the problem of intermediary trust between parties to an agreement, whether that is between people transferring assets like gold, or executing decisions between two parties in a betting contract.”⁴

For cross-border payments

Blockchain technology used in the platform enables its users to instantly make cross-border payments at very low cost. Since global payment sector is error-prone, costly and open to money laundering, Arcallia is using the most secured technology which transfer funds in cryptographic form in real time.

Blockchain empowers the Arcallia platform to think global and act local. It is able to expand almost simultaneously to hundreds of regions at a fraction of a cost. The impact of the platform multiplies as it becomes the benchmark for innovation funding and creates a transparent meritocracy based funding structure.

4

https://www.google.co.in/url?sa=t&rct=j&q=&esrc=s&source=web&cd=14&cad=rja&uact=8&ved=0ahUKewi00LCH09TXAhVEMY8KHxVIBo8QFghrMA0&url=https%3A%2F%2Fwww.huffingtonpost.com%2Fameer-rosic-%2F5-blockchain-applications_b_13279010.html&usg=AOvVaw3Sb47MIYqtLcYR-2qg4jwD





Arcallia is using blockchain smart contracts to make the platform transparent, secure and reliable for investors who are deploying their capital as well as inventors who are trading their inventions.

Arcallia is leveraging smart contracts to:

- ☐ Create immutable ledger to store all the relevant data of the ecosystem.
- ☐ Establish trust among participants for the enforceability of the contracts as smart contracts are automated self-executing contracts.
- ☐ Enable payments through Arcallia platform in token form.
- ☐ Since its stored in digital form on the public ledger, it is accessible to everyone all the time.

Benefits of Smart Contracts⁵

- ☐ Smart contracts enable individuals to own and control their digital identity containing reputation, data and digital assets. This allows individuals to choose what data to disclose to counterparties, giving parties the opportunity to seamlessly know each other. This helps in building trust and allows for cross verification.
- ☐ Smart contracts facilitate streamlined international transfers of goods and services through faster payment initiation, which enables higher liquidity.
- ☐ Smart contracts enable accurate recording of financial data for entities entering into financial transactions.
- ☐ By facilitating property transfers through smart contracts, fraud propensity can be reduced while increasing confidence in identity. These transactions can occur with increased efficiency, integrity and transparency, resulting in reduced cost and enhanced liquidity.

⁵<http://www.the-blockchain.com/docs/Smart%20Contracts%20-%202012%20Use%20Cases%20for%20Business%20and%20Beyond%20-%20Chamber%20of%20Digital%20Commerce.pdf>





Arcallia has developed a reward system for those who see potential in the inventions, have trust in its success and want to earn from it but do not want to risk their capital or do not have enough capital to participate in the project. Arcallia allows all those participants to benefit from the inventors IP by betting on inventions. It's a win-win ecosystem where the inventor benefits in gaining social recognition due to the positive betting in his/her favour. This will eventually help him demonstrate the invention's appeal across a large consumer base. The bettor obviously benefits as he stands to make money on his successful bet. The investor is served by this reward system as he is able to gauge the audience's acceptability of a product/invention beforehand. As the bettors are putting their tokens on the line, this adds an extra layer of due-diligence for the investor.

HOW THE REWARD SYSTEM WILL WORK?



Firstly, participants can register on the platform and analyse the inventions that are listed on the platform.



They can bet on all those inventions which interest them. Once they lay a bet, they cannot revoke it.



It is important to evaluate the event sequence that will define who has won the bet.



WIN:

If the inventor is successful in either selling the invention or selling license of the patented invention or raising funds for development of the invention, the situation will be considered a “WIN”. All those who bet for its success will automatically get a percentage of bounty in their wallet in proportion to the amount they laid as bet.

