

The UTIX Whitepaper

<u>Dated</u>	14 February 2023
<u>Issuer</u>	UTIX Malta Ltd. Fort Business Centre, Level 2, Triq I-Intornjatur, Zone 1, Central Business District, Birkirkara, CBD 1050, Malta
<u>Issue</u>	two hundred seventy-five million (275,000,000) UTIX Loyalty Tokens
<u>Price</u>	one (1) UTIX Loyalty Token = ten USD cents (\$ 0.10) equivalent in Ether (ETH)
<u>Directors</u>	Maxwell James Mayhew Andra Locika Mihkel Tali
<u>MLRO</u>	Dr Jonathan Taylor-East
<u>Head of Development</u>	Mihkel Tali
<u>VFA Agent</u>	Grant Thornton Limited, a company registered under the laws of Malta, bearing company registration number C 80426 and having its registered address situated at Fort Business Centre, Level 2, Triq I- Intornjatur, Zone 1, Central Business District, Birkirkara, CBD 1050, Malta, and registered as VFA Agent with the Malta Financial Services Authority (MFSA) in terms of the VFA Act
<u>Systems Auditor</u>	FACT Technologies Limited, a company registered under the laws of Malta, bearing company registration number C 58224 and having its registered office situated at Cornerline, Dun Karm Street, Birkirkara, BKR 9039, Malta, and registered as Systems Auditor with the Malta Digital Innovation Authority (MDIA)



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1. Executive Summary

The UTIX Loyalty Token is classified as a 'VFA' in terms of the VFA Act. In this regard, the UTIX Loyalty Token does not possess any of the necessary characteristics or rights analogous to Financial Instruments, such as transferable securities, money market instruments, units in collective investment schemes, or derivative instruments, nor does it possess any of the characteristics associated with electronic money, commodities or any other form of investment instruments.

The UTIX Loyalty Token may be used to purchase event tickets, merchandise and will allow users to perks that non-UTIX Loyalty Token holders will not have available to them (such as early access to tickets, events only for UTIX Loyalty Token holders, etc.). UTIX Loyalty Token holders will also be entitled to discounts when buying tickets listed on the UTIX Platform when using UTIX Loyalty Tokens.

The UTIX Platform is an online, blockchain-based event hosting and e-ticketing platform that utilises smart contracts to reduce market inefficiencies and provide event organisers with variables they conventionally would not be able to control. Users and event organisers can buy or sell tickets through cryptographic signatures stored on a blockchain that cannot be altered or destroyed, removing the requirement of centralised servers, over-reliance on costly third parties and other negative externalities that arise through an unregulated free market mechanism. Through our user-friendly interface, an event organiser/user will have all the functionality of a blockchain, without the added complexities typically involved. By utilising smart contracts, we can reduce complication, cost, and minimise the threat of fraud.

The issue of UTIX Loyalty Tokens shall be carried out from the Republic of Malta in accordance with the VFA Act. This Whitepaper, which is being drafted in relation to the UTIX Loyalty Tokens issued, is registered with the MFSA and published in accordance with the requirements of the VFA Act. Moreover, this Whitepaper is neither a prospectus, an offering document nor a solicitation for investment in Financial Instruments to the public. Under no circumstances does this Whitepaper constitute an offer, solicitation to the public or private placement in any jurisdiction in which such offer, solicitation or sale would be unlawful, which is taken to include, but is not limited to the United States of America, or any other jurisdiction where the aforementioned are prohibited.

The Issuer reserves the right, at its sole discretion to change, modify, add, or remove portions of this Whitepaper and the terms contained therein at any time prior to, during or after the UTIX Loyalty Token issue to ensure compliance with the applicable regulatory requirements. Any amendments made to the Whitepaper shall, together with the amended Whitepaper, be registered with the MFSA and be made publicly available in accordance with the applicable provisions of the VFA Act.

The Issuer reserves the right to take any and all necessary steps to be in compliance with any regulatory requirements, including but not limited to, interrupting, suspending or ceasing the issuing or trading of



UTIX Loyalty Tokens and any related operations thereto, if deemed necessary, at the Issuer's sole discretion.

It is solely up to prospective Tokenholders to ensure that no prior or subsequent approval, notification, registration or licence is needed to acquire or hold UTIX Loyalty Tokens, or if such is needed, it is solely up to prospective Tokenholders to obtain such prior or subsequent approval, notification, registration or licence or require any form of authorisation in the country where he/she/they is/are a citizen, national, resident or having a similar connecting factor, or incorporated, registered or effectively managed, and the Issuer shall not in any way be liable for any non-conformity of the above by you.

UTIX Loyalty Tokens are not available to (i) a natural person being a citizen, national, resident or having a similar connecting factor to; or (ii) a legal person being incorporated, registered or effectively managed and controlled from or within a country, jurisdiction or territory where the placing, offering to the public, or the holding and use of the UTIX Loyalty Token and/or virtual currencies or other tokens at any other moment in time is prohibited by laws, regulations or other practices and policies in the said country, jurisdiction or territory, which is taken to include, but is not limited to, the United States of America, the People's Republic of China, the Russian Federation and the Federal Republic of Germany, or any other jurisdiction where the aforementioned is/are prohibited.

Changes in laws, regulations and directives governing the Issuer's operations may adversely affect their business and consequently the UTIX Platform. Any change in the Issuer's tax status, or in taxation legislation in Malta or any other relevant jurisdiction, could affect the value of its financial holdings, its business and the Issuer's ability to achieve its business objective and continual commitment to the development of the UTIX Platform.

This Whitepaper, UTIX Loyalty Tokens and/or the holding, use and trading of UTIX Loyalty Tokens carries no rights, whether express or implied, other than for their use on the UTIX Platform. UTIX Loyalty Tokens do not represent nor confer any ownership rights or stake, share or security or equivalent rights, intellectual property rights or any other form of participation relating to the Issuer. UTIX Loyalty Tokens do not give you any entitlement to acquire any such interest or entitlement in respect of the Issuer.

In the event that any aspect of the operation of the UTIX Platform may constitute a licensable activity in Malta and/or in other jurisdictions, the Issuer undertakes to take all reasonable steps to obtain any necessary authorisation to carry out licensable activities in the targeted jurisdictions, whether itself or through related entities; however, the Issuer cannot guarantee that such authorisations will be granted and/ or obtained.

You, the reader of this Whitepaper, hereby acknowledge that this summary is to be considered as an introduction to the Whitepaper and does not, in any manner, replace or intend to replace a thorough reading and analysis of the Whitepaper and the project denoted therein. Moreover, you are to be aware



that any decision to invest in the UTIX Loyalty Tokens should be one which is based on the contents of the Whitepaper as a whole.

The offer of the UTIX Loyalty Tokens as noted in this Whitepaper is not to be interpreted as constituting an offer or solicitation of a Financial Instrument/s. Should the Issuer want to or be desirous that the issuance of UTIX Loyalty Tokens constitutes an offer or solicitation of Financial Instruments, such will be done through the enactment of an offering document which is duly in line with any applicable law.

All advisors to the Issuer, including the VFA Agent to the extent allowed by applicable law, have acted and are acting exclusively for the Issuer in relation to this offering of UTIX Loyalty Tokens and have no contractual, fiduciary or other obligation or responsibility towards any other person, and will, accordingly, not be responsible to any Tokenholder or any other person whomsoever in relation to the transaction proposed in this Whitepaper, neither shall such advisors be responsible for the contents of, and any information contained in this Whitepaper, its completeness or accuracy or any other statement made in connection therewith.

This Whitepaper as well as all and any agreements, acceptances, and contracts resulting therefrom shall be governed by the laws of Malta, unless the contrary is expressly stated, and any person acquiring any UTIX Loyalty Tokens pursuant to this Whitepaper shall submit to the exclusive jurisdiction of the courts of the Malta, without limiting in any manner the right of the Issuer to bring any action, suit or proceeding in any other competent jurisdiction, arising out of or in connection with any acquisition of UTIX Loyalty Tokens, or agreement, acceptance or contract resulting here from, or the Whitepaper as a whole.

Statements made in this Whitepaper are unless otherwise stated, based on the law and practice currently in force in the Malta and are subject to changes therein.

To the best of the knowledge and belief of the administrators of the Issuer (who have all taken reasonable care to ensure such is the case), the information contained in this Whitepaper is in accordance with the facts and does not omit anything likely to affect the import of such information.

All references in this Whitepaper to "Malta" are to the "Republic of Malta".

You, the reader of this Whitepaper, are to be informed that civil liability attaches to the person who has tabled this Whitepaper and any translations thereof and no person shall be liable for statements made in this summary, including the translation thereof, except when such statements are misleading, inaccurate or inconsistent when read together with the other parts of this Whitepaper, or if it does not provide, when read together with the other parts of this Whitepaper, key information in order to aid investors when considering whether to invest in the UTIX Loyalty Token. The Issuer expressly disclaims any and all liability based on such information, errors in such information, or omissions in such information that are not the result of wilful intent or gross negligence. In connection with the offer made in the Whitepaper, no person

is authorised to give any information or to make any representations other than those contained in the Whitepaper and/or Website.

2. Definitions

2FA	Two-factor authentication.
Board of Administration	The persons outlined in Section 10.2.2 of this Whitepaper.
Chinese Person	A citizen, resident of, or a person located or domiciled in, or any entity, including, without limitation, any corporation or partnership created or organised in or under the laws of the People’s Republic of China.
DLT Exchange	Shall have the same meaning as assigned to it under Article 2 (2) of the VFA Act.
EO	Event Organiser.
ETS	Event Ticketing System.
Experienced Investor	<p>An investor who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs.</p> <p>The following should all be regarded as Experienced Investors:</p> <ul style="list-style-type: none"> (a) Entities which are required to be authorised or regulated to operate in the financial markets; (b) Large undertakings meeting two (2) of the following size requirements on a company basis: <ul style="list-style-type: none"> i. balance sheet total: twenty million euro (€ 20,000,000); ii. net turnover: forty million euro (€ 40,000,000); iii. own funds: two million euro (€ 2,000,000); (c) National and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations; (d) Other institutional investors whose main activity is to invest in VFAs, including entities dedicated to the securitisation of assets or other financing transactions. <p>Moreover, an investor not satisfying the above conditions but who declares to the Issuer that:</p>

	<p>(a) he has already participated in other offerings of VFAs;</p> <p>(b) he has invested in VFAs in excess of ten thousand euro (€10,000) or its equivalent; and</p> <p>(c) he possesses the necessary experience, knowledge and expertise to make his own investment decisions and properly assess the risks involved,</p> <p>shall also be treated as an Experienced Investor.</p>
FIAT	Means currency that represents legal tender issued by a sovereign country and is considered to be backed up by the central bank of its government.
FIAU	Financial Intelligence Analysis Unit.
Financial Instrument	Shall have the same meaning as the term is defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU and in the Investment Services Act, Chapter 370 of the laws of Malta.
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
German Person	A citizen, resident of, or a person located or domiciled in, or any entity, including, without limitation, any corporation or partnership created or organised in or under the laws of the Federal Republic of Germany.
Hard Cap	The set maximum amount of UTIX Loyalty Tokens to be allocated for sale during and for the purposes of the IVFAO, having an equivalent value of eighteen million United States dollars (\$ 18,000,000).
Initiation Date	One (1) week from the date this Whitepaper is duly approved by the MFSA.
Issuer or UTIX	UTIX Malta Ltd., a company registered under the laws of Malta with company registration number C 102405 and having its registered address at Fort Business Centre, Level 2, Triq l-Intornjatur, Zone 1, Central Business District, Birkirkara, CBD 1050, Malta, and the term “UTIX” shall be construed accordingly.
IVFAO	An Initial Virtual Financial Assets Offering as defined in Article 2(2) of the VFA Act.

<i>IVFAO Contract</i>	The smart contract created during the IVFAO.
<i>MFSA</i>	Malta Financial Services Authority.
<i>MLRO</i>	Money Laundering Reporting Officer.
<i>NFT</i>	The Non Fungible Tokens representing tickets sold through the UTIX Platform and the terms “Ticket Token”, “Ticket NFT”, “tickets” used within the UTIX Platform context shall be construed accordingly.
<i>Russian Person</i>	A citizen, resident of, or a person located or domiciled, or any entity, including, without limitation, any corporation or partnership created or organised in or under the laws of the Russian Federation.
<i>SA</i>	System Administrators.
<i>Soft Cap</i>	The set minimum amount of UTIX Loyalty Tokens to be allocated for sale during and for the purposes of the IVFAO, having an equivalent value of eight hundred and ten thousand United States dollars (\$ 810,000).
<i>TB</i>	Ticket Buyer.
<i>TGE</i>	Token Generation Event.
<i>Tokenholders</i>	A holder of UTIX Loyalty Tokens.
<i>TV</i>	Ticket Verifiers.
<i>Type 1 Systems Audit</i>	The systems auditing procedures described as such in Chapter 01 Part A Systems Auditor Guidelines issued by the Malta Digital Innovation Authority.
<i>Type 2 Systems Audit</i>	The systems auditing procedures described as such in Chapter 01 Part A Systems Auditor Guidelines issued by the Malta Digital Innovation Authority.
<i>Ticket NFTs</i>	Non-fungible ERC-271 tokens, representing tickets for an event that are available on the UTIX Platform.
<i>U.S. Person</i>	A citizen, resident of, or a person located or domiciled in the United States of America, including its states, territories or the District of Columbia or any entity, including, without limitation, any corporation or partnership created or organised in or under the laws of the United States of America, any state or territory thereof or the District of Columbia.
<i>ULTR</i>	UTIX Loyalty Token Reserve.
<i>UTIX Ltd (UK)</i>	UTIX Ltd is a limited liability company established and registered in the United Kingdom with registration number 13104207, which is related to the Issuer through the same beneficial owner/s.
<i>UTIX Platform or Platform</i>	The platform described in Section 6.3 of this Whitepaper; and the term “Platform” shall be construed accordingly.

UTIX Team	The team behind the development of the UTIX project, including its promoters, officers, employees and similar persons actively involved in the business led by the Issuer.
UTIX Ticket Wallet	The wallet that is automatically generated and assigned to each user that signs up on the UTIX Platform, which shall hold users' Ticket NFTs.
UTIX Loyalty Token	A Virtual Financial Asset, as defined in Article 2(2) of the VFA Act, classified in accordance with Financial Instrument Test, issued by the Issuer, using the Ethereum protocol ERC-20 being issued in virtue of this Whitepaper, having the ticker 'UTX'.
UTIX Loyalty Token Sale	The sale of the UTIX Loyalty Tokens made in accordance with Section 7.4 of this Whitepaper.
UTIX Loyalty Token Wallet	The wallet that is automatically generated and assigned to each user that signs up on the UTIX Platform, which shall hold users' UTIX Loyalty Tokens.
UTX Contract	The new smart contract as defined in section 6.2.3.1.3.
VFA	A Virtual Financial Asset as defined in Article 2(2) of the VFA Act.
VFA Act	Virtual Financial Assets Act, Chapter 590 of the Laws of Malta.
VFA Agent	Grant Thornton Limited, a company registered under the laws of Malta bearing company registration number C 80426 and having its registered address situated at Fort Business Centre, Level 2, Triq I-Intornjatur, Zone 1, Central Business District, Birkirkara CBD 1050, Malta, and registered as VFA Agent with the MFSA in terms of the VFA Act.
Website	The Issuer's official website being www.UTIX.io .
Whitepaper	This document and any terms and conditions incorporated therein including any other documents or terms and conditions incorporated by way of reference.

3. Persons Responsible for the Whitepaper

The persons who contributed to the creation of the Whitepaper, are the directors of the Issuer, which form the Issuer's board of administration, being:

- **Maxwell Mayhew** – Managing Director;
- **Andra Locika** – Executive Director, Company Secretary and Compliance Officer;
- **Mihkel Tali** – Executive Director and Head of Development.