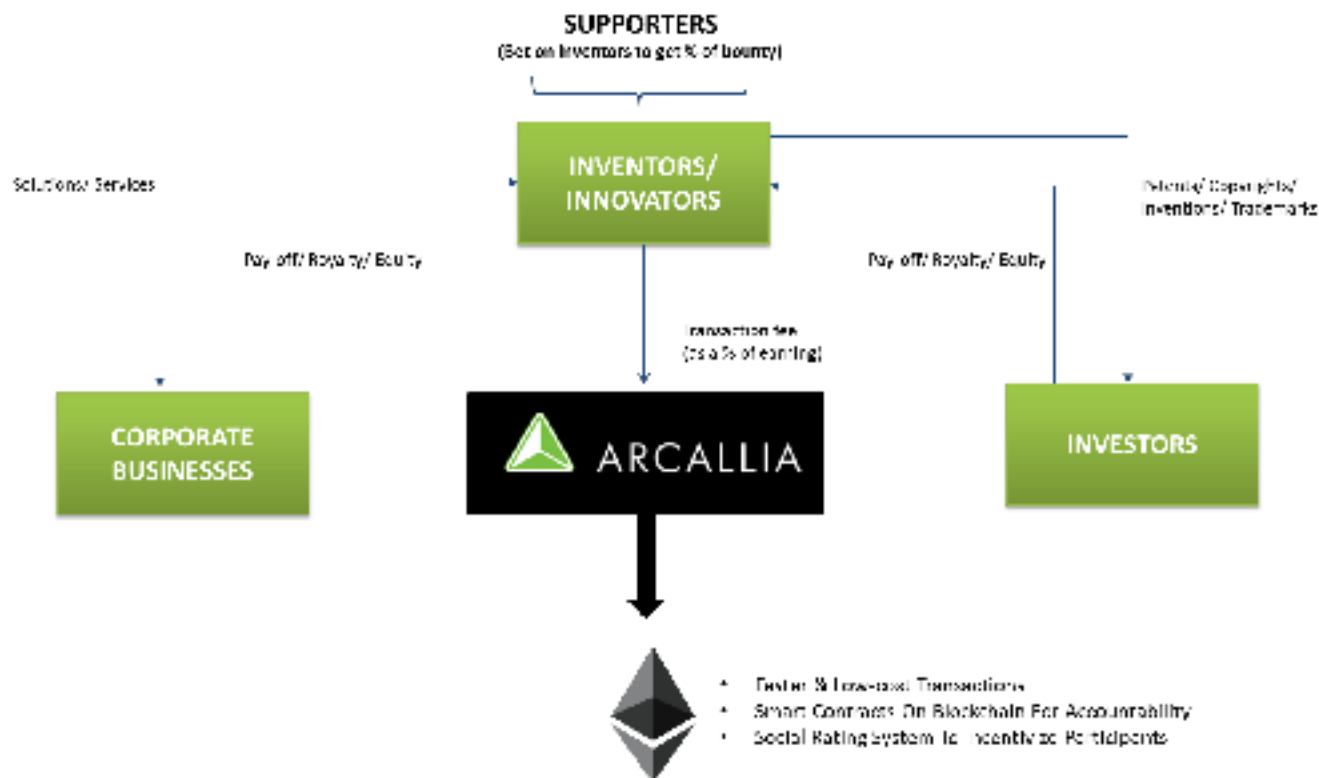
LOSS:

If the inventor could not sell the invention or sell the license of the patented invention or raise funds for the development of invention, the situation will be considered a “LOSS”. The participants who laid a bet will not be rewarded and will lose their tokens.



More participants betting on the invention means the invention is gaining popularity in the community which will indirectly assist in establishing its credentials.





Arcallia will use EESTY Coin for all the transactions on the platform.

☐ **When EEC Token flows from investors to inventors:**

Investors can contribute EEC token to one or more inventors through various channels such as-

- Upfront payment: The investors can directly buy the IP at the price mentioned by the inventor in the contract. EEC token will then be transferred to inventor's wallet after signing the contract.
- Royalty fees: If the inventor is selling his rights to use the patented product, then he/she will receive the royalty amount in EEC token



from the manufacturer or corporate entity who chooses to take the license for the same.

- Equity funding/ Mini-ICOs: if the inventor chooses to raise funds through mini-ICO, then there will be inflow of EEC tokens into inventor's wallet from the investors' wallet.

□ **When EEC Token flows from corporate businesses to inventors:**

Corporate businesses often look for ideas and new products from outside players. They deploy their capital either to find the exact solution for their problem or to find a talented and promising inventor who can develop a unique solution for them. EEC token can flow from corporate entity's wallet to inventor's wallet through various channels such as:

- Upfront payment: The corporate entity can directly buy the IP at the price mentioned by the inventor in the contract. EEC token will then be transferred to innovator's wallet after signing the contract.
- Royalty fees: If the inventor is selling his rights to use the patented product, then he/she will receive the royalty amount in EEC token from the manufacturer or corporate entity who chooses to take license for the same.
- Equity funding: The corporates can invest in the inventor's company and look to scale that IP in association with the inventor.

□ **When EEC Token flows from inventors to Arcallia:**

Arcallia facilitates the smooth flow to funds from investors/ businesses to inventor for which it charges a certain percentage of the funds that the investor earns either by selling the invention, giving the license for the use of invention or raising funds through crowdfunding.

□ **When EEC Token flows in the ecosystem through betting**

The company has created a reward system to incentivize the users of the platform. EEC token will flow from those who bet to an escrow smart contract



and once the funding or transfer of the invention is successful, EEC token will flow to those who win the bet.

SUMMARY OF USAGE OF EEC TOKEN ON THE PLATFORM

SPEND EEC	EARN EEC
Contribution to inventors by investors	As Upfront payment for selling innovation
Contribution to inventors by business entity	As Royalty fees for selling license to use patented invention
Bet on the inventions	As Equity funds raised through mini-ICO
Payment to Arcallia charged from inventors	Reward earned by betting on inventors





POWER OF BLOCKCHAIN

"You can't stop things like Bitcoin. It will be everywhere and the world will have to readjust. World governments will have to readjust"

-John McAfee, Founder of McAfee



"The blockchain keeps everyone honest, and a whole layer of banking bureaucracy is removed, lowering costs."

- Paul Vigna





Innovators need funds to develop technology and solutions. Creating world-changing IP is not an easy or a cheap task. But it is virtually impossible to meet the right investor at the right time. So Arcallia is basically helping out the innovators to scout the investors at right place to eventually increase the chances of getting support.

Dealing in EEC Token would further advantage the users of Arcallia in the following ways:

- ☐ **Quick Transfer:** Arcallia facilitates easy and quick transfer of funds from one party to the other through sale of product, sale of intellectual property, payment of royalty, etc.
- ☐ **Anywhere in the world:** Arcallia is a web-based multilingual platform available internationally for everybody. One can easily use the platform and make payments or transfer funds from anywhere in the world.
- ☐ **Transparency:** The ecosystem is transparent as every transaction is stored on the public distributed ledger which can be accessed by anyone from anywhere. Investors can even track where their tokens are been utilized by the inventors.
- ☐ **Portfolio:** Investors can fund multiple inventors at the same time to minimize their risk.
- ☐ **Instalments:** Funding can be transferred in instalments to the inventors at all stages of development to reduce risk.
- ☐ **Incentivized Ecosystem:** All the users of the platform are rewarded to encourage flow of token in the ecosystem.





☐ **Token Name and its Ticker**

The company's token will be launched with the name of **EESTY COIN** and under the ticker **EEC** which is based on **EOS system, in Eesty Blockchain**.

☐ **Token Price**

A total of **8 billion tokens** will be generated at an initial price of **1.00 USD per coin**.

☐ **Acceptable cryptocurrencies for purchase of Tokens**

The company will accept payments for purchase of tokens either in **ETH, BTC, DASH, USDT, TRX, EUR, USD**





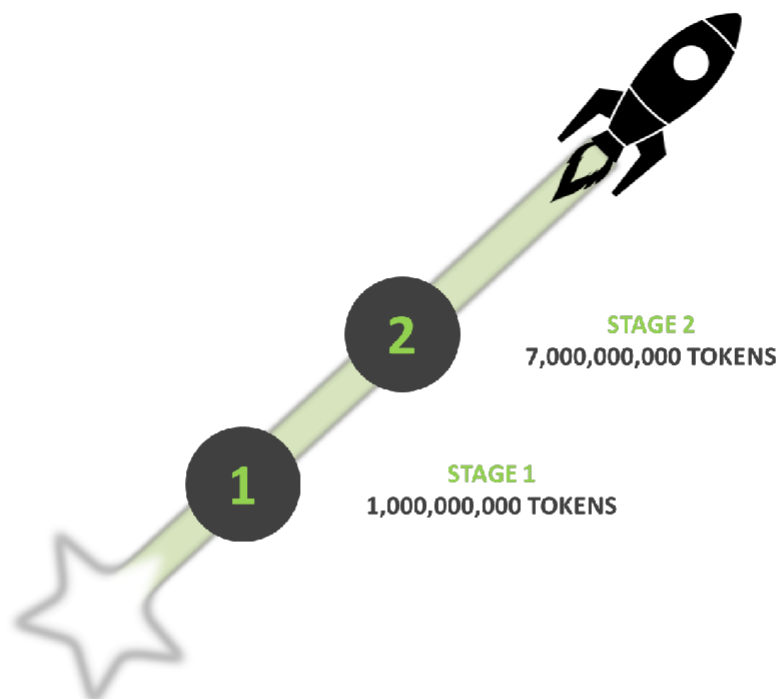
The following is the structure to be adopted in distributing the coins:

Issued: 50% of the coins will be sold in the ICO.