The Issuer's board of administration is the body responsible for the information contained in this Whitepaper. The members of the Issuer's board of administration declare that they have taken all reasonable steps to ensure that, to the best of their knowledge and belief, the information contained in this Whitepaper is factual, does not omit anything likely to affect the import thereof and accepts responsibility accordingly.

4. Industry Overview

4.1. Current Overview of the Ticketing Industry

The ticketing industry has various layers, the first of which is the primary market - the exchange that facilitates transfers directly between event organisers (or artists) and the consumer. Tickets within the primary market have parameters closely controlled, event organisers can set price or 'face value', volume/quantity available at specific dates and the outlets for distribution (online platforms, such as Ticketmaster, etc). Generally, this marketplace is relatively efficient. It is, however, predominantly a monopoly. Monopolistic, not that one firm typically controls the majority of the market; however, usually an event organiser will place tickets on sale with one specific platform (Ticketmaster for example), they then have a monopoly over that specific event (A-list concert) and can set their 'transaction fee' prices as they see fit, with little regard to market competition. This is not always the case, it is though, an issue and one that should be noted.

The second layer is the secondary market, an unregulated, uncontrolled market whereby the tickets purchased on the primary market are re-sold on other platforms, through social media and word of mouth. It is here that most of the inefficiencies, failures and fraud occurs. Demand is treated as 'inelastic', regardless of price, ultimately the tickets will sell out, meaning secondary suppliers are able to sharply increase price as well as the cost of purchasing the ticket (or the transaction fee). Tickets typically are purchased in bulk on the primary market, then sold often for extortionate prices. Event organisers in the primary market have very limited control over this market, as well as no monetary gain from its existence. Secondary sites include Getmein, Seatwave, Stubhub and Viagogo; one example showed Viagogo charging thirty-four point zero nine percent (34.09%) of the ticket cost to facilitate the transaction for an Ed Sheeran event on the 7th April 2017¹. Occasionally fake tickets also appear on sites, Action Fraud in the United Kingdom ("**UK**") noted that between May and October 2017; consumers lost one million, six hundred and sixty thousand Great British Pounds (£ 1,660,000) in fraudulent tickets². This is clearly a market failure, in need of correction.

¹ <https://www.independent.co.uk/arts-entertainment/music/features/vianono-how-the-secondary-ticketing-market-is-bleeding-fans-dry-and-the-bands-trying-to-stop-them-a7671351.html>

² <https://standoutmagazine.co.uk/ticket-fraud-dupes-consumers-out-of-1-6-million/>

4.2. Current Problems

Is the e-ticketing industry categorically working in the most efficient and effective manner, or, is there true demand for a product such as the UTIX Platform to protect consumers and allow event organisers to regain control of their brand? Jason Robert stated “...event organisers establish costly subsidies and artificial deals to maximize revenue and minimize risk, ultimately hurting the entire event financing process”³ clearly there are inefficiencies that require intervention.

- **Bots currently restrict primary market distribution** – algorithmic scripts are utilised to purchase all available tickets at any one time for an event, forcing them immediately onto the secondary market. Attempts have been made to curb this practice (BOTS Act of 2016, introduced by the United States (“US”)), however, this is unlikely to establish any significant change in the industry.
- **Artists are attempting to take these issues into their own hands** – In 2017, Taylor Swift introduced a system whereby verified fans would be the first consumers that would be able to purchase tickets⁴. Similarly, Bruce Springsteen introduced a similar system with Ticketmaster to ensure that true fans were the only individuals able to purchase tickets⁵. This is an abstract concept, and an extremely costly one; a ‘solution’ that shouldn’t be required. Artists should not be the parties responsible for regulating the e-ticketing market.
- **Ticket prices become unaffordable** – the secondary (and at times, the primary market) can charge exceptionally high transactional costs, when, it can be extremely cost efficient to facilitate these forms of transactions. Consumers are also charged extortionate mark-ups on the initial face value of a ticket in the secondary market, the average mark-up is forty-nine percent (49%), though the margins sometimes have exceeded one thousand percent (1000%)⁶.
- **Fraud is extremely difficult to control in the secondary market** – Tickets can appear on several mediums in the secondary market; conventional portals such as Stubhub or Viagogo; they can also appear on platforms much more difficult to control, such as social media. When a ticket is sold on a secondary market platform, the resellers typically fail to remove that same ticket from other platforms where it has been listed. This results in a single ticket potentially being sold to numerous parties.

4.3. Existing Solutions

There are some solutions that already exist to reduce this level of market failure and attempt to control the secondary market. The US introduced the Better Online Ticket Sales Act of 2016⁷ to try and prevent algorithms from controlling the market supply/price of tickets. The UK introduced the Digital Economy Act

³ <https://www.consumerreports.org/money/why-ticket-prices-are-going-through-the-roof/>

⁴ <https://business.ticketmaster.com/blog/taylor-swift-ticketmaster-verified-fan/>

⁵ <https://variety.com/2017/legit/news/verified-fan-tickets-bruce-springsteen-broadway-1202520748/>

⁶ <https://www.forbes.com/sites/hayleyuccinello/2016/01/29/brokers-bots-insiders-why-the-average-fan-has-no-chance-to-buy-tickets-at-face-value/>

⁷ Pub.L. 114-274, S.3183, commonly referred to as the BOTS Act, accessible at <https://www.congress.gov/bill/114th-congress/senate-bill/3183>

in 2017⁸, making it a criminal offence to use automated technology to purchase large amounts of tickets to then be sold at a premium. Although legislation should, in theory, help reduce the inefficiencies, it is almost impossible to control points of distribution (individuals outside stadiums, social media, word of mouth, etc.).

As aforementioned, artists have also taken matters into their own hands, attempting to somehow verify legitimate fans and allow only these individuals to purchase tickets. However, in practice it appears quite difficult to conclude whether an individual is truly someone who does or does not like an artist's music. This can be quite an exclusionary procedure, and a costly one that still does not correct all issues addressed above.

One method that appears to have at least addressed re-sale prices and the problem of algorithms purchasing in bulk, is the practice adopted by football teams whereby ticket re-sales are strictly forbidden. Although partially correcting a market failure, this can create issues previously not present. A legitimate ticket holder that can no longer attend the event, is unable to redeem any of his investment into a ticket, and therefore can create an unnecessary consumer deficit.

5. Our Vision

Our vision at UTIX is to remove the market inefficiencies that currently permeate through the ticketing market. Blockchain technology is an incredibly innovative system, one that allows monitoring, tracking and control like never before. By combining traditional software-as-a-service ("*SaaS*") infrastructure, with specific blockchain features, our vision is to compete with the primary oligopolistic e-ticketing competitors and provide event organisers and customers with the safety and comfort of knowing they are using an open, transparent platform; one that is free from bots, secondary market price gouging and can provide a fair platform for re-sale.

6. Our Solution

6.1. Business Overview

The UTIX Platform is a SaaS product that offers e-ticketing solutions to event organisers and consumers. Built on Ethereum, the UTIX Platform utilises smart contracts to monitor and control the movement of tickets through the e-ticketing eco-system. The product generates revenue by applying a small fee to each ticket sold, paid for by the consumer. It is free for event organisers to use.

⁸ Accessable at <https://www.legislation.gov.uk/ukpga/2017/30/contents/enacted>



Each year, there are millions of different events across the globe. The larger events are typically contracted by primary market platforms (EventBrite, Ticketmaster), however, a large number of the smaller independent events will use any ticketing platform that provides the services they require; this is where the UTX Platform positions itself. UTX's value proposition is to provide primary competitor features for independent event organisers, allowing cost control and features typically only given to the biggest and best events on the planet.

UTX has a very strong sales team at the ready, and will be and have been building strong relationships with event organisers in the United States of America and Europe over the last year, ready to begin using the UTX Platform once officially launched.

6.1.1. The UTX Solution

The UTX solution is to enable users and event organisers to seamlessly use smart contracts on the Ethereum network to control each of the variables that would otherwise lead to market inefficiency. UTX's protocol eliminates any possibility of counterfeit tickets being sold, ensures that secondary pricing can be controlled and allows the event organiser to enjoy all the benefits of using a blockchain system, without the complexities involved.

6.1.2. Sustainability and scalability of the UTX project

The market in which UTX's product competes is well tested, and exhibits considerable longevity. Although, recently, COVID-19 has closed down the events industry across the world, the Issuer firmly believes that as society begins to return to a sense of normality, the events industry will be a front-runner in growth. The Issuer envisages the product to be sustainable, as it operates on SaaS margins, so as ticket sales increase, costs will decrease and UTX's already very strong margins, will only continue to grow as we already have a small established userbase, a brand we have curated with designers and multiple public relations ("**PR**") firms, technology built to test our concept, infrastructure with sales teams and office space ready to deploy internationally. UTX has adopted a contingency plan should the events industry, for whatever reason, lag. Furthermore, the Issuer has a development plan in place to integrate all online events/conferences/webinars and push forwards with a gaming tickets platform.

The Issuer's only foreseeable limits with scalability could be caused by the chosen underlying blockchain; i.e., Ethereum. Blockchain technology is constantly developing, and expanding at a rapid pace daily. UTX is in the process of conducting a feasibility study of introducing other blockchains to decrease potential load, and with projects like Layer 2 and ETH 2.0 on the horizon, it has many opportunities within the Ethereum eco-system alone when looking to scale.



6.1.3. UTX Ltd (UK)

The Issuer and UTX Ltd (UK) are related entities through common beneficial owners. UTX Ltd (UK) shall have an integral part in the UTX Platform for the purposes outlined in Section 6 of this Whitepaper.

The current platform, having been developed with the minimum requirements possible, is hosted and operated by UTX Ltd (UK) on utix.co.uk. It was developed with very limited and basic components to test how viable and scalable a blockchain e-ticketing platform would be. UTX Ltd (UK) successfully ran a few small events for local event organisers and sold tickets testing our ticketing system.

The IVFAO to be carried out by the Issuer will raise capital to build a full scale UTX Platform, as at present there is no way the current platform, being hosted and operated by UTX Ltd (UK), would be able to be used at any scale. The features are only limited to creating events and then buying tickets.

The Platform Development Roadmap in Section 6.3 shows how the IVFAO proceeds will be utilised for the purposes of the development of the UTX Platform.

6.1.4. Associated challenges and risks as well as mitigating measures thereof

With reference to actual product growth, competition is always going to be a challenge in the e-ticketing industry; it is an oligopolistic industry dominated by a small number of companies that aim to contract every event possible. UTX has created a business plan with a different approach, to ensure it remains competitive whilst simultaneously being able to grow to eventually compete at such a level. UTX will ticket events that are not eligible for larger vendor contracts. Its aim is to become the 'go-to' e-ticketing provider for the higher volume (in that there are a significantly higher number of event organisers, more events, and increased frequency), smaller venue event market. UTX will also be directly hiring business development managers who already have established relationships with this market and have an advertisement and PR plan in place to dominate this sub-industry.

6.1.5. The UTX Platform

Upon signing up to the UTX Platform, a UTX Ticket NFT Wallet and a UTX Loyalty Token Wallet is automatically generated and assigned to each user. Users will be required to verify their phone number, email address and potentially identification document, allowing for further user verification at event entry points whereby such information shall be protected, and stored as per the requirements of the GDPR. Users have the choice of signing up as an event organiser, or a user. The purpose of the UTX Loyalty Token Wallet's generation is to allow UTX Loyalty Tokens to flow through the protocol and allow event organisers to control all aspects of their event, to benefit entirely from the blockchain.

6.1.6. The UTIX Platform Participants

An Event Organiser (“**EO**”), being an approved user of the UTIX Platform, may create an event with a number of ticket classes and tickets. Each event must have a name, date and location. Typically, a ticket class will cover a block of tickets with the same view-point and/or distance from stage, etc. There are a number of options that the EO can specify for a ticket class, such as the initial price, resale price range, and more. Whenever any tickets have been sold, the EO has the option to withdraw funds as accrued from ticket sales.

There is no fee for EOs to use the Event Ticketing System (“**ETS**”) for event and ticket creation.

A Ticket Buyer (“**TB**”) may purchase tickets for any upcoming event. A TB may resell tickets for the predetermined resale price range of that ticket class. There is a fee for each ticket purchase, paid for by the TB, that is collected by the ETS.

At the event entry gate, each ticket shall be verified by Ticket Verifiers (“**TV**”) to allow valid ticket holders into the event while detecting fake, duplicate/redeemed tickets. TVs interact directly with the ETS and blockchain with the help of the TV application, and reside in an event entry control environment. They are pre-approved users on an event basis and are typically staff of the event organiser. As the main event gatekeepers, under time pressure, ticket verification ease of use and speed is paramount. Tickets will therefore be verified by scanning a QR Code or alternative technology presented by the UTIX Ticket Wallet owned by the TB.

System Administrators (“**SA**”), who are super users and UTIX employees, shall approve EOs and TVs, validate documents submitted as part of the know-your-customer (“**KYC**”) requirements, approve EOs’ ticket related fund withdrawals and perform management and exception processing.

6.1.7. The UTIX Platform Tokens

There will be two types of tokens in use on the UTIX Platform: 1) The UTIX Loyalty Token, and 2) The Ticket NFT (“**NFT**”).

The UTIX Loyalty Token will be used for the loyalty system on the UTIX Platform for discounts and will be in circulation. It can be acquired during the IVFAO as outlined in Section 7.

The Ticket NFT on the other hand is used purely for tracking tickets, purchases and recording those transactions on the blockchain. A Ticket NFT is created once a Ticket Buyer buys a ticket from an Event Organiser and is transferred to the TB’s UTIX Ticket Wallet. This lets us verify on entry that a user has a genuine ticket. After the event, the Ticket NFT is discarded. The Ticket NFT remains in the user’s UTIX Ticket Wallet but becomes of no use on the Platform whatsoever.

6.1.8. Event Creation

When an event organiser creates their account on the UTIX Platform, their identity, email and telephone numbers will be verified; following this, a secure UTIX Ticket-Wallet and a secure UTIX Loyalty Token Wallet is created for them in the background.

Ticket creation: Following registration, when an event organiser creates an event, they have the option to create tickets containing several different variables, including (but not limited to):

- Name (name of that specific ticket type);
- Number of tickets for distribution;
- Price (of each type of ticket individually);
- Distribution release date (and time);
- Distribution end date (and time);
- Refundable;
- Re-distributable (can they be sold on the secondary market?);
- Maximum/minimum re-sale price (if desired).

Blockchain transaction updates timing is non-deterministic and too slow for real-time use. For some operations, caching is required. In particular, ticket validation operations shall be required to use additionally supplied database operations for allowing entry into an event venue. All cryptocurrency regulatory, KYC and legal compliance shall be performed by the Issuer. The Event Ticketing System may be subject to the European Union (“EU”)’s GDPR. This mandates two levels of data sensitivity:

- Non-personalised information; and
- Personal information.

The system shall work in one base currency, e.g., USD.

Personal information shall be protected, be minimal and stored to comply with the requirements of the GDPR. No sensitive financial information shall be held by the ETS, such as, customers’ credit-card details, etc. The ETS shall accept payments via third-party providers. The preferred payment provider is Stripe. The user will interact with the ETS via the Website alone, all blockchain complexities will be hidden. In this case, the keys of the Ticket NFT Wallets will be encrypted and stored on the ETS. UTIX will not have access to said keys, which shall remain encrypted. All event and ticketing data, including all ticket transactions (specific storage information relating to the loyalty points is available in Technical Overview (Section 6.2), is stored on the blockchain. This automatically provides transparency and an audit trail.