Reserves: 35% of the rest will be kept by the company for Stabilization Fund

Company/Team: 15% will be kept by the team in a lockup structure for team incentivization.

CROWDFUNDING STAGES



□ **At each release of tokens:**

(50) % will be allocated for data acquisition costs, development, marketing, promotions for new features, rewards for prominent users, and other corporate needs.

(25) % will be allocated to acquire other companies, patent needs and IP needs;

(15) % will be allocated to external partners and bug bounties, if needed;

(10) % will be allocated to Arcallia fund

□ **Use and lockup of sold Tokens (50%)**

The tokens which will be allocated in developments fund will be under the following rules:

50% will be locked for 6 months

50% will be locked for 12 months

□ **Use and lockup of team tokens (15%)**

25% of them will be available in the same time as for the public. 25% of them will be locked for 12 months

25% of them will be locked for 24 months

25% of them will be locked for 36 months





Funds raised during the crowdsale will be used solely for the development of Arcallia Ecosystem. The platform provided by Arcallia will disrupt existing funding systems and will help to bridge the gap between inventors and investors. The ecosystem provided is the solution to those inventors who fall prey to large organizations or not able to get the correct value of their inventions. Thus in order to develop its platform to its true potential, the company will make use of the funds raised from the crowdsale.

Product Development and R&D – 55%

Product development will include making technological advancements in order to improve end-user experience, simplifying the way of entering data, hiring developers having expertise in their respective fields, smart contract engineers, risk analysts, security specialists etc. that will help in improving the overall experience of using the ecosystem. The company will allocate funds in creating a product team that will execute the research and analysis.

Marketing and Business Development – 20%

These funds will be deployed to allow for Arcallia to introduce itself to the innovator and corporate community. The company will basically focus on the word of mouth which is one of the most effective way of influencing users. The word of mouth users will also be provided with commercial incentives.

Legal Expenses – 10%

The company has allocated sufficient amount of funds for complying with legal expenses. There are very stringent guidelines that need to be adhered to while marketing innovation via financial investments. All the licenses needed across multiple jurisdiction, hiring legal team, legal fees, all add up to a substantial cost as

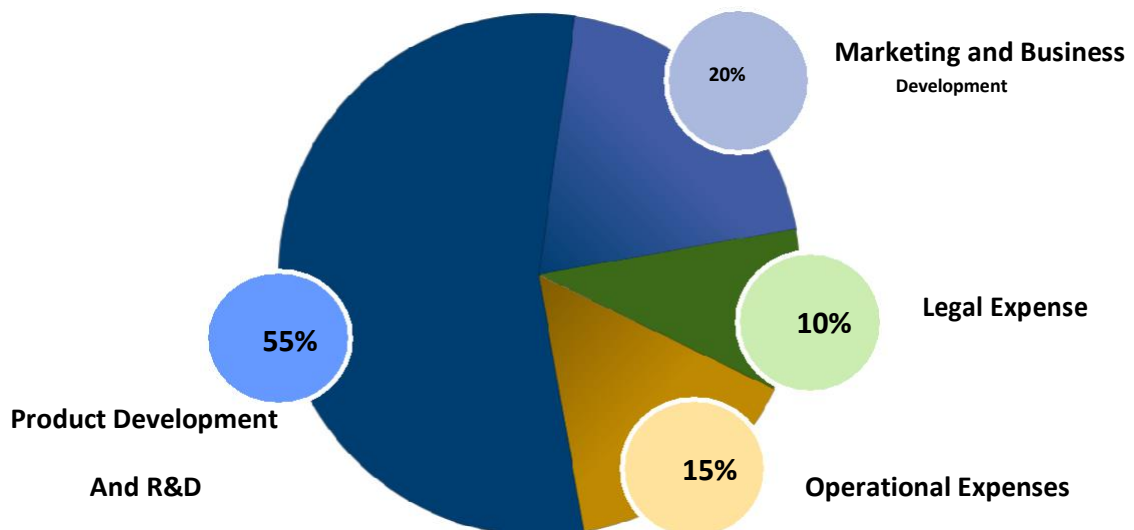


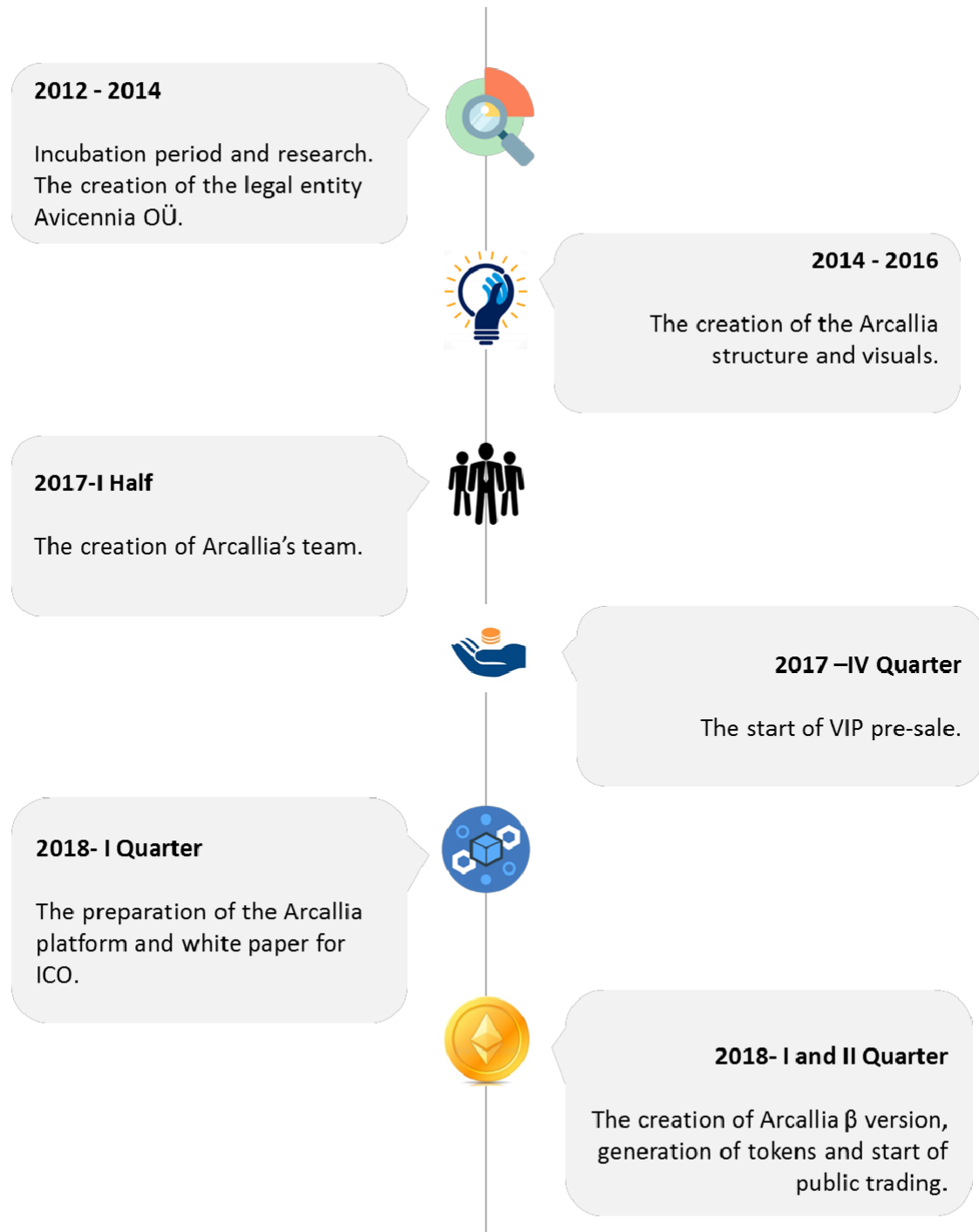
far as legal expenses are concerned. Therefore the company is devoting a prudent amount for compliance with these legal costs.