6.1.9. Secondary Market Control

One of the primary benefits of adopting the Ethereum blockchain is that by utilising smart contracts, we can ensure that certain facets of the e-ticketing infrastructure that previously had created issues, are now controllable. One of these problems was the secondary market. Event organisers will now be able to set a maximum re-sale value, whereby users are only able to sell their tickets through the Platform itself and only at a price the event organiser dictates. We must stress, this is a choice the organiser controls, if they'd prefer that tickets can freely be sold at whatever price is demanded, they also have this option. To facilitate these additional variables, we are using smart contracts that allow the Ticket NFT to only be re-distributed at a price set by the organiser when creating their event. Tickets are only transferrable through the application and/or Website. We recognise that any system is not entirely infallible; there will likely be individuals that try and create loopholes to facilitate the extortion of fans, however we aim to make that as difficult as physically possible. We will do so via our event entry methods.

6.1.10. Secondary Market Distribution Methods

The event organiser has the option to control certain variables of the re-distribution of tickets. Event organisers can choose between allowing or restricting the free movement of tickets between users, or if they'd prefer, tickets that users no longer need or want can (only, if desired) be re-listed on the Platform for any user to purchase.

- ***Ticket Exchange*** – To allow a user to transfer a ticket to another user, both should have registered and verified their accounts on the UTIX Platform, ensuring both can use the full capabilities of the UTIX Platform. Exchanging tickets through the Platform eliminates counterfeit risk and is simple as the corresponding NFT is simply sent to the ticket buyer's address. Our smart contract at this point is called upon, and the ticket is transferred only as the payment is made. Ensuring both parties follow through with their end of the agreement.
- ***Ticket Re-listing*** – Similarly to the Ticket exchange, the smart contract is called upon to ensure that each party receives the consideration at stake. If a user decides they wish to sell their ticket, they can simply log onto the Platform and click to have it re-listed. If the EO has provided the option that a premium can be paid, the user can include the higher price, should they wish. A transaction fee in the form of a Platform commission (the same fee charged to the primary ticket holder) will still be required so as to facilitate blockchain transactions and will be covered by the secondary market buyer. Our aim is to make this process as simple, cost-efficient, and effective for each party.

6.1.11. Event Entry Methods

Our event entry methods are designed to minimise secondary market extortion and the threat of fraud. Although our aim is to develop each and every method listed below, we will strive to find the most effective and efficient of the choices available and develop it further alongside leading event organisers.

- **QR Code 2FA** – QR code two-factor authentication is not something that has been used at events. The UTIX app will have a tab highlighting the tickets each user has available. Upon entry to the event, and QR code ticket will become available. This code only allows access to the second QR code that will facilitate entry, the first is simply a verification procedure to show that the individual on the app is the true owner of the ticket. This can stop the practice of users taking a screenshot of their QR coded ticket, sending it to the secondary buyer and then charging a discretionary, at times excessive, fee for the ticket. Our development versions of iOS/Android scanners have been extremely fast, and we feel strongly that the need to scan two QR codes will not add any substantial time to the event entry process. Statistics show that ninety-one percent (91%) of people in the world own a mobile telephone of some kind, and eighty-three percent (83%) of people own smart phones. We therefore feel as though the application itself will be a primary means of access.
- **Timed Entry System** – A second method we have tested and will offer as an option to event organisers is the choice to have the QR code withheld until a certain amount of time before the event itself. The purpose of this is to deter ticket touts from waiting outside events, printing QR codes and selling the tickets in an unregulated manner for prices that far exceed the original face value. Combined with QR code 2FA, we feel this could be extremely powerful in minimising the risks associated with the secondary market to consumer. However, this remains a choice for event organisers; should they wish to allow secondary pricing and the free market mechanism to operate entirely, they have that option. The event organiser will have the choice to only allow the QR code to be viewed 20/30/45/60 minutes before the event itself, giving the secondary market only a very small window in which to operate. Although it still provides a very small window for touts to operate, it largely acts as a deterrent. Touts could ultimately end up losing money on tickets they have purchased but are unable to sell.
- **Paper Entry** – It is still very much the case that individuals will want to use printed tickets. It is rare, but an option we must evaluate, nonetheless. In this case, the user will still have to have an account on the UTIX Platform, with their ID, email and telephone number verified. Before the event, the user must have selected to receive a paper ticket, and one will be emailed twenty-four (24) hours before the event commences. Upon entry, the QR code will be scanned and an ID verification will take place. This will either consist of:
 - A manual verification by the event validator, using their own judgement as a photo of the user will appear on the scanning application. It is down to their discretion as to whether this user is legitimate or could in fact be using a duplicate fraudulent ticket;



- Automated system using the camera on the device running the event entry software. Upon scanning the paper ticket, the application will recognise it is not a smart-ticket and open the camera with a box to align the user's face. If authentication fails, the validator has the choice to revert to a manual verification.

6.1.12. Protocol Fee Structure

This is the fee structure for a primary ticket purchaser. It is subject to change to allow the Issuer to remain flexible competitively by, for example, reducing fees according to event size; however, UTIX's intention and aim is to keep this fee as low as possible. There will be additional costs to a secondary market purchaser. Primarily the cost of the movement of the token through the UTIX ecosystem. The fee which the user will incur, amongst others, will include costs of facilitating the transaction on the blockchain (primarily gas fees, etc.), as well as Platform commission. UTIX shall endeavour to keep these costs as low as possible whilst still providing value to its stakeholders. It is also important to note UTIX's applications (iOS/Android, at present) will always be free. Scanning of tickets will also be cost-free for event organisers.

UTIX will charge a maximum of seven point five percent (7.5%) of the ticket costs. The charge will cover the fee payable to Stripe by way of merchant service fee (i.e., one point four percent (1.4%) + twenty Great British Pound cents (£0.20) [this may be subject to change]), as well as the gas costs to transfer both the Ticket NFT and the UTIX Loyalty Token linked to it from the EO to the user. The remaining balance represents UTIX's revenue. An example would appear as:

Ticket Cost: £100

Merchant Cost: £1.60

Gas Price Cost: ~£2 (estimate based on network congestion)

Remaining from 7.5% : $£1.60 + £2 = £3.60$

UTIX Revenue from ticket: $£7.50 - £3.60 = £3.90$

6.2. Technical Overview

6.2.1. Description of any restrictions embedded in the smart contract/s deployed Architecture

The Platform’s transactional data is mainly stored in the blockchain with partial data, as listed below, being stored in the ETS database where necessary. Blockchain data is viewable via standard blockchain explorers.

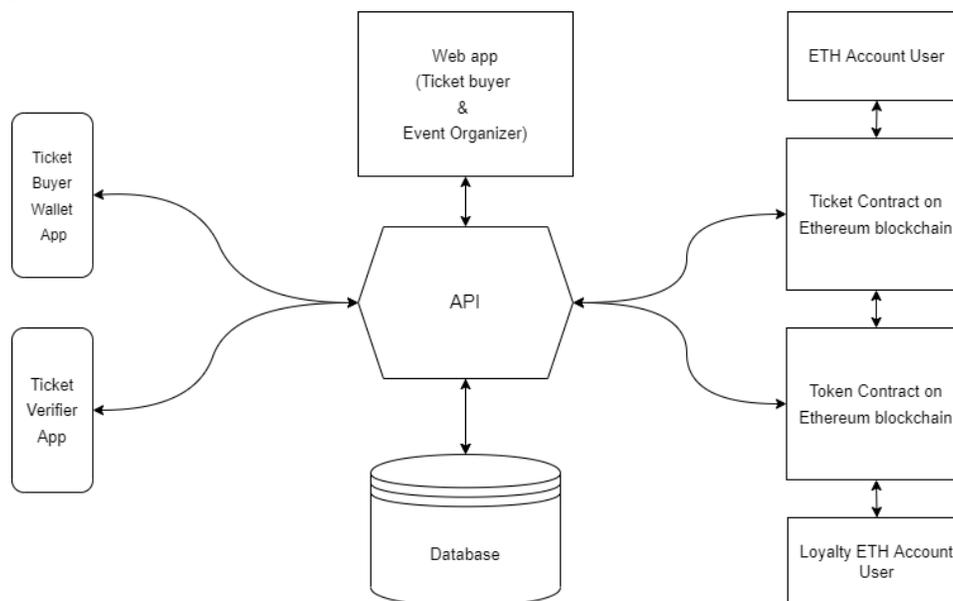
There shall be two data storage subsystems:

- Ethereum blockchain; and
- dedicated database.

The dedicated ETS database shall be used to store:

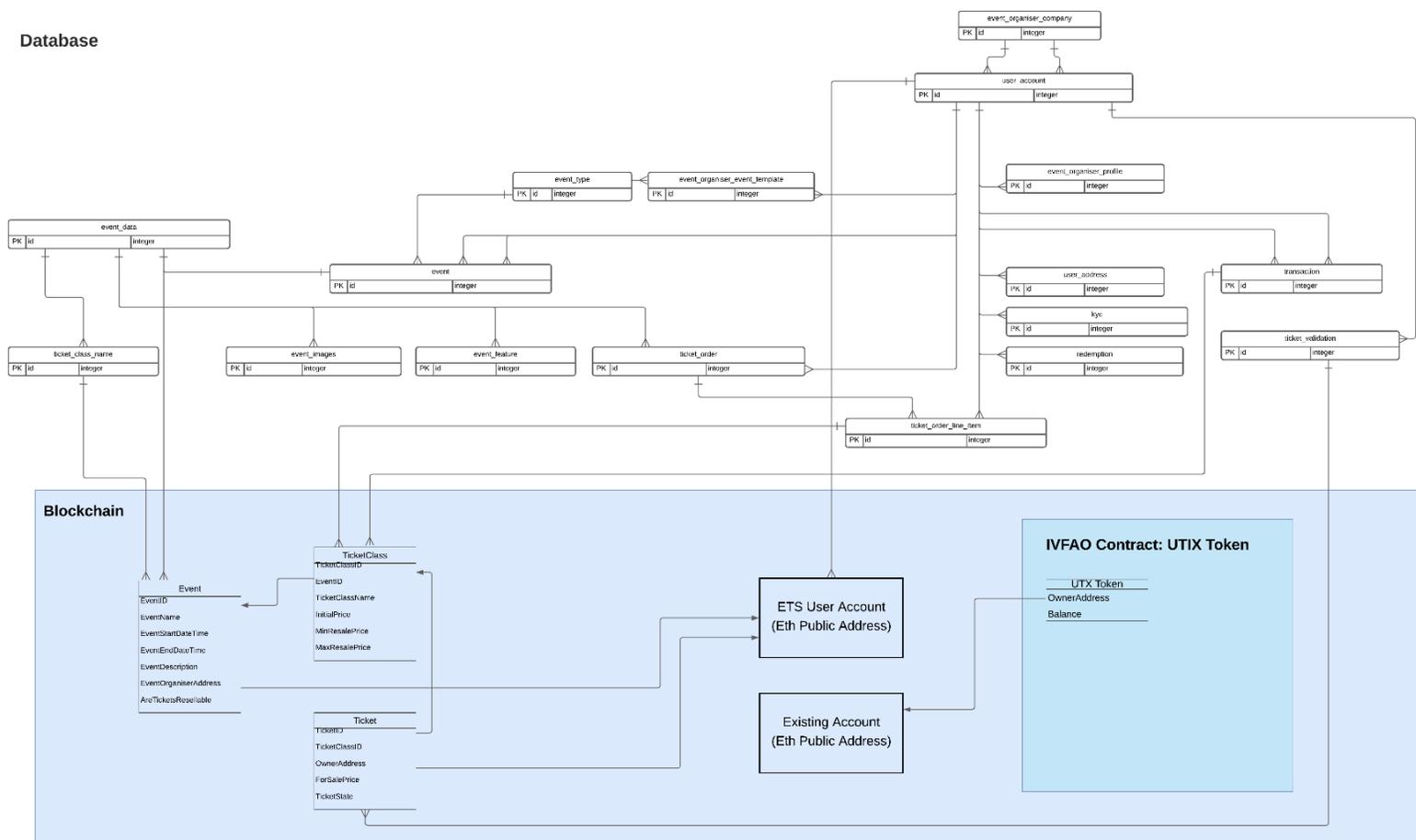
- user account profiles;
- FIAT payment ticket transactions;
- KYC document submissions;
- ticket state caches.

The blockchain and smart contracts, with support from the dedicated ETS database, shall be used to track event tickets, UTIX Loyalty Token movements, use, user balances and applied discount use, and all associated buyer transactions on an individual ticket basis. Ownership and state related data is stored as part of the ETS smart contracts.



NOTE: This diagram is not representative of phase 1, but is a conceptual vision of the entire system.

6.2.2. Entity Relationship



6.2.3. Blockchain Components

Smart contracts form a major part of the blockchain development.

6.2.3.1. Smart Contracts

The UTIX Loyalty Token is an ERC-20 standard token, created with already tested/secure contract templates from Open Zeppelin. UTIX Loyalty Tokens are running on the Ethereum network. With the migration file there are eight (8) deployed contracts with seventeen (17) dependencies. Deployed contracts are:

- i. abovementioned migration file (Migrations.sol);
- ii. a math library (SafeMathLibExt.sol);
- iii. contract that defines the UTIX Loyalty Token (CrowdsaleTokenExt.sol);

- iv. IVFAO finalization agent contract (ReservedTokensFinalizeAgent.sol);
- v. intermediary contract between oracle and the IVFAO (ETHUSD.sol);
- vi. contract to handle the pricing of the IVFAO (FlatPricingExt.sol);
- vii. contract to handle vesting after the IVFAO (TokenVestin.sol);
- viii. and a contract that defines and runs the IVFAO itself (MintedTokenCappedCrowdsaleExtv1.sol).

Currently, the only running costs for these contracts are the oracle queries for the ETH/USD price, they are about zero point zero zero four (0.004) ETH per query. We use an oracle from the company called Provable (used to be known as Oraclize), which helps us fetch ETH/USD price through a Coinbase API in a safe and transparent way.

There are eight (8) deployed contracts on the Ethereum network in use to handle the private sale of UTX Loyalty Tokens as stated above. Contracts have undergone a Type 1 Systems Audit as required by the VFA Act and Chapter 2 of the VFA Rulebook. The contracts will undergo a Type 2 Systems Audit following the launch of the IVFAO in accordance with the aforementioned rules and regulations.

One further contract has been deployed on the Ethereum network to govern the Ticket NFT and the ticketing system itself, the ticket contract. Development for the UTX Loyalty Token contract(s) will commence soon (description of contract in 6.2.3.1.3 and developed in Stage 2 as stated in point 6.3.2), which will be used after the sale to govern the UTX Loyalty Tokens (both for Platform usage and exchanges).

The UTX Loyalty Token flow within the UTX Platform is described in point 6.2.3.2.2.

6.2.3.1.1. Ticket NFT Contract

A smart contract, 'Ticket Contract', maintains the storage and control of:

- event data;
- ticket class data;
- ticket data.

Tickets are represented as tokens conforming to the ERC-721 specification and are non-fungible, referred to as Ticket NFT.

On event publishing:

- an event is created with event-name, date, location;
- associated ticket classes are created with class-name, ticket price;
- associated tickets are created as Ticket NFTs with owner.



On purchasing of a ticket(s) by a TB, the Ticket NFT is created and ownership of it transferred to the TB. On re-selling of a ticket(s) by a TB, the Ticket NFT is transferred to the new TB along with the corresponding loyalty points (UTIX Loyalty Tokens). On cancellation of a ticket(s) by the EO, the ticket owner is set to none.

Tickets are valid up until the event start date and time, and will be discarded after the event. The NFT will remain within the user's wallet but be of no use on the Platform or to any other users.

6.2.3.1.2. IVFAO Contract

The IVFAO smart contract will govern the sale of UTX Loyalty Tokens. The owner is identified by an Ethereum public address.

These UTX Loyalty Tokens are either:

- owned by third party owners, or
- reserved as part of token distribution brought out in Section 7.3.

UTX Loyalty Tokens are fungible in nature.

Control and functionality of these tokens is limited to that of the IVFAO contract which is limited to that necessary for the IVFAO. Additional functionality to support using UTX Loyalty Tokens as part of a loyalty or reward scheme will require migration into a new smart contract ("**UTX Contract**"), which can then control these tokens and add the required functionality. The current token owners must perform the token migration based on instructions provided subsequently by UTX. There is also the possibility that, in the future and following the IVFAO, the UTX Loyalty Token's use be expanded within the UTX Platform, whereby the UTX Loyalty Token may possibly also end up being used to purchase merchandise on the UTX Platform and/or during a festival/concert/larger event, on the grounds.

6.2.3.1.3. UTX Contract

A new smart contract, 'UTX Contract', will govern the UTX Loyalty Tokens as well as the UTX Loyalty Token Reserve ("**ULTR**"), conforming to the ERC-20 specification. The functionality includes:

- the movement of the UTX Loyalty Tokens;
- the setting of a redeemable status.

Only when redeemable, can a UTX Loyalty Token be exchanged for ticket discounts and merchandise.

The movement of UTX Loyalty Tokens is:

- in pool (ULTR);
- to EO on event creation;

- to TB on ticket purchasing;
- to EOs on redemption;
- back to the pool after redemption or for unsold tickets.

On event publishing with the ticket contract, a web3 listener will trigger the UTX Contract and a number of UTX Loyalty Tokens are provided to EOs as part of the event and set as 'non-redeemable' (more info on non-redeemable and redeemable functionality in Section 6.2.3.2.2.). This will work by setting an allowance on the EOs wallets to the number of UTX Loyalty Tokens distributed to them. On the purchasing of a ticket(s) by a TB, the associated UTX Loyalty Token(s) is transferred to the TB and an allowance will be set making the UTX Loyalty Token(s) 'non-redeemable' until the end of that event at which point the allowance is changed and the UTX Loyalty Token(s) will be 'redeemable'. On redemption of a UTX Loyalty Token(s) by a TB, the associated UTX Loyalty Token(s) is transferred to the EO while it is still 'redeemable' which will be achieved again with changing the allowance of the wallet. In addition to using the token themselves the EO can then initiate a reconciliation process.

On reconciliation of a UTX Loyalty Token(s) by an EO, their balance is easily trackable by the number of 'redeemable' tokens that they have. The EO has the ability to initiate a pay-out request for the discount in FIAT, once the pay-out request has been approved, the pay-out will be sent to the EO and the transfer from function is triggered on the UTX contract which then transfers the associated UTX Loyalty Token(s) to the UTX Loyalty Token Reserve. Once a certain amount of time has passed from the end of an event, the UTX contract will be triggered to send all UTX Loyalty Tokens associated with unsold tickets back to the ULTR. The cost of the discount paid to the EO is paid from UTX Malta Ltd.'s profit itself. As the Platform's profitability increases as more events use it, the discount can then be greater.

6.2.3.2. Custom Wallets

A custom Ticket NFT Wallet is needed to show events with the associated ticket class and ticket data fields. The data field formats and meanings are specific to the ETS. To display this proprietary data requires a custom wallet. The prime user of the Ticket NFT Wallet shall be the TB.

The interface for an EO to create events, ticket classes and tickets with the associated data fields is too complex for a wallet and is best suited to a web interface. The new ETS interface shall be developed in a manner that allows the ticket contract to be accessed.

The contract must be accessed via an API as this is where the ticket data is stored.

For the UTX Contract, in subsequent phases, given a user address, these functionalities shall be exposed for UTX Loyalty Tokens:

- non-redeemable balance;
- redeemable balance.

For the ticket contract, this functionality shall be made available:

- given an event date range:
 - a list of events with event-name, event-location, unsold ticket count;
- given a user identity:
 - a list of purchased tickets with event-name, event-location, ticket class-name, ticket count grouped by event and ticket class.

This functionality may be developed via an event subscription method to cache event and ticket details to a database.

6.2.3.2.1. Ticket Buyer User Account

A TB user account shall be created on user registration on the ETS. Each ticket purchase by a TB is able to be viewed by a Ticket NFT Wallet and provides access to the tokens related to purchased tickets.

In this case, the keys of the Ticket NFT Wallets will be encrypted and stored on the ETS. UTIX will not have access to said keys, which shall remain encrypted.

6.2.3.2.2. UTIX Loyalty Tokens and Ticket NFTs

There is a large pool of UTIX Loyalty Tokens reserved in the IVFAO Contract which will form the UTIX Loyalty Token Reserve. Those UTIX Loyalty Tokens will be governed by the UTX Contract and will be distributed from the ULTR to the EOs. A technical explanation of this can be found in section 6.2.3.1.3.

There are three (3) token states of UTIX Loyalty Tokens:

- In the ULTR – not allocated to an event ticket;
- Available but not redeemable – allocated to an event provider or ticket buyer before event has happened;
- Allocated, redeemable – associated with an event ticket for a live event.

The new UTX Contract will be designed to support the redeemable and non-redeemable UTIX Loyalty Tokens. As the UTIX Loyalty Tokens are fungible, the distinction will be made by using ERC-20 standard compliant functions in Solidity code. With creating an allowance for each wallet used on the UTIX Platform, we can effectively limit the amount of tokens a user can spend or transfer out of their wallet. With a web3 script talking with both ticket contract, UTX Contract and UTIX Platform/database. It will handle both when to send tokens between accounts in terms of automatic actions (buying ticket and getting sent a UTIX Loyalty Token, changing allowances, creating an event and having UTIX Loyalty Tokens distributed from the ULTR to EOs), and manual actions as well (TB sending their UTIX Loyalty Tokens earned on site to another wallet). It will as well change the allowance for wallets. In addition for edge



cases where customisation is necessary or the general non-redeemable/redeemable rules do not apply, there will be an additional ERC-20 compliant approve function which can be manually triggered to facilitate these cases.

The UTX Contract will, in addition to points in Section 6.2.3.1.3, feature the following functionality:

- obtaining the redeemable and non-redeemable UTX Loyalty Token balance of a TB or EO;
- controlling the flow of non-redeemable loyalty tokens;
- understanding the distinction between redeemable and non-redeemable UTX Loyalty Tokens.

On the publishing of an event, a number of non-redeemable UTX Loyalty Tokens equal to the number of tickets are transferred from the ULTR to the EO.

On ticket purchase, a number of UTX Loyalty Tokens are transferred from the EO to the TB account corresponding to the number of tickets bought.

The UTX Loyalty Tokens are classified as redeemable or non-redeemable. This distinction allows redeemable UTX Loyalty Tokens to be transferred, or redeemed for merchandise or potentially ticket discounts, whilst non-redeemable UTX Loyalty Tokens are restricted in their use and serve as the distribution mechanism to which the UTX Contract handles the distribution of UTX Loyalty Tokens to an EO.

Tickets that are sold by an EO to a TB will initiate a transfer of UTX Loyalty Tokens from the EO's non-redeemable balance to the TB to whom they will be redeemable after the corresponding event has ended. In this way the EO is not able to redeem UTX Loyalty Tokens that have been provided to them as part of the event creation. Thus, the UTX Loyalty Tokens that are tied to a ticket can only be used by the final owner of the ticket.

To ensure compatibility with the ERC-20 standard all UTX Loyalty Tokens, redeemable or otherwise, will be represented as totalling the balance for any given address.

UTX Loyalty Tokens migrated from the IVFAO Contract shall be set as 'redeemable'. This migration refers to that mentioned in section 6.2.3.1.2.

In contrast, Ticket NFTs are minted when a TB buys a ticket from an EO and are then assigned to the TB. The tokens are minted at purchase, it's a direct contract call that comes from the owner's wallet, there are no vouchers. These are compatible with the ERC-721 specification so are non-fungible. They are minted once a ticket is bought and used only until the event, with which the Ticket NFT was tied to, has ended at which point they are discarded.

Each Ticket NFT has these logical attributes:

- Event name;
- Event start date and time;
- Event duration;
- Event description;
- Ticket class name;
- Ticket initial price;
- Ticket currency;
- Ticket owner;
- Ticket resale minimum/maximum price;
- Is ticket available for resale;
- Is ticket cancellable by TB;
- Ticket cancellation fee;
- Ticket resale price.

6.2.4. Security safeguards against cyber threats to the underlying protocol, to any off-chain activities and to any wallets used by the Issuer

All the hosts are behind a firewall and only the required ports (SSH, HTTP and HTTPS) are enabled as needed. SSH is specific. All internal communication between Web App → Eth Service → Geth node happen via internal private IP addresses, so the network traffic cannot be listened to from outside our Digital Ocean instance network.

For the ETS platform, all user Ticket NFT Wallets' private keys are stored in an encrypted database, the user never has access to their ticketing wallet directly on the platform so a human error from the user side is unlikely. In addition, the control over the underlying smart contract is entrusted only to one owner (i.e., the Ticket NFT Wallet), which private key is stored in an encrypted database. UTIX will not have access to said keys, which shall remain encrypted.

For the UTIX Loyalty Token wallets, UTIX stores wallets' keystore files, but not their passwords and because of that has no way of recovering the wallets, but that also means that user wallets can't be compromised in case of any malicious attempt on UTIX. Again, only one master wallet has control of the contracts for the UTIX Loyalty Token and that private key has been stored in an encrypted cold storage with only authorised personnel having access to it.

The Issuer itself uses a multisig wallet to store funds and to use as destination for funds raised during IVFAO. Wallet issued is HD Wallets following the BIP32 standard.

6.3. Platform Development Roadmap

The ability to provide, promote and distribute online e-tickets using the technology and power that the blockchain lends creates a wealth of different opportunities and value-added services we can integrate into the UTIX Platform. Despite this, it is important to recognise that we should and will build incrementally. Attempting to push each feature we could want into the first iteration of the Platform will be time-consuming, fraught with issues and will over-complicate an already successful system and deter users. We will therefore move in different phases to achieve our goals.

6.3.1. Phase 1 (complete)

- Full e-ticketing platform with ticket validator iOS application;
- iOS/Android user/EO applications;
- Create EO account/ Upload KYC documents/ Approve EO account;
- Update live event ticket allocations;
- Search upcoming events;
- View event ticket info – availability/class/prices;
- Purchase tickets (integrate merchant services);
- View ticket transactions;
- Cancel tickets/ Resell tickets;
- Cancel live event;
- Validate presented tickets;
- Withdraw funds from ticket sales;
- Approve/Reject EO sales withdrawal.

6.3.2. Phase 2

- Seating chart allocation;
- Development of native iOS/Android applications that combine ticket validation app;
- Smart-contacts that control and store the UTIX Loyalty Token;
- Integration of UTIX Loyalty Token into UTIX event ticketing system;
- Email/push notifications;
- Social log in functionality;
- Templates for recurring events;
- Online chat support for users and EO;
- 2FA QR codes and timed QR code release;
- More in depth reporting framework for EO's;
- Support for other payment types (Crypto, Skrill, Paypal);
- Reduction of overall footprint of repo for ease of deployment;

- Blockchain transaction queue to handle more load and better be prepared for gas price fluctuations;
- Blockchain overrides for different event situations;
- Virtual conferencing.

6.3.3. Phase 3

- Create API functionality to allow other e-ticketing platforms and EO's to use the UTIX ETS on their own website;
- Further build administration side of the Platform for our own sales staff;
- Adding a social media style feed and look + ability to share ticket purchases and events directly to social media + like/share other peoples' event attendance;
- Further research and development in EO reporting and features Improved v2 of iOS/Android applications.

7. The Token

7.1. Description of the UTIX Loyalty Token

Loyalty reward systems are being increasingly adopted by companies to engage the consumer repeatedly, develop sustainable relationships with users and encourage further use of their platform. Typically, there are two forms of loyalty reward programs:

The first one focuses on internalising consumer spend and using loyalty points to gain discounts on products offered by the points issuer; these typically are offered by airlines and retailers.

UTIX plans to have the discount of the UTIX Loyalty Token based on its own profit. Discount costs will be borne by UTIX itself. The discount value will be reviewed periodically and will increase/decrease depending on how much UTIX can afford to give.

The second is a multi-brand program that focuses on leveraging partnerships with other companies. The development of the UTIX loyalty program aims to focus initially on a single brand system encouraging users to spend their points on products available on the UTIX Platform. As the product and our market develops, we will aim to adopt partnerships with merchandising and entertainment entities.

7.2. Token Issuance

The UTIX Loyalty Token is based on Ethereum's ERC-20 standard. The purpose of the IVFAO is to raise funds for further development of the UTIX Platform, as outlined in the Platform Development Roadmap



set forth in Section 6.3. A total number of two hundred and seventy-five million (275,000,000) UTIX Loyalty Tokens will be issued in a single Token Generation Event within thirty (30) days from the completion of the UTIX Loyalty Token Sale. More information on the UTIX Loyalty Token Sale, such as the price, exchange rate, discounts and issue date are found in Section 7.4 of this Whitepaper.

No further token issuance will be possible other than that envisaged in the TGE hereabove mentioned, and any and all unsold tokens will be burnt. The issued UTIX Loyalty Tokens will be held and distributed in accordance with the last paragraph above, after which there are no limitations as the user has free control of their wallet.

The rights granted to holders of the UTIX Loyalty Token shall be limited to those as noted in this Whitepaper and no limitation and/or extension of such rights shall be considered as being implied, directly and/or indirectly, in this Whitepaper.

7.3. Token Distribution

The total amount of UTIX Loyalty Tokens to be issued are two hundred and seventy-five million (275,000,000) UTIX Loyalty Tokens. The distribution of UTIX Loyalty Tokens will be done according to the table below:

UTIX Loyalty Token Reserve: circa sixteen point nine nine five three seven six percent (16.995376%) of the total UTIX Loyalty Tokens; i.e., forty six million, seven hundred and thirty-seven thousand, two hundred and eighty-five (46,737,285) UTIX Loyalty Tokens, will remain within the Issuer's ULTR, which is a large pool of tokens as described in Section 6.2.3.2.2. These UTIX Loyalty Tokens will serve as the distribution mechanism to which the UTX Contract handles the distribution of UTIX Loyalty Tokens to EOs.

Founders: circa seven point two seven two seven two seven percent (7.272727%) of the total UTIX Loyalty Tokens will be issued to the founders of the Issuer. The total amount allocated to the founders is twenty million (20,000,000) UTIX Loyalty Tokens. The full amount of these tokens will be locked over a twenty-four (24)-month period after the TGE. Twenty-five percent (25%) of the tokens will be released at six (6) month intervals, following the said lock-up period.

Developers: circa zero point nine zero nine zero nine one percent (0.909091%) of the total UTIX Loyalty Tokens will be issued to the developers of the UTIX Platform. The total amount allocated to the developers is two million, five hundred thousand (2,500,000) UTIX Loyalty Tokens.

Strategic Partners: circa eight point three seven nine two eight nine percent (8.379289%) of the total UTIX Loyalty Tokens will be issued to a number of chosen partners based on their market share, contribution to the UTIX project and longevity of the partnership as a reward for maintaining healthy business



relationships. The total amount allocated to the strategic partners is twenty-three million, forty-three thousand, and forty-six (23,043,046) UTX Loyalty Tokens.

Advisors: circa two point two two eight nine seven one percent (2.228971%) of the total UTX Tokens will be issued to advisors as a reward for their contribution to the project. The total amount allocated to the advisors is six million, one hundred and twenty-nine thousand, six hundred and sixty-nine (6,129,669) UTX Loyalty Tokens.