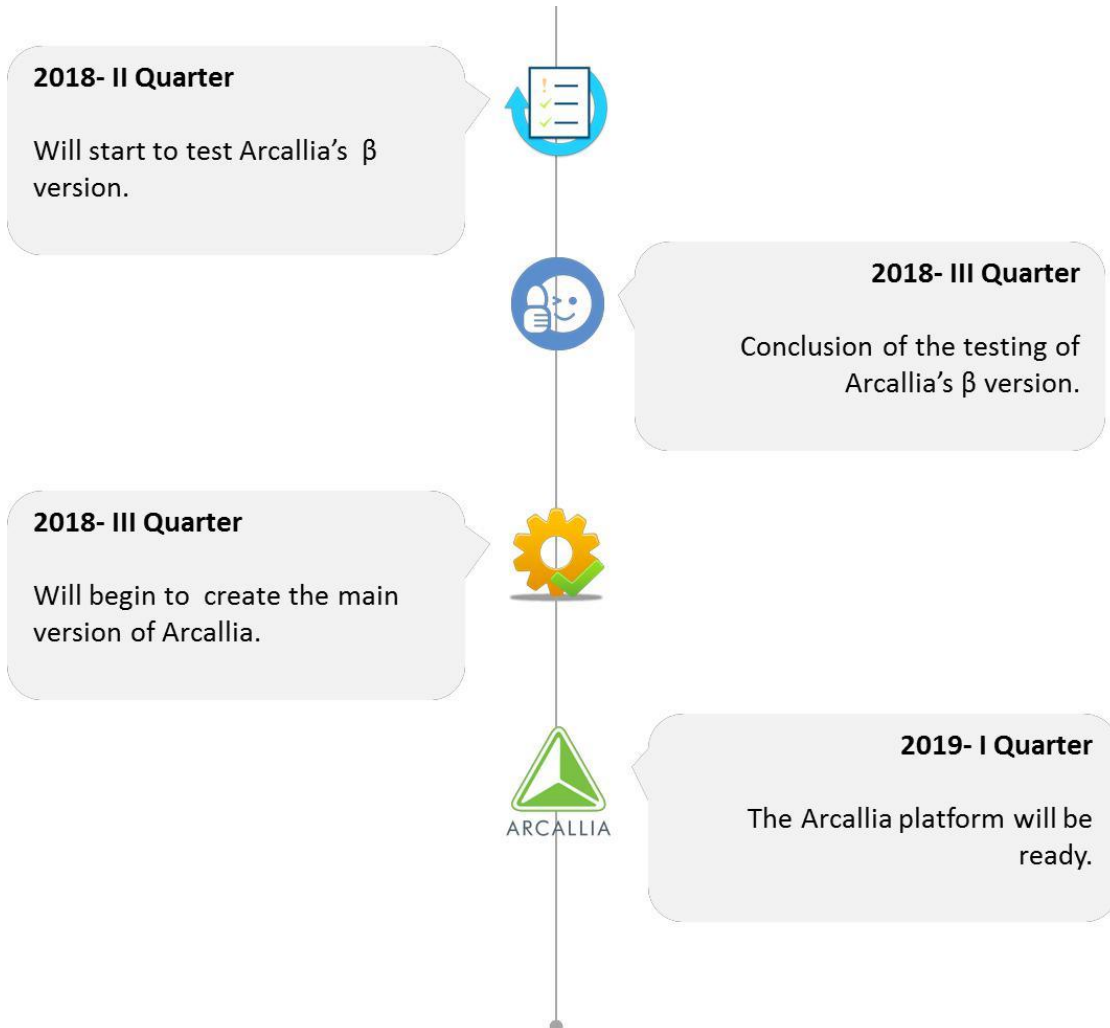
Operational Expenses – 15%

With the expansion of business, additional operational managers will be hired for the smooth running of day to day operations.

SUMMARY OF USAGE OF FUNDS









Arcallia (Company) has prepared a white paper (the White Paper) and other materials concerning the sale of EESTY COIN (EEC Tokens) and this project, which are available at <https://arcallia.com/> (under the “White Paper” link). The White Paper, as it may be amended from time to time, is hereby incorporated by reference. Tokens will be distributed to buyers (Buyer) pursuant to the ARCALLIA Distribution Contract (the Contract). Company makes no representations or warranties, express or implied, including any warranties of title or implied warranties of merchantability or fitness for a particular purpose with respect to the Contract or Tokens or their utility or the ability of anyone to purchase or use Tokens. Without limiting the foregoing, none of the Company Parties represent or warrant that the process of purchasing and /or receiving Tokens will be uninterrupted or error-free or that Tokens are reliable and error-free. As a result, Buyer acknowledges and understands that Buyer may never receive Tokens and may lose the entire amount Buyer paid to Company. Buyer shall provide an accurate digital wallet address to Company for receipt of any Tokens distributed to Buyer pursuant to the Contract.