UTX Loyalty Token Sale: circa sixty-four point two one four five four five percent (64.214545%) of the total UTX Loyalty Tokens; i.e., one hundred and seventy-six million, five hundred and ninety thousand (176,590,000) UTX Loyalty Tokens shall be sold in accordance with the below two schedules:

7.3.1. Pre-Sale (Pre-IVFAO)

Circa nine point zero nine zero nine zero nine percent (9.090909%) the total UTX Loyalty Tokens shall be offered to private investors. This sale will be carried out in accordance with Section 7.4.1. of this Whitepaper. The total amount allocated to the private sale is twenty-five million (25,000,000) UTX Loyalty Tokens.

7.3.2. General Sale (IVFAO)

Circa fifty-five point one two three six three six percent (55.123636%) of the total UTX Loyalty Tokens shall be offered to the public in accordance with any and all applicable laws, regulations and rules in Malta, and in accordance with Section 7.4.2. of this Whitepaper. The total amount allocated to the public sale is one hundred and fifty-one million, five hundred and ninety thousand (151,590,000) UTX Loyalty Tokens. The IVFAO shall consist of four stages as outlined hereunder:

- Stage One Sale: this shall consist of fifty-one million, five hundred and ninety thousand (51,590,000) UTX Loyalty Tokens or eighteen point seven six percent (18.76%) of the total UTX Loyalty Tokens.
- Stage Two Sale: this shall consist of forty million (40,000,000) UTX Loyalty Tokens or circa fourteen point five four five four five five percent (14.545455%) of the total UTX Loyalty Tokens.
- Stage Three Sale: this shall consist twenty million (20,000,000) UTX Loyalty Tokens or circa seven point two seven two seven two seven percent (7.272727%) of the total UTX Loyalty Tokens.
- Final Stage Sale: any remaining or unsold UTX Loyalty Tokens will be sold during this Final Stage Sale.



7.4. UTX Loyalty Token Sale

The exchange rate of the UTX Loyalty Token during the UTX Loyalty Token Sale is one (1) UTX Loyalty Token = zero point one zero United States dollars (\$ 0.10) equivalent in ETH, depending on the current market price. The price will fluctuate due to the use of an oracle.

The UTX Loyalty Token's value will be initially determined by the amount of discount the Issuer is able to offer users based on the fee collected, and what is mathematically viable to then offer as a discount in return for the UTX Loyalty Token. At present, zero point one zero United States dollars (\$ 0.10) per transacted token as an applied discount, is financially viable to provide users with enough of a discount as users aggregate tokens, while also ensuring the Issuer is left with a sufficient profit margin to operate above cost.

E-ticketing transaction fees are typically made up of a merchant cost (Stripe, for example, will charge one point four percent (1.4%) + zero point two zero Great British Pounds (£0.20) [this may be subject to change]) for EU cards), above this, the remaining fee is usually the profit margin the company receives. With UTX, there are certain blockchain costs involved that typically don't apply to other e-ticketing companies (movement of ERC-20 tokens through the eco-system, for example). As UTX grows, and the volume of transactions rises, the merchant fee payable to the payment services provider will diminish as Stripe (for example), offers large discounts to users transacting above a certain threshold. This can result in a token appreciation as we are able to increase the discount, whether this is a universal increase, or a tiered increase to users holding specific amounts. Similarly, as blockchain technology advances and costs continue to decrease, the Issuer may be in a better position to increase further the discount that the UTX Loyalty Tokens will reflect. However, it may be that these cost savings are also used to develop the Platform further, or expand the company into other regions. Digital assets may be subject to significant price fluctuations. Since the token value may not be as stable as in the case of FIAT currencies, it can be difficult to determine its purchasing power.

The Issuer will be accepting Ether (ETH) only as a means of payment. The Soft Cap is eight hundred and ten thousand United States dollars (\$ 810,000), and the Hard Cap is set at eighteen million US dollars (\$ 18,000,000). The total sale pool, split between the private and public sale, is fixed at one hundred and seventy-six million, five hundred and ninety-thousand (176,590,000) UTX Loyalty Tokens. The exchange of UTX Loyalty Tokens for ETH will be facilitated using smart contracts. The smart-contracts forming the UTX Loyalty Token and governing the IVFAO (6.2.3.1) have also been audited by CinderCloud (in addition to the systems audit covered in section 6.2.3.1) – more information can be found at www.UTIX.io. The UTX Loyalty Token Sale shall consist of both the pre-IVFAO and the four (4) stages of the IVFAO, as described below.

Pre-IVFAO, the Issuer will pursue relationships with certain professional investors, both institutional and private wealth, including but not limited to, financial institutions and high net worth individuals.



Nevertheless, the UTX Loyalty Token shall be offered to both Experienced and non-Experienced Investors during the IVFAO sale.

Where UTX Loyalty Tokens are acquired through an intermediary authorised for such purpose by the Issuer, the respective UTX Loyalty Tokens will be sent to the participant's DLT Exchange or brokerage account. Time-limits for the delivery of UTX Loyalty Tokens will be specified by the transparent rules governing the process established by the said intermediary.

On the other hand, if UTX Loyalty Tokens are bought using ETH, UTX Loyalty Tokens will be transferred to the users' wallet and will be locked until the end of the IVFAO.

7.4.1. Pre-Sale (Pre-IVFAO)

The pre-IVFAO is the sale of UTX Loyalty Tokens targeted towards private investors, before UTX Loyalty Tokens are offered to the general public. The minimum contribution in this phase is one (1) ETH. The maximum amount of UTX Loyalty Tokens sold during the pre-IVFAO is limited to twenty-five million (25,000,000) i.e., circa nine point zero nine zero nine zero nine percent (9.090909%) of the total UTX Loyalty Tokens. Investors will receive a forty percent (40%) discount on any UTX Loyalty Tokens that they purchase during the pre-IVFAO.

Supply:	twenty-five million (25,000,000) UTX Loyalty Tokens
Min. Contribution:	one (1) ETH
Discount:	forty percent (40%)

7.4.2. General Sale (IVFAO):

The IVFAO shall consist of four (4) stages as outlined hereunder:

7.4.2.1. Stage One Sale

The Stage One Sale shall commence on the Initiation Date and will continue for up to thirty (30) days.

Investors can purchase UTX Loyalty Tokens from the Issuer's Website. The Issuer will be taking care of both KYC/anti-money laundering and counter financing of terrorism ("**AML and CFT**") procedures and distributing the tokens to investors, accordingly. The name and all correlated information regarding the token sale platform will be revealed on www.UTIX.io when an agreement would have been reached with the third party service provider supplying the platform.

The maximum amount of UTX Loyalty Tokens sold during the Stage One Sale shall not exceed fifty-one million, five hundred and ninety thousand (51,590,000) UTX Loyalty Tokens or eighteen point seven six



percent (18.76%) of the total UTIX Loyalty Tokens supply. Investors will receive a twenty percent (20%) discount on any UTIX Loyalty Tokens they purchase during the Stage One Sale. The funds raised during the Stage One Sale will be invested into the development of the product to match primary market distributor technical features.

The full amount of UTIX Loyalty Tokens sold during the Stage One Sale will be locked till the end of the IVFAO, as described in Section 7.4.5. The procedure will be governed by a smart contract, without any interference from the Issuer. The purpose of the locked period is to ensure the healthy price of the UTIX Loyalty Token and safeguarding against large selling volumes following the token launch, as well as an attempt to prevent volatility spikes.

Start Date: Initiation Date
Duration (days): up to thirty (30) days
Supply: fifty-one million, five hundred and ninety thousand (51,590,000) UTIX Loyalty Tokens
Min. Contribution: one (1) ETH
Discount: twenty percent (20%)

7.4.2.2. Stage Two Sale

The Stage Two Sale shall commence one (1) day after the end of the Stage One Sale and shall have a duration of up to twenty (20) days.

The maximum amount of UTIX Loyalty Tokens sold during the Stage Two Sale shall not exceed forty million (40,000,000) UTIX Loyalty Tokens or circa fourteen point five four five four five five percent (14.545455%) of the total UTIX Loyalty Tokens supply. Investors will receive a ten percent (10%) discount on any UTIX Loyalty Tokens they purchase during the Stage Two Sale. The funds raised during the Stage Two Sale will be invested into expanding UTIX's sales operations into London and Europe.

Investors can purchase UTIX Loyalty Tokens from the Issuer's Website. The Issuer will be taking care of both KYC/AML and CFT procedures and distributing the tokens to investors, accordingly. The name and all correlated information regarding the token sale platform will be revealed on www.UTIX.io when an agreement would have been reached with the said platform.

The full amount of UTIX Loyalty Tokens sold during the Stage Two Sale will be locked till the end of the IVFAO, as described in Section 7.4.5. The procedure will be governed by a smart contract, without any interference from the Issuer. The purpose of the locked period is to ensure the healthy price of the UTIX Loyalty Token and safeguarding against large selling volumes following the token launch, as well as an attempt to prevent volatility spikes.

Start Date: one (1) day after the end of the Stage One Sale



Duration (days): up to twenty (20) days
Supply: forty million (40,000,000) UTX Loyalty Tokens
Min. Contribution: one (1) ETH
Discount: ten percent (10%)

7.4.2.3. Stage Three Sale

The Stage Three Sale shall commence one (1) day after the end of the Stage Two Sale and shall have a duration of up to twenty (20) days.

The maximum amount of UTX Loyalty Tokens sold during the Stage Three Sale shall not exceed twenty million (20,000,000) UTX Loyalty Tokens or circa seven point two seven two seven two seven percent (7.272727%) of the total UTX Loyalty Tokens supply. Investors will receive a five percent (5%) discount on any UTX Loyalty Tokens they purchase during the Stage Three Sale. The funds raised during the Stage Three Sale will be invested into the third and final stage of the product development roadmap.

Investors can purchase UTX Loyalty Tokens from the Issuer's Website. The Issuer will be taking care of both KYC/AML and CFT procedures and distributing the tokens to investors, accordingly. The name and all correlated information regarding the token sale platform will be revealed on www.UTIX.io when an agreement would have been reached with the said platform.

The full amount of UTX Loyalty Tokens sold during the Stage Three Sale will be locked till the end of the IVFAO, as described in Section 7.4.5. The procedure will be governed by a smart contract, without any interference from the Issuer. The purpose of the locked period is to ensure the healthy price of the UTX Loyalty Token and safeguarding against large selling volumes following the token launch, as well as an attempt to prevent volatility spikes.

Start Date: one (1) day after the end of the Stage Two Sale
Duration (days): up to twenty (20) days
Supply: Twenty million (20,000,000) UTX Loyalty Tokens
Min. Contribution: one (1) ETH
Discount: five percent (5%)

7.4.2.4. Final Stage Sale

The Final Stage Sale shall commence one (1) day after the end of the Stage Three Sale and shall have a duration of up to ten (10) days.

The Final Stage Sale shall consist of any remaining or unsold UTIX Loyalty Tokens. The funds raised during the Final Stage Sale will be invested into onboarding experienced sales staff and office expansion into Europe and London.

Investors can purchase UTIX Loyalty Tokens from the Issuer's Website. The Issuer will be taking care of both KYC/AML and CFT procedures and distributing the tokens to investors, accordingly. The name and all correlated information regarding the token sale platform will be revealed on www.UTIX.io when an agreement would have been reached with the said platform.

The full amount of UTIX Loyalty Tokens sold during the Final Stage Sale will be locked till the end of the IVFAO, as described in Section 7.4.5. The procedure will be governed by a smart contract, without any interference from the Issuer. The purpose of the locked period is to ensure the healthy price of the UTIX Loyalty Token and safeguarding against large selling volumes following the token launch, as well as an attempt to prevent volatility spikes. Any remaining unsold UTIX Loyalty Tokens after this Final Stage Sale will be burnt.

Start Date:	one (1) day after the end of the Stage Three Sale
Duration (days):	up to ten (10) days
Supply:	any remaining or unsold UTIX Loyalty Tokens from previous stages
Min. Contribution:	one (1) ETH

7.4.3. Target Investors

UTIX shall target both Experienced Investors and non-Experienced Investors. UTIX will qualify Experienced Investors in accordance with the definition found in Section 2 above, namely as follows:

- (a) Entities which are required to be authorised or regulated to operate in the financial markets;
- (b) Large undertakings meeting two (2) of the following size requirements on a company basis:
 - i. balance sheet total: twenty million euro (€ 20,000,000);
 - ii. net turnover: forty million euro (€ 40,000,000);
 - iii. own funds: two million euro (€ 2,000,000);
- (c) National and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations;
- (d) Other institutional investors whose main activity is to invest in VFAs, including entities dedicated to the securitisation of assets or other financing transactions.

Moreover, an investor not satisfying the above conditions but who declares to the Issuer that:

- (a) he has already participated in other offerings of VFAs;



- (b) he has invested in VFAs in excess of ten thousand euro (€ 10,000) or its equivalent; and
- (c) he possess the necessary experience, knowledge and expertise to make his own investment decision and properly assess the risks involved,

shall also be treated as an Experienced Investor.

7.4.4. Methods of Payment

During the UTIX Loyalty Token Sale, the Issuer will only be accepting Ether (ETH) as a means of payment. Since the token is ERC-20, any supporting wallet will work here, we do not provide a separate wallet.

The list of accepted FIAT currencies or cryptocurrencies may increase or decrease, and it will be updated on www.UTIX.io as an announcement.

All cryptocurrencies received during the IVFAO will be held in the smart contract itself until the Soft Cap is reached.

At the time of registration, the intended investor is required to provide all KYC information, provide a valid ERC-20 wallet, and transfer the VFAs to the Issuer, whereby these shall be locked via the smart contract itself until the Soft Cap is reached, following which they will be transferred to the Issuer's wallet/s. Subsequently, the Issuer shall send the corresponding investment confirmation and a link confirming the receipt of tokens via a blockchain endeavour tool by email, on the email provided by that investor during registration.

If the intended investor provides an invalid wallet address, the said investor will be notified and will have a period of ninety (90) days to provide a correct address. After ninety (90) days, the Issuer shall return the funds to the intended investor who has failed to provide the Issuer with a valid wallet address.

7.4.5. Offering Period

The offer of circa sixty-four point two one four five four five percent (64.214545%) of the total UTIX Loyalty Tokens; i.e., one hundred and seventy-six million, five hundred and ninety thousand (176,590,000) UTIX Loyalty Tokens shall be open to the public. The IVFAO shall start on the Initiation Date and shall have a minimum duration of thirty (30) days, which may be extended by the Issuer for up to a maximum period of six (6) months, provided that the IVFAO shall be terminated automatically at an earlier date if the total UTIX Loyalty Tokens for sale are sold, or unilaterally by the Issuer when the Soft Cap is reached, as set forth in Section 7.4. UTIX Loyalty Tokens cannot be withdrawn until after the IVFAO closes.

The Issuer reserves the right to end the IVFAO (i.e., the public sale) prior to the end of the subscription period as herein indicated, at its own discretion notwithstanding that the IVFAO Hard Cap may not have been reached, provided that the Issuer shall not terminate the IVFAO before the subscription period is over in the event that the IVFAO Soft Cap has not yet been reached. The Issuer shall make an announcement to such effect through its Website and social media channels.

7.4.6. Refund of funds if Soft Cap not reached

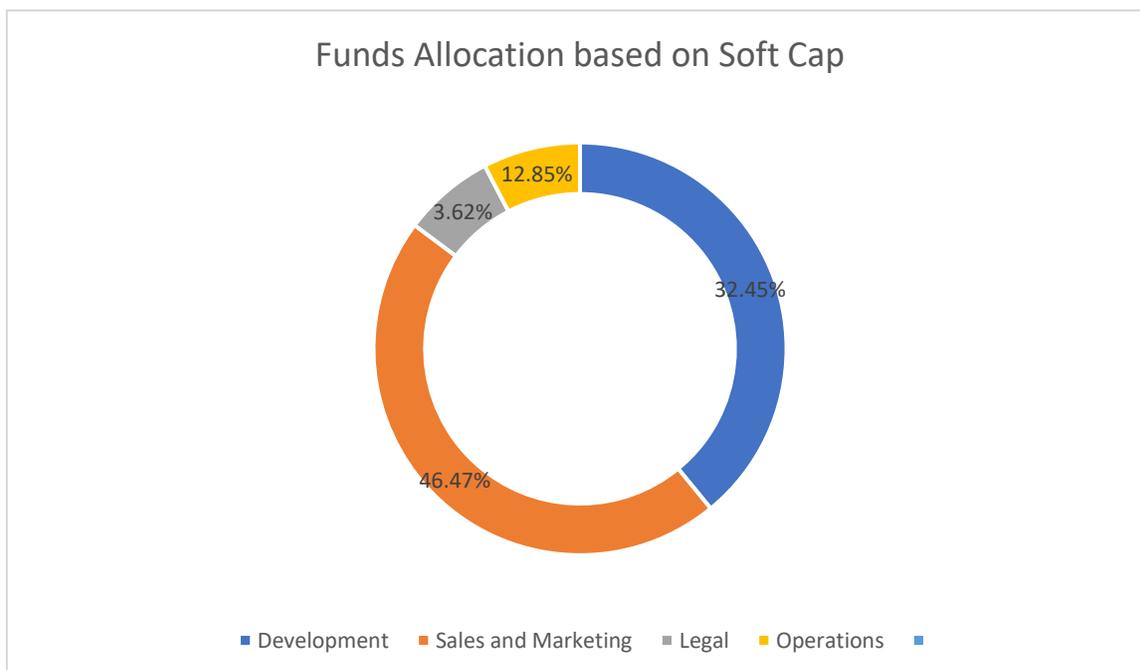
Participants in the UTIX Loyalty Token Sale are to be aware that if the Soft Cap is not reached by the end of the IVFAO as outlined in Section 7.4.5. above, the investors shall be refunded any funds which would have been paid to the Issuer, once the offering period would have lapsed. The refund mechanisms and applicable timeline for refunds in this regard are as follows:

- **VFAs refund:** up to thirty (30) days after the end of the IVFAO. VFAs will be returned from the VFA custodial wallet to the wallet first used by each respective investor, and the block confirmation will be emailed to the investor.

8. Project Finance

8.1. Funds Allocation

The below diagram and table describe the manner funds raised through the IVFAO will be allocated.



Main Milestones	Amount
UTIX Protocol and Platform Development	Three hundred forty-three thousand, two hundred seventy-seven United States dollars and twenty-nine cents (\$ 343,277.29)
Sales and Marketing	Four Hundred and five thousand, one hundred forty-two United States dollars and thirty cents (\$ 405,142.30)
Operations	Sixty-six thousand and nine hundred seventy-five United States dollars (\$ 66,975)
Legal, Accountancy and Insurance	Sixty-two Thousand and seven hundred and fifty United States dollars (\$ 62,750)

UTIX Protocol and Platform Development

Thirty-two point four five percent (32.45%) of the budget will be directed immediately to the research, development, and growth of the UTIXPPlatform. Our development team would grow incrementally according to the needs of the project.

Sales and Marketing

Forty-six point four seven percent (46.47%) of the budget will be allocated for the hiring of promotional and sales staff to ensure that when our Platform is ready, we have a strong base of event organisers ready to drive sales and utility immediately. Event e-ticketing is a business built upon relationships, the success of the Platform will depend on the success of those we hire.

Operations

Twelve point eight five percent (12.85%) of the budget will be allocated towards operational costs (admin, security, overheads, hosting etc.).

Legal, Accountancy and Insurance

Three point six two percent (3.62%) of the budget is allocated towards retaining legal and accounting representation. It will also cover insurance expenses for the protocol.

8.2. Benefits for Third Parties and other expenditure

The below table sets out the amounts of preliminary expenses and the persons by whom any of those expenses have been paid or are payable, and the amounts of the expenses of the issue and the persons by whom any of those expenses have been paid or are payable.

Description	Amount	By whom they are payable
Advisory, audits, legal and corporate fees incurred;	Thirty-five thousand United States dollars (\$ 35,000)	UTIX Ltd (UK)
Estimated ongoing professional fees until the end of the IVFAO;	Ten thousand United States dollars (\$ 10,000)	UTIX Ltd (UK)
MFSA Registration and Supervisory fees until the end of the IVFAO;	Twelve thousand euro (€ 12,000)	UTIX Ltd (UK)
Estimated marketing costs until the end of the IVFAO;	Forty-five thousand United States dollars (\$ 45,000)	UTIX Ltd (UK)
Estimated employment costs until end of project;	Sixty-six thousand United States dollars (\$ 66,000)	UTIX Ltd (UK) to staff/directors (six (6) months of costs)
Estimated technology-related costs until end of project;	One hundred thousand United States dollars (\$ 100,000)	Sixty seven thousand United States dollars (\$ 67,000) paid – UTIX Ltd (UK) to CobraSphere Ltd

9. Roadmap

At the University of Nottingham, Director Maxwell James Mayhew (Max Mayhew) develops 'ClubCo' – an e-ticketing SaaS platform aimed at vending QR coded e-tickets to event organisers at Universities across the UK.	2013
Max Mayhew and Mihkel Tali move into cryptography, specialising in blockchain validation and smart contract development. An opportunity was identified to use specific blockchain functionalities on the ERC-20 smart contracts to provide event control that the traditional industry had struggled to provide. With Max's industry and product development knowledge and Mihkel's technical knowledge, the UTIX Team was born.	2017

First UTIX Loyalty Token Whitepaper draft was written.	2018 Q3
Max and Mihkel begin working with solidity developers and build a development specification on how the platform should work and protocol function. The UTIX Team partners with development company CobraSphere Ltd.	2019 Q1
The UTIX Team launches a private sale for a select number of investors to raise sufficient capital for the platform build. Australian Hedge-Fund Boardroom Capital makes an acquisition offer of five million United States dollars (\$5,000,000) to merge with one of their portfolio companies 'MegaTix'; after lengthy negotiations, UTIX declines.	2019 Q2
MVP beta launches of the UTIX Team's platform, including listing and approval of iOS and Android consumer application on respective app stores; also listing of event organiser ticket validation app. Purpose is to identify features that the platform is missing, find and fix bugs and test the rigidity of the blockchain protocol.	2019 Q4
The UTIX Team incorporates in the USA and UK (LTD and PLC). UTIX sells tickets for a number of events in the USA. Event organisers and consumers beta test our platform and provide valuable feedback on desired features and specifications changes.	2020 Q1 – Q2
The UTIX Team begins engaging with Maltese consultants to apply for MFSA VFA authorisation. The UTIX Team also partners with Wolfline Capital LTD to consider different routes to attract financing, including the possibility of offering a bond on the London Stock Exchange once the full platform launches. Simultaneously, the UTIX Team begins further development in adding additional features requested by customers and EO's.	2020 Q3 - Q4
Preparation for the registration process of a Whitepaper with the MFSA to be able to carry out an IVFAO from Malta; Grant Thornton Limited was engaged as VFA Agent and FACT Technologies Ltd was engaged as systems auditor for this purpose. Simultaneously, full Platform development will be complete with new B2B/B2C iOS and Android native applications, Platform also to have seating charts integrated to begin looking to partner with university stadiums in the USA.	2021
Commencement of the registration process of the Whitepaper and private IVFAO of the UTIX Loyalty Token.	2022 Q1

Potential IVFAO, listing on a DLT Exchange and commencement of secondary market trading thereafter, depending on Whitepaper registration with the MFSA.	2022 H1
UK/EU to open a development and sales office. Team of dedicated full stack and solidity developers will begin work on further functionality and blockchain enhancements (as per Section 6.1.2 begin looking at incorporating other chains to ease load). A sales team will be carefully selected; offering those with industry contacts and experience the opportunity to grow and develop with the UTIX Team.	2022 Q2

10. About Us

10.1. About the Project

The UTIX Platform is an online, blockchain-based event hosting and e-ticketing platform that utilises smart contracts to reduce market inefficiencies and provide event organisers with variables they conventionally would not be able to control. Users and event organisers can buy or sell tickets through cryptographic signatures stored on a blockchain that cannot be altered or destroyed, removing the requirement of centralised servers, over-reliance on costly third parties and other negative externalities that arise through an unregulated free market mechanism. Through our user-friendly interface, an event organiser/user will have all the functionality of a blockchain, without the added complexities typically involved. By utilising smart contracts, we can reduce complication, cost, and minimize the threat of fraud. Operations will initially focus on European jurisdictions, with the Issuer based in Malta, a jurisdiction that has clearly laid down a framework regulating DLT-based offerings.

10.2. Details of the Issuer

10.2.1. The Issuer

The Issuer of the UTIX Loyalty Token is UTIX Malta Ltd., a company registered under the laws of Malta with company registration number C 102405 and having its registered address situated at Fort Business Centre, Level 2, Triq l-Intornjatur, Zone 1, Central Business District, Birkirkara, CBD 1050, Malta.

The Issuer was incorporated on 26 May 2022 and was registered as a private limited liability company in terms of the Companies Act (Chapter 386 of the laws of Malta). UTIX Malta Ltd.'s shareholding is comprised as follows: Maxwell James Mayhew holds 400 Ordinary shares (i.e., 1/3% of the total shares in UTIX Malta Ltd.) ; Andra Locika holds 400 Ordinary shares (i.e., 1/3% of the total shares in UTIX Malta Ltd.); Mihkel Tali holds 400 Ordinary shares (i.e., 1/3% of the total shares in UTIX Malta Ltd.).



The Issuer was incorporated primarily to develop and/or operate an e-ticketing platform for the sale, reservation, distribution and secondary market of tickets relating to the hosting of several events, whether by the company or third parties.

10.2.2. The Board of Administration

As at the date of this Whitepaper, the board of administration of the Issuer is made up of the following persons:

- Maxwell James Mayhew of 14A, Delamere Road, Wimbledon, London, SW20 8PS, United Kingdom;
- Andra Locika of Nikiforou Theodoki 1, 7060, Livadia, Larnaca, Cyprus; and
- Mihkel Tali of 11-136, Randa, Tallinn, 10315, Estonia.

10.2.3. The UTIX Team

Maxwell James Mayhew – Executive Director

Founder Max earned his Bachelor of Science in Industrial Economics from the University of Nottingham, then continuing his education at the Chartered Institute of Securities and Investment to become an RDR compliant advisor. Max was the head of trading for the Ceres Fund, a quantitative fund in Europe. However, his main passion has always been ticketing. In 2013, he founded the online e-ticketing platform ClubCo. The experience and knowledge gained from ClubCo will lead the UTIX Team in building a platform that artists, users, and event organisers can feel confident and proud to use.

Andra Locika – Executive Director, Company Secretary and Compliance Officer

Andra earned her Bachelor degree in Business Administration from the BA School of Business and Finance, then built her career in private banking and compliance areas. In particular, in the JSC “TRASTA KOMERCBANKA” Cyprus Branch, she rose to Senior Private Banker, since 2012 she also moved to the position of Deputy General Manager and worked there until 2016, after which she worked in the positions of Compliance Officer and Compliance Officer, currently working in CAFMAN LIMITED (ASP regulated by CySEC).

Mihkel Tali – Executive Director and Head of Development

Head of Back-End Development, Mihkel is an extremely passionate developer that does not stop until he has a full understanding and grasp of the task or undertaking ahead. Mihkel studied Economics at the University of Tartu, whilst also attending the Estonian IT college to major in software development. Mihkel has worked for various hedge funds developing equity and currency statistical arbitrage algorithms, and



is also the co-founder of Driftband, a company that produces variable types of wearable technology. Driftband won an acclaimed product development award in Estonia, issued by Teamlab.

10.2.4. Consultants and Advisors

John T Clark

John Clark manages T Clark and Sons, an expansive property empire in the UK. John has run T Clark and sons since it was founded and is extremely knowledgeable when it comes to managing both people and assets. An early investor, John has seen the absolute requirement for a product like UTIX's, has helped make product decisions and has guided the UTIX Team on management decisions and corporate social responsibility. It has been an absolute honour to have John as part of the UTIX Team.

Nick Messer

Nick Messer has been involved with the UTIX Team's project in an advisory capacity since its inception. His background, as founder of Strategic Marketing Communications Ltd, provides experience in the data management arena and he has significant experience in the ticketed events through the use of direct marketing techniques. Since 2008, Nick has been the founder and Managing Director of Jets United Limited, a boutique brokerage for business jets, and he handles the acquisition and disposal of these assets for his UHNW clients. He acts as investor and advisor for a number of private companies - predominantly those providing technical solutions to provide greater understanding of data.

Wayne Axelrod

Wayne has been involved in the development and growth of the UTIX Team's project since day one. Having a firm grasp of cryptography, Wayne ran an expansive mining operation in the United States, validating transactions on the blockchain with dozens of mining rigs. Wayne also founded The Ceres Fund, a hedge-fund that backed the UTIX Team and has helped significantly in cultivating relationships with event organisers across the globe.

Guntars Pupelis

Experienced Sales Director with a demonstrated history of working in the capital markets industry. Skilled in International Project Management, Negotiation, Business Planning, Sales, and Asset Management. Strong sales professional with a Bachelors focused in Law from Latvijas Universitate / University of Latvia. Guntars works for EXANTE, a prime broker that has been vital in the development of both the UTIX Team's product and smart contracts themselves. An extremely motivated and wide reaching individual, Guntars has helped navigate the new cryptocurrency regulatory market.

Nathan Howatt

Nathan originally has an accounting background (Bachelor of Business) and has for the last 20 years have been on the leading edge of Business Development in the mining, engineering and property sectors.

An innovative thinker and creative problem solver who has a proven track record of developing new sales and marketing strategies based on helping clients achieve their objectives.

Currently specialising in all aspects of industrial property management, Nathan work with clients to streamline their operational procedures resulting in increased productivity and profitability.

Nathan is looking to bring his experience of building operations from the ground up to be market leaders into the UTIX Team.

Kenneth Brown

Commission in Armed Forces as Medical Officer for five years until 1976 followed by appointment as Principal in General practice until retirement in 2006. Specialised in Occupational Health and was in Army reserve until 2000. Gulf War 1991 - in charge of Clinical Division of Hospital at Riyadh International Airport, Saudi Arabia. Responsible for setting up, organisation and ensuring smooth running of wards and departments for holding and evacuation of casualties from war zone.

Locum in General Practice, September 1993, in New Territories, Hong Kong.

Since 2015 Kenneth has been involved with a large local charity in Edinburgh called HcL (Handicabs Lothian) and has been chairman of this organisation for two years. It has thirty vehicles which have been converted for the transport of disabled people. Kenneth is involved closely with the administrative and financial requirements of this charity.

Kenneth has been an advisor on global expansion of the UTIX Team for the last 2 years. His wealth of knowledge and contacts throughout the world has allowed us the ability to tap into markets we typically wouldn't be able to. Coupled with his fantastic leadership skills, he has been vital in guiding the team.

W Craig Morrison

W Craig Morrison is a Director with over 30 years experience in the Housebuilding sector. Having started as a buyer then moved into the Quantity Surveying side of the business and ultimately as a Construction



and Director of Operations for a regional House-builder. Having won multiple awards for his developments he formed his own company which went from strength to strength. His functions included land assembly, sourcing multi million pound funding, commercial accountability, delivery of the end product and client handover.

Having worked in London he returned to Scotland to develop his career and gained his MBA at the dynamic Glasgow Caledonian University. His interest in e ticketing led to him being involved with the UTIX Team from its creation to current day assisting in company development throughout this time.