The sale of Tokens and Tokens themselves are not securities, commodities, swaps on either securities or commodities, or a financial instrument of any kind. Purchases and sales of Tokens are not subject to the protections of any laws governing financial instruments. This Agreement and all other documents referred to in this Agreement, including the White Paper, do not constitute a prospectus or offering document and are not an offer to sell nor the solicitation of an offer to buy an investment, a security, commodity, or a swap on either a security or commodity. Buyer should not participate in the EEC token Distribution or purchase Tokens for investment purposes. Tokens are not designed for investment purposes and should not be considered an investment.

Buyer acknowledges, understands, and agrees that Buyer should not expect and there is no guarantee or representation or warranty by Company that:

- (a) The Project will ever be adopted;
- (b) The Project will be adopted as developed by Company and not in a different or modified form;



- (c) A blockchain utilizing or adopting the Project will ever be launched; and
- (d) A blockchain will ever be launched with or without changes to the Project.

Buyer acknowledges and agrees that Buyer is not purchasing Tokens for purposes of investment, speculation, arbitrage strategy, immediate resale, or other financial purposes. The Project is still under development and may undergo significant changes over time. Although Company intends for the Project to have the features and specifications set forth in the Whitepaper.

Regulatory Risks

You should carefully consider and evaluate each of the following risk factors and all other information contained in the Terms before deciding to participate in the ARCALLIA Token Generation Event. To the best of ARCALLIA (the “Company”) knowledge and belief, all risk factors which are material to you in making an informed judgment to participate in the token distribution 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 ARCALLIA platform and the EEC Tokens could be materially and adversely affected. In such cases, the trading price of EEC 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 EEC Tokens.

Currency Regulation Risks

Governments are still grappling with public policy on the regulation of cryptocurrencies as a form of settlement in trade. Governments adverse to the proliferation of the use of cryptocurrencies in local commerce could issue laws and regulations deeming the use of cryptocurrencies a regulated activity. Countries such as China and South Korea have issued regulations or statements prohibiting token sales, while other countries have sought to bring token sales within the regulator



control of securities offerings. This could result in holders of Tokens being unable to use their Tokens in the future without further regulatory compliance by Company.

Risks Associated with Use of Arcallia Network

Use of cryptocurrency exchange is complex and subject to stringent qualification requirements. There is no guarantee that the developers will be able to successfully create a system that allows payment for services using global cryptocurrencies. The failure to establish a network will result in decreased liquidity of Tokens as a form of settlement currency within the Arcallia network.

Risks Associated with Crowdsale

Tokens are not investment products but rather serve as the means to fund the inventors or trade the invented products in the system. Without Tokens, the general public may not access the Arcallia system. There is also no expectation of future profit or gain from the acquisition of Tokens. For these and other reasons, we believe the sale of Tokens does not constitute a public offering of securities subject to prospectus registration requirements.

However, public policy towards token sales is changing, and regulators may seek to broaden the scope of token sale regulation. This could make token sales subject to registration requirements in the United States and similar jurisdictions. If Tokens become subject to such requirements, this would delay or potentially postpone the proposed crowdsale indefinitely.

Taxation Risks

The use of Tokens as a form of settlement currency may or may not be subject to local income tax, capital gain taxes, value added tax, or other forms of taxes. This uncertainty in tax legislation may expose platform participants to future tax consequences associated with the use of Tokens as a settlement currency and /or the trading of Tokens for capital gains.



Capital Control Risks

Many jurisdictions impose strict controls on the cross-border flow of capital. Holders of Tokens may be subject to these regulations and /or arbitrary enforcement of such regulations at any time. This would make the transfer of Tokens out of the local jurisdiction to overseas exchange an unlawful activity, exposing users of Tokens to government fines or other regulatory sanctions.

CTF and Anti-Money Laundering Regulations

The United States has issued a series of regulations to combat terrorist financing (CTF) and money-laundering activities. Many other countries have enacted similar legislation to control the flow of capital for such illicit activities.

The use of cryptocurrencies by bad actors would breach such regulations. Any illicit use of Tokens could seriously impact the global reputation of the Arcallia network. In such event, it is not inconceivable that this could trigger scrutiny by CTF and anti-money laundering regulators and potentially cause significant disruption to the distribution and circulation of Tokens in the Arcallia ecosystem.

Blockchain Risks

The EOS Blockchain In A Nutshell

EOS is a blockchain-based decentralized platform that supports the development, hosting, and execution of commercial-scale decentralized applications (dApps) in the same way as web-based applications.

What is EOS?