10.2.5. VFA Agent – Grant Thornton Limited

Grant Thornton Limited (hereinafter referred to as “Grant Thornton”) forms part of Grant Thornton Malta (hereinafter referred to as the “Firm”), a member of the Grant Thornton International network, which was set up in Malta in the mid-1970s and has grown into the country’s leading firms. The Firm presently has a complement of approximately 110 people including partners and directors and a multi-disciplinary team of advisors, auditors, tax specialists, legal professionals and IT specialists. The Firm’s client base includes several public interest entities, international and local groups of companies and smaller organisations operating in various industry sectors. Grant Thornton is listed as a Corporate Advisory Agent on the Prospects market and it also helps individuals, to get financing by directly linking them with potential shareholders. Grant Thornton was amongst the first group of companies to be registered by the Malta Financial Services Authority as a Virtual Financial Assets (“VFA”) Agent on 13 May 2019, enabling Grant Thornton to support both VFA issuers in the registration of ICO whitepapers as well as VFA service providers in their licensing process.

Grant Thornton Limited is duly authorised by the MFSA to act as a VFA Agent in terms of Article 7 and Article 14 of the VFA Act.

10.2.6. Systems Auditor – FACT Technologies Ltd

FACT Technologies Ltd is an entity which forms part of FACT Group, specialising on information systems assurance and security, IT auditing and IT advisory.

The IT auditing part provides assurance to our clients that their systems are secure and/ or compliant with regulatory requirements, by carrying out various forms of testing on internal controls, documented processes, governance, and the systems’ security;

The IT advisory services include project management, policy writing and implementation, gap analysis with respect to ISO27001 guidelines and related ISO best practice standards, risk and security assessment, and business continuity planning.

- **Blockchain Audits:** carrying out various assessments on different blockchain-related technologies, including various decentralized systems, smart contracts, initial coin offerings, and cryptocurrency exchanges. The company is registered as a Systems Auditor with the Malta Digital Innovation Authority (MDIA).
- **IT Audits:** assessing the quality and effectiveness of IT controls and ensuring that these support the overall business control objectives, thus protecting the confidentiality, integrity and availability of information at all times.
- **Penetration Testing:** carrying out simulated attacks on various computer systems in order to evaluate the security of the system and identify any vulnerabilities that an external attacker might be able to exploit. It then provides detailed reports of the penetration testing carried out, including any vulnerabilities and their associated risk level, and recommendations to fix such vulnerabilities.
- **ISO27001 consultancy and gap analyses:** the company has qualified ISO27001 staff members and extensive experience in carrying out assignments based on ISO27001 and similar ISO standards. It is able to assist clients in fully preparing to undergo ISO27001 audit processes and is also able to carry out gap analyses to assess any non-conformities and recommend required corrections.

10.2.7. Financial Auditor – CT Audit Limited

CT Audit Limited, a company registered under the laws of Malta, bearing company registration number C 89941 and having its registered office situated Evergreen Triq Santu Rokku, Kalkara, KKR 1764, Malta.

10.2.8. MLRO – Dr Jonathan Michael Joseph Taylor-East

Dr Jonathan Taylor-East is a lawyer, warranted to practise law in Malta. Dr Taylor-East set off his career in the field of law with roles giving him exposure to fund administration, corporate governance, business development and corporate services. Throughout the years he progressed to roles dealing with advocacy and compliance, including acting as a compliance officer and MLRO for several entities.

11. Legal

11.1. Risks

This Section contains a list of non-exhaustive disclosures of principal risk factors which are considered to be material by the Issuer in connection with the UTIX Loyalty Token Sale, the holding and/or use of the UTIX Loyalty Tokens, as well as, to the extent possible, the use of the UTIX Platform at any moment in time. Most of these risk factors are contingencies which may or may not occur and the Issuer is not in a position to predict the likelihood of such contingency occurring.

By acquiring, holding and using the UTIX Loyalty Tokens, such acquirer, holder and/or user expressly acknowledges and assumes the following risks, as well as all other risks associated with the UTIX Loyalty Tokens (including those not discussed herein), all of which could render the UTIX Loyalty Tokens worthless or of little value:

A. General Suitability of token acquisition

The acquisition of UTIX Loyalty Tokens from the Issuer is only suitable for financially sophisticated persons who are capable of evaluating the merits and risks of such an acquisition, or other persons who have been professionally advised with regard to token acquisition and who have sufficient financial resources to be able to bear any losses that may arise therefrom (which may be equal to the whole amount spent in connection with the token acquisition). Such an acquisition should not be seen as an investment or a financial instrument.

B. Token Security

As with other decentralised cryptographic tokens based on the Ethereum protocol (ERC-20 tokens), the UTIX Loyalty Tokens may be subject to expropriation, theft and/ or attacks by persons in the course of validating UTIX Loyalty Token transactions on the Ethereum blockchain. Hackers or other malicious groups or organisations may attempt to interfere with the UTIX Platform and/or the UTIX Loyalty Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing, double-spend attacks, majority mining power attacks, and selfish-mining attacks.

Any successful attacks present a risk to the UTIX Platform and the UTIX Loyalty Tokens, including but not limited to, the accurate execution and recording of transactions involving the UTIX Loyalty Tokens. Furthermore, because the Ethereum platform rests on open source software and the UTIX Loyalty Tokens are based on open source software, there is the risk that Ethereum smart contracts may contain



intentional or unintentional bugs or weaknesses which may negatively affect the UTX Loyalty Tokens or result in the loss of the UTX Loyalty Tokens or the loss of the UTX Loyalty Token holder's ability to access or control the UTX Loyalty Tokens. In the event of such a software bug or weakness, there may be no remedy and holders of the UTX Loyalty Tokens are not guaranteed any remedy, refund or compensation.

C. Risk of losing access to the UTX Loyalty Tokens due to loss of Private Key/s, custodial error or the UTX Loyalty Token holder's error

A wallet is necessary to acquire, hold and dispose of the UTX Loyalty Tokens. The holder of the UTX Loyalty Tokens is responsible for setting up a wallet with a third party provider to hold the UTX Loyalty Tokens and such holder of the UTX Loyalty Tokens shall be responsible for implementing reasonable measures for securing the respective wallet. Accordingly, loss of requisite private key/s associated with holder's digital wallet or vault holding the UTX Loyalty Tokens will result in loss of such UTX Loyalty Tokens, access to the holder's UTX Loyalty Token balance and/or any initial balances in blockchains created by third parties. Moreover, any third party that gains access to such private key/s, including by gaining access to login credentials of the wallet that the UTX Loyalty Token holder uses, may be able to misappropriate the UTX Loyalty Tokens. Any errors or malfunctions caused by or otherwise related to the wallet that the UTX Loyalty Token holder chooses to receive and hold the UTX Loyalty Tokens, including the UTX Loyalty Token holder's own failure to properly maintain or use such wallet, or caused as a result of the choice of third party provider for the wallet, may also result in the loss of UTX Loyalty Tokens. Additionally, the UTX Loyalty Token holder's failure to follow precisely the procedures set forth in the sections relating to the acquisition and receipt of UTX Loyalty Tokens, including but not limited to the provision of the wrong wallet address for receiving UTX Loyalty Tokens, may also result in the loss of the UTX Loyalty Token holder's UTX Loyalty Tokens. The Issuer is not responsible for any such losses.

D. Blockchain Delay Risk

On the Ethereum blockchain, timing of block production is determined by proof of work so block production can occur at random times. The UTX Loyalty Token holder acknowledges and understands that the Ethereum blockchain may not include the UTX Loyalty Token holder's transaction at the time the UTX Loyalty Token holder expects, and the UTX Loyalty Token holder may not receive UTX Loyalty Tokens the same day the UTX Loyalty Token holder executes the transaction.

E. Ethereum Blockchain Risk

The Ethereum blockchain is prone to periodic congestion during which transactions can be delayed or lost. Individuals may also intentionally spam the Ethereum network in an attempt to gain an advantage in purchasing cryptographic tokens. The UTX Loyalty Token holder acknowledges and understands that



Ethereum block producers may not include the UTX Loyalty Token holder's transaction when the UTX Loyalty Token holder wants, or the UTX Loyalty Token holder's transaction may not be included at all.

F. Internet Transmission Risks.

There are risks associated with using UTX Loyalty Tokens including, but not limited to, the failure of hardware, software, internet connections, or other technologies on which the UTX Platform or the use of UTX Loyalty Tokens relies. Such failures may result in disruptions in communication, errors, distortions or delays when using UTX Loyalty Tokens and the UTX Platform or the Website.

G. Risk of insufficient interest in UTX Loyalty Tokens and the UTX Platform

The ongoing success of the UTX Platform relies on the interest and participation of third parties like event creators and ticket buyers. There can be no assurance or guarantee that there will be sufficient interest or participation in the UTX Platform. It is possible that the UTX Loyalty Tokens and the UTX Platform will no longer be used by a large number of individuals, companies and other entities or that there will be limited interest in the use of UTX Loyalty Tokens and the UTX Platform. Such a lack of use or interest could negatively impact the development of the UTX Platform and therefore the potential utility of the UTX Loyalty Tokens.

H. Risk of Malfunction in the Ethereum Network or any other Blockchain

It is possible that UTX Loyalty Tokens interact with malfunctions in an unfavourable way, including but not limited to one that results in the loss of UTX Loyalty Tokens or prevent their use on the UTX Platform. It is also possible for smart contracts and DLT-based computer protocols to function in an unintended way resulting in a material adverse effect on the UTX Loyalty Token and their holders.

I. Risk of Security weakness in the Website, the UTX Platform and/or any associates software and/or Infrastructure

There is a risk that the Website, the UTX Platform and UTX Loyalty Tokens may unintentionally include weaknesses or bugs in the source code interfering with the use of or causing the loss of UTX Loyalty Tokens or the UTX Loyalty Tokens' value; the source code of the Website is open and could be updated, amended, altered or modified from time to time.

The Issuer is unable to foresee or guarantee the precise result of an update, amendment, alteration or modification. As a result, any update, amendment, alteration or modification could lead to an unexpected or unintended outcome that adversely affects the UTX Loyalty Tokens, the UTX Platform and/or the Website. As a result, the UTX Loyalty Tokens may be lost.

J. Changes to the UTIX Platform

The UTIX Platform is still under development and may undergo significant changes over time. Although the Issuer intends for the UTIX Platform to have the features and specifications set forth in this Whitepaper, the Issuer may make changes to such features and specifications for any number of reasons, and any party that adopts or launches the UTIX Platform also may make changes, any of which may mean that the UTIX Platform does not meet the UTIX Loyalty Token holder's initial expectations.

K. Reliance on Third Parties

The UTIX Platform will rely, in whole or partly, on third parties to adopt and implement it and to continue to develop, supply, and otherwise support it – it mainly relies on event creators to launch their events on the UTIX Platform. There is no assurance or guarantee that those third parties will complete their work, properly carry out their obligations, or otherwise meet anyone's needs, all of which might have a material adverse effect on the UTIX Platform.

L. Risk of uninsured losses

UTIX Loyalty Tokens are uninsured, unless the UTIX Loyalty Token holder specifically obtains private insurance to insure them. Thus, in the event of loss of UTIX Loyalty Tokens or loss of the UTIX Loyalty Tokens' value, there is no public insurer or private insurance arranged by the Issuer to offer recourse to the UTIX Loyalty Token holder.

M. Purchase Price

There are no guarantees as to the price of UTIX Loyalty Tokens purchased by the UTIX Loyalty Token holder and no guarantees that the price per UTIX Loyalty Token determined by the market will be equal to or higher in any subsequent periods after a holder of the UTIX Loyalty Tokens first acquires the UTIX Loyalty Tokens. There is the possibility that the price per UTIX Loyalty Token falls below the price paid by initial UTIX Loyalty Token holders of UTIX Loyalty Tokens when such UTIX Loyalty Tokens were acquired. The Issuer shall not be responsible for any fluctuation in the value of the UTIX Loyalty Tokens.

N. Risks of an eventual unfavourable fluctuation of Ether or of the UTIX Loyalty Tokens

The UTIX Platform is intended to be financially self-sufficient and self-financing and the Issuer commits to have no specific interest in the market value of the UTIX Loyalty Tokens. Nevertheless, if the value of Ether and/or the UTIX Loyalty Tokens fluctuates, the Issuer may not be able to fund development to the extent necessary or may not be able to develop or maintain the UTIX Platform in the manner that it is intended in terms of the contents of this Whitepaper. The value of Ether is relevant seeing that it inherently plays



part in the costs of running the UTX Platform, as the price of the transactions done on the chain to record and issue Ticket NFTs are dependant on it. In addition to the usual market forces, there are several potential events which could exacerbate the risk of unfavourable fluctuation in the value of Ether and/or the UTX Loyalty Tokens including any form of attack on the Ethereum network, or significant security incidents or market irregularities at one or more of the major cryptocurrency exchanges.

O. Ability to transact or resell

The UTX Loyalty Token holder may be unable to sell or otherwise transact in UTX Loyalty Tokens at any time, or for the price the UTX Loyalty Token holder paid upon acquiring the UTX Loyalty Tokens. The UTX Loyalty Token holder acknowledges, understands and agrees that: (a) UTX Loyalty Tokens may have no value; (b) there is no guarantee or representation of liquidity for the UTX Loyalty Tokens; and (c) the Issuer and its affiliates are not and shall not be responsible for or liable for the market value of UTX Loyalty Tokens, the transferability and/or liquidity of UTX Loyalty Tokens and/or the availability of any market for UTX Loyalty Tokens through third parties or otherwise.

P. Exchange & Counterparty Risks

If the UTX Loyalty Token holder pays for the UTX Loyalty Tokens from a third party exchange or an account that he does not control, pursuant to the initial UTX Loyalty Token Sale, the UTX Loyalty Tokens will be allocated to the account that has sent the payment; therefore, the UTX Loyalty Token holder may never receive or be able to recover his UTX Loyalty Tokens. Furthermore, if the UTX Loyalty Token holder chooses to maintain or hold UTX Loyalty Tokens through an exchange or other third party, the UTX Loyalty Token holder's UTX Loyalty Tokens may be susceptible to being stolen or lost as a consequence of being held by such exchange or other third parties. By participating in the UTX Loyalty Token Sale or by purchasing UTX Loyalty Tokens thereafter, the UTX Loyalty Token holder acknowledges and agrees that payments made through an exchange account and/or through another third party will be made at the UTX Loyalty Token holder's own and sole risk.

Q. Risk arising from Taxation

The UTX Loyalty Token holder must seek his own tax advice in connection with purchasing UTX Loyalty Tokens, which may result in adverse tax consequences to him, including but not limited to, withholding taxes, income taxes, capital gains taxes and tax reporting requirements.

R. Risk of Dissolution of the Issuer

It is possible that, due to any number of reasons, including, but not limited to, a decrease in the UTX Loyalty Token's utility, the failure of commercial relationships, or intellectual property ownership

challenges, unfavourable market conditions and added compliance and regulatory obligations, the use of the UTIX Platform may no longer be viable to be offered or the Issuer may need to cease trading and be dissolved and liquidated.

S. Competition risk

It is possible to create alternative projects using the same or similar technological design and protocols that underlie the UTIX Platform. Competition from such networks or platforms may adversely affect the performance of the UTIX Platform and/or the UTIX Loyalty Tokens.

The risk is mitigated by constant market and competition monitoring performed by the Issuer's team and by reacting to the movements of competing projects in a proactive way, adjusting business plans, development plans and marketing plans accordingly. Nevertheless, the Issuer cannot guarantee that competition may develop that may have a material adverse effect on the operations of the Issuer, the UTIX Platform and possibly also on the UTIX Loyalty Token's value.

T. Regulatory Risks and Market Risks

The Issuer and the operation of the UTIX Platform are subject to a variety of domestic and/or EU and international laws, regulation and directives, including those with respect to investments, privacy and data protection, consumer protection, data security, and others. These laws, regulations and directives, and the interpretation or application of these laws, regulations and directives, could change.

The regulatory status of cryptographic tokens, digital assets and blockchain technology is unclear or unsettled in several jurisdictions. It is difficult to predict how or whether governmental authorities will regulate such technologies. It is likewise difficult to predict how or whether any governmental authority may make changes to existing laws, regulations and/or rules that will affect cryptographic tokens, digital assets, blockchain technology and its applications. The Issuer may cease the distribution of the UTIX Loyalty Tokens, the development of the UTIX Platform or cease operations in a jurisdiction in the event that governmental actions make it unlawful or commercially undesirable to continue to do so.

The operation of the UTIX Platform may constitute a licensable activity in Malta as well as in other jurisdictions. While the Issuer undertakes to take all reasonable steps to obtain any necessary authorisation to carry out licensable activities in targeted jurisdictions, whether itself or through related entities, the Issuer cannot guarantee that such authorisations will be granted and/or obtained.

The UTIX Loyalty Token holder hereby accepts the risk that in some countries, the UTIX Loyalty Tokens may be considered, now or in the future, a transferable security, security token, financial instrument, electronic money and/or some other form of regulated instrument. The UTIX Loyalty Token holder further



accepts the risk that the Issuer fails to obtain any necessary authorisations to be able to provide and operate the UTIX Platform in any one or more jurisdictions from the national competent authority thereof.

In this case, the Issuer gives no representations, warranties or guarantees that the UTIX Loyalty Tokens are not considered to be a transferable security, security token, financial instrument or electronic money in all countries. In this respect, the UTIX Loyalty Token holder acknowledges and accepts that the utility and possibility to avail of a UTIX Loyalty Token in one jurisdiction may differ from the possibility to avail and/or utilise, if so possible, the UTIX Loyalty Token in another jurisdiction.

Moreover, changes in laws, regulations and directives governing the Issuer's operations may adversely affect the Issuer's business and consequently the UTIX Platform. Any change in the Issuer's tax status, or in taxation legislation in relevant jurisdictions, could affect the value of its financial holdings, its business and the Issuer's ability to achieve its business objective and continual commitment to the development of the UTIX Platform.

U. Liquidity risk

The liquidity risk arises in the overall financing of the Issuer's operations and position management. It is a risk that the Issuer may not be able to meet its obligations as they fall due to the inability to liquidate assets or obtain adequate financing or that it cannot easily liquidate an asset or offset exposures in an appropriate timeframe without significantly lowering market prices because of inadequate market depth or market disruptions.

V. Regulatory Action

Given the innovative technology being used by the Issuer 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 the Issuer and/or pursue enforcement actions against the Issuer. Such governmental activities may or may not be the result of targeting the Issuer in particular. All of this may subject the Issuer to judgements, settlements, fines or penalties, or cause the Issuer to restructure its operations and activities or to cease offering certain products or services, all of which could harm the Issuer's reputation or lead to higher operational costs, which may in turn have a material adverse effect on the UTIX Loyalty Tokens and/or the development of the UTIX Platform.

W. Dependence on key personnel

The UTIX Platform is fully dependent on the Issuer's board of directors and executive level management. Information on the team can be found within this Whitepaper. The Issuer faces strong competition for

skilled workers in the blockchain industry and loss of one or more key personnel may cause difficulties in achieving the set goals.

This human resource risk is mitigated by cooperating with the best specialists and constantly taking action to retain them by offering competitive job conditions, maintaining positive and friendly workplace atmosphere, actively communicating with personnel and cross-training employees to a possible extent.

X. Data Protection Failure and Fraud

The Issuer is subject to significant regulations regarding the use of customers' personal data. The Issuer processes the personal data of clients and customers as part of its operations, some of which may be sensitive personal information, and, in either case, must, therefore, comply with strict data protection and privacy laws and regulations. Such obligations coupled with the possibility of any form of cybercrime directed towards the Issuer may result in the loss, leakage or misappropriation of such personal data.

Y. No Operating History and Reputation

The Issuer is a newly created entity, so there is no operational history that the eligible participant can assess before taking part in the issue of the UTIX Loyalty Tokens in terms of this Whitepaper. No warranties or representations regarding the investment results or successes of the Issuer or an eligible participant who participates in the issue in terms of this Whitepaper are hereby being given both directly and/or indirectly. It cannot be guaranteed that the Issuer's objectives set out in the business descriptions contained herein will be achieved.

Moreover, the reputation, of the Issuer, as positive and/or negative as this may be from time to time, may, but not necessarily will, have a material effect on the standing and value of the business, the UTIX Platform and the UTIX Loyalty Tokens.

Z. Risk arising from lack of governance rights

Since UTIX Loyalty Tokens do not represent or confer any ownership right or stake, share or security or equivalent rights, intellectual property rights or any other form of participation relating to the Issuer, all decisions involving the Issuer will be made by the Issuer in its sole discretion, including, but not limited to, decisions to transfer more UTIX Loyalty Tokens for use, and to sell or liquidate the Issuer. These decisions could adversely affect the utility and/or value of the UTIX Loyalty Tokens which are held by UTIX Loyalty Token holders.

AA. Unanticipated Risks

Cryptographic tokens such as the UTX Loyalty Tokens as well as blockchain technology are a new and untested technology. In addition to the risks included in this section there are other risks associated with the UTX Loyalty Token holder's acquisition, holding and use of UTX Loyalty Tokens, including some that the Issuer cannot or may not anticipate. Such risks may further materialise as unanticipated variations or combinations of the risks discussed in this section.

BB. Other inherent risks

UTX Loyalty Token holders understand and accept the inherent risks associated with UTX Loyalty Tokens, to the extent not covered elsewhere in the terms and conditions, including, but not limited to, risks associated with (a) money laundering; (b) fraud; (c) exploitation for illegal purposes; and (d) any other unanticipated risks.

Moreover, risks may arise due to the COVID-19 pandemic, including, *inter alia*, any other pandemic/epidemic which may have a general adverse effect on, *inter alia*, event organisers and events alike, leading to the possibility of having events becoming postponed or cancelled.

The UTX Loyalty Token holder hereby represents and warrants that he will take sole responsibility for any restrictions and risks associated with the holding or use of UTX Loyalty Tokens. If any of the risks, mentioned in this Whitepaper are unacceptable or the UTX Loyalty Token holder is not in the position to understand such risks, the UTX Loyalty Token holder should not acquire, hold or use any of the UTX Loyalty Tokens.

11.2. Market Abuse

To maintain healthy liquidity levels to meet its day-to-day financial obligations, the Issuer intends to sell the UTX Loyalty Tokens which would have been received from UTX Loyalty Token holders as a means of payment, on the secondary market, *inter alia*, on DLT Exchanges on which the UTX Loyalty Token would have been admitted to trading.

The Issuer is aware of its obligations under the VFA Act governing Market Abuse – for this purpose, the Issuer undertakes to adhere to applicable law, which *inter alia* include:

- not to use inside information in its possession to itself deal or attempt to deal in UTX Loyalty Tokens, for its account or for the account of others;
- not to recommend or induce other persons to deal in UTX Loyalty Tokens using such inside information, or otherwise incite, aid or abet such behaviour;

- not to itself unlawfully disclose or induce, aid or abet the unlawful disclosure of inside information to third parties, bar those instances where the disclosure of such information is permitted under any relevant laws;
- not to manipulate or attempt to manipulate the market by employing abusive strategies, which *inter alia* include:
 - entering into transactions, placing orders to trade or any other behaviour which gives false or misleading signals as to the supply of, the demand of, or the price of the UTX Loyalty Token or which secures the price of UTX Loyalty Token at an abnormal or artificial level;
 - entering into transactions, placing orders to trade or any other activity or behaviour which affects the price of UTX Loyalty Token, which employs a fictitious device or any other form of deception or contrivance; or
 - disseminating information through the media, including the internet, or by any other means, which gives false or misleading signals as to the supply of, demand for, or price of the UTX Loyalty Token, or secures the price of the UTX Loyalty Token at an abnormal or artificial level, where the persons who made the dissemination derive for themselves or for another person an advantage or profit from the dissemination of the information in question.

The Issuer shall establish and maintain a personal dealing log for the purposes of transparency and auditability.

11.3. Intellectual Property

In relation to intellectual property rights associated with the offering, projects arising from it, and protection thereof:

The UTX Loyalty Token holder acknowledges and agrees that all rights, titles, interests in, and to, any intellectual property including but not limited to any copyright, trademark, logo, process, practice, design, methodology, ideas, concepts, code, discoveries, processes, marks, methods, software, compositions, formulae, techniques, information and data, which forms part of, or displayed related to the Issuer or used by the Issuer in connection with the UTX Loyalty Token and/or the UTX Platform and/or other related applications, including all content on the Website and this Whitepaper, unless mentioned otherwise, remains the intellectual proprietary of the Issuer or the respective owners' property and will remain as the Issuer's or the owners' property at all times. The UTX Loyalty Token holder may not use any of Issuer's intellectual property for any reason without Issuer's prior written consent.

This means that readers, including UTX Loyalty Token purchasers, are not allowed to use any of the content contained therein, including but not limited to any electronic or written publications or any other



media and/ or words, phrases, names, designs or logo that are our trademarks without our express written permission.

11.4. Restrictions on Participants

Investors who are not Experienced Investors may only invest up to five thousand Euro (€ 5,000) in any Initial VFA Offerings carried out by the Issuer over a twelve (12) month period.

11.5. Geographical Restrictions

UTIX Loyalty Tokens are not being offered or distributed to U.S. Persons, German Persons, Russian Persons or Chinese Persons (collectively referred to as the “**Restricted Persons**”). The Issuer is not soliciting UTIX Loyalty Token purchases by Restricted Persons in any way. Restricted Persons are strictly prohibited and restricted from purchasing UTIX Loyalty Tokens.

The Issuer is not bound to honour the terms of this Whitepaper if a Restricted Person has purchased UTIX Loyalty Tokens or UTIX Loyalty Tokens were purchased on behalf of a Restricted Person.

The Issuer may take all necessary and appropriate actions, in its sole discretion, to invalidate the purchase of such UTIX Loyalty Tokens, including referral of information to the appropriate authorities. Any Restricted Person who purchases UTIX Loyalty Tokens on an unlawful, unauthorised or fraudulent basis shall be solely liable for, and shall indemnify, defend and hold the Issuer and the Issuer’s respective past, present and future employees, officers, directors, contractors, consultants, equity holders, suppliers, vendors, service providers, parent companies, subsidiaries, affiliates, agents, representatives, predecessors, successors and assigns (collectively, the “**Issuer Affiliates**”) from any damages, losses, liabilities, costs or expenses of any kind, whether direct or indirect, consequential, compensatory, incidental, actual, exemplary, punitive or special and including, without limitation, any loss of business, revenues, profits, data, use, goodwill or other intangible losses incurred by an Issuer Affiliate that arises from or is a result of such Restricted Person’s unlawful, unauthorised or fraudulent receipt or purchase of UTIX Loyalty Tokens.

11.6. AML and CFT/KYC Procedures

The Issuer is aware that statutory and regulatory obligations to prevent money laundering are to be met in full and are to be applied as the minimum standard. The Issuer will do its utmost in order to minimise the risk of the Issuer’s offering being abused for the purposes of laundering funds associated with criminal activity.

The standard KYC procedure on every client shall be carried out before accepting the prospective customer, unless simplified due diligence is applied. The standard KYC procedure is carried out in two separate phases which are ***the identification*** and ***the verification*** of the particular client. The first phase is the identification stage which entails the collection of the necessary information on the client, such as the name, surname, date of birth, address, identity card/passport number and nationality, and where appropriate, IP addresses and other device identifiers. The Issuer shall also conduct searches on third party databases as well as through online search engines. The second phase is the verification of such collected information against official documentation including an identification document and a proof of address document.

The Issuer will not commence or continue relationships with clients who give rise to suspicion of involvement with illegal activities such as money laundering and financing of terrorism. The Issuer will seek to terminate any client relationship where the client's conduct gives reasonable cause to believe or suspect involvement with illegal activities such as money laundering and financing of terrorism. Any such termination may result in the reporting of the suspicion to the relevant authorities in accordance with the custom and practice to avoid any risk of committing a tipping-off offence.

For the purposes of this section 11.6, the Issuer has introduced the anti-money laundering and counter funding of terrorism policy which sets forth the proper standards which the Issuer shall follow.

The Issuer's documents shall be based on the regulatory framework and guidance issued by the MFSA and/or the FIAU and/or Sanctions Monitoring Board (SMB), as the case may be, and are in line with the relevant laws of Malta which may be amended from time to time.

11.7. Intention to List

The Issuer intends to list the UTIX Loyalty Token on multiple DLT Exchanges in the future, at its own discretion, provided that all legal and regulatory approvals would have been obtained.

11.8. Taxation

11.8.1. General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation in respect of the UTIX Loyalty Tokens including their acquisition, holding and transfer as well as on any income derived therefrom or on any gains derived on the transfer of such tokens. The following is a summary of the anticipated tax treatment applicable to token holders. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation in Malta, as known to the Issuer at the date of this Whitepaper. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject-matter referred to in the preceding paragraph, may change from time to time.

The information is being given solely for the general information of investors. The precise implications for investors will depend on their particular circumstances, and professional advice in this respect should be sought accordingly.

11.8.2. Income Tax upon the transfer of Tokens

As per the guidelines issued by the Malta Commissioner for Revenue, the tax treatment of a transfer of utility tokens⁹ depends mainly on whether the transfer is a trading transaction or a transfer of a capital asset and whether the transferor of the token is subject to taxation in Malta, based on his residence and domicile status.

If the transfer is a trading transaction, then the consideration should be treated as a receipt of revenue. Consequently, transfers that are made in the ordinary course of business are taxed as trading transactions. The trading / non-trading nature of a transaction may not always be immediately evident. The ordinary income tax rules apply and, accordingly, profits from the sale of tokens which would have been acquired with the intention of resale at a profit, or from a profit-making undertaking or scheme, are to be treated as trading profits. The badges of trade tests may need to be used for this purpose and every case should be assessed on its own merits.

Transfers of tokens that are not considered as a trading transaction must be analysed to determine whether such a transfer falls within the scope of the capital gains tax. Transfers of tokens that do not fall within the definition of “securities” should fall outside the scope of the tax on capital gains.

11.8.3. Duty on Documents and Transfers on the transfer of Tokens

In terms of the Duty on Documents and Transfers Act (Chapter 364 of the laws of Malta), duty is chargeable *inter alia* on the transfer or transmission *causa mortis* of marketable securities. A marketable security is defined in the said legislation as “*a holding of share capital in any company and any document representing the same*”. Consequently, the tokens should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer/transmission thereof should not be chargeable to duty in Malta.

⁹ <https://cfr.gov.mt/en/inlandrevenue/legal-technical/Documents/Guidelines%20-DLTs%20Income%20tax.pdf> Guidelines on the Income Tax Treatment of transactions or arrangements involving DLT assets (Malta Commissioner for Revenue, 1/11/2018), page 3

12. Statement

The undersigned, Maxwell James Mayhew, Andra Locika and Mihkel Tali, acting in our capacity as directors of UTIX Malta Ltd., a company registered under the laws of Malta, under registration number C 102405 with registered office located at Fort Business Centre, Level 2, Triq I-Intornjatur, Zone 1, Central Business District, Birkirkara, CBD 1050, Malta, duly vested with the legal and judicial representation of the same, hereby confirm that to the best of our knowledge the information contained in this Whitepaper is factually correct, and makes no omission likely to affect the nature of the Whitepaper and the contents set forth therein. We further declare and confirm that this Whitepaper complies with the requirements set out in the VFA Act.



Maxwell James Mayhew



Andra Locika



Mihkel Tali