In a sea of decentralized applications, EOS prides itself as among the most powerful. EOS is a blockchain-based decentralized platform that supports the development, hosting, and execution of commercial-scale decentralized applications (dApps) in the same way as web-based applications. Although EOS takes no official nor final form, among its most prized features is its containment of all the necessary core functionality that allows businesses and individuals to develop blockchain-based applications without compromising the following:

Security of access and authentication.

Permissions.

Data Hosting.

Usage Management.

Communication Linking dApps and the Internet.



In September 2017, the Block.one company created the EOS.IO blockchain and its native cryptocurrency that the world has known as the EOS. In four years, the EOS.IO blockchain platform, which features smart contract capabilities, has now more than 100 dApps and thousands of active users daily.

With its decentralized blockchain platform, EOS allows software developers to create decentralized applications, or dApps, on its platform itself. Although there are existing blockchains that offer the same features, EOS is a standout. It provides better platform scalability that can process a million transactions per second, all for free.

EOS shares similar dApp development capabilities as Ethereum. However, with EOS, transaction confirmations are carried out using a different type of dedicated consensus system — a remarkable distinction separates the two.

Through a voting mechanism called delegated-proof-of-stake, or DPos, the EOS ecosystem can select who will be producing dApps on the block. Users must keep tokens on the system for three days without selling them to vote. Although users run the risk of losing their money if the price of tokens drops during that period, the chance to vote may override this risk.

Unlike most other cryptocurrencies, EOS tokens have no supply limits. The delegated-proof-of-stake mechanism capitalizes on inflation annually capped at 5% to fund transactions and compensate block users.

Value Model

As established, EOS is a decentralized blockchain that allows software developers to create on-chain applications. As such, EOS aims to support smart contracts and processes and deliver faster transaction times without any impending costs.

Staying ahead of its league, EOS seeks to provide novel ideas and solutions such as cloud storage, user authentication, and server hosting, and ultimately, to function as an operating system. When achieved, EOS can simplify the development of various dApps on its blockchain. Developers who plan on using the EOS blockchain and any of its resources must be EOS token holders. Although seemingly contradicting their drive to provide free services, holding EOS tokens does not necessarily mean paying to use EOS; rather, users only need some coins to access it.

As previously described, similarities can be attributed to both EOS and Ethereum in that they are both capable of hosting dApps built on smart contracts. However, EOS takes the lead to process approximately a million transactions per second, whereas Ethereum can only do merely 15 transactions per second, a remarkable difference between the two. Although this is the case, the EOS market value will always be tied to Ethereum's because EOS added scalability attributes to the extra layer it has put on top of Ethereum.

Distribution Model

With the claim to be a highly configurable blockchain platform, it's critical for its distribution to build up to become the go-to place for developers to build any sort of decentralized application. It's critical to remark that in some cases it's hard to predict which use cases might take off – in the long run – on a platform. Therefore, in the short term, there might be a few use cases the platform embraces to make distribution take-off (see current commercial use cases below).



Company Risks

Company plans to conduct closings of sales of Tokens as funds are received. If less than 1 Million USD is received from the sale of Tokens, Company may have insufficient cash to implement its plans as described below, and Buyer shall be at a heightened risk of loss.

Company's principal competitors may have greater financial resources than those available to Company and thus be in a better position to attract talent, initiate projects, and offer higher incentives, which is crucial factor for platform participants.

Company's ability to remain competitive may depend in part upon its ability to develop new and enhanced products or services and to introduce these products or services in a timely and cost-effective manner. In addition, product and service introductions or enhancements by Company's competitors or the use of other technologies could cause a decline in sales or loss of market acceptance of Company's existing products and services.

There can be no assurances that Company shall be successful in selecting, developing, and marketing new products and services or in enhancing its existing products or services. Failure to do so successfully may adversely affect Company's business, financial condition, and operation results.

Company's ability to realize its objectives shall be dependent on its ability to attract and retain qualified personnel.

Competition for such personnel can be intense, and there can be no assurance that Company's results shall not be adversely affected by difficulty in attracting and / or retaining qualified personnel.

The industry in which Company operates is new and may be subject to heightened oversight and scrutiny, including investigations or enforcement actions. There can be no assurance that governmental authorities will not examine the operations of Company and /or pursue enforcement actions against Company. Such governmental activities may or may not be the result of targeting Company in particular. All of this may subject Company to judgments, settlements, fines, or penalties or cause Company to restructure its operations and activities or cease offering certain products or services, all of which could harm Company's reputation or lead to higher



operational costs, which may in turn have a material adverse effect on Tokens and / or the development of the Project.



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