TOKEN DISTRIBUTION

There are two phases to the event - the Presale and the Crowd sale. In total 1,500,000,000 CLN tokens will be created in the genesis contract. An additional amount of tokens (Additional Lockup Allocation Pool — “ALAP”) will be created at the end of the sale based on bonus tokens that contributors in the Presale are entitled to in return for agreeing to lock up their tokens for various periods of time. The ALAP will be calculated and posted at the end of the Presale event.

Crowd Sale Start Date: 14/02/2018
Crowd Sale End Date: 18/02/2018
Soft Cap: 315,000,000 Tokens (approximately USD 30M)
Hard Cap: 525,000,000 Tokens (approximately USD 50M)
Price Per Token: 8,600 CLN per 1 ETH (approximately, 0.095USD per token).

Presale Information: Upon completion of the Presale event, as of 11/02/2018, approximately 181.7 million tokens were sold and approximately 40.7 million additional tokens will be issued as a result of lockup (ALAP amount).

The following documents are considered part of the Token Sale information and should be read in full:

→ User Registration Guide
→ Whitepaper
→ Full Disclaimer

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1 The soft cap represents a viable budget needed to develop and operate the platform, however, reaching it is not a condition for a successful completion of the sale.
2 The price of 1 CLN was calculated by dividing $50 million by 525,000,000 tokens allocated to the sale and converted to ETH based on the ETH/USD exchange rate (1 ETH=819.05 USD) listed on coinmarketcap.com on 11/2/2018 at 13:57 pm.
The issued tokens will be allocated according to the following distribution:

- **Token Sale Event Pool**: 35% of the total supply will be distributed through the pre-sale and crowd-sale event.

- **Community Pool**: 30% of the tokens will be allocated to a community pool and distributed among existing and future stakeholders, partner institutions, community currency issuers and external network developers. Additionally, a fraction of the tokens from the community pool are likely to be used as liquidity pools for various individual local economies.

- **Future Development Pool**: 29% of all tokens will be put aside for future network development. These tokens will be locked up in a smart contract for a period of 3 years.

- **Team Pool**: 6% of all tokens will be allocated to CLN team members, future members, board members, advisors and other initial contributors to the network, with a 36 month vesting schedule and a six-month cliff.\(^3\)

**The tokens allocated for the Token Sale Event will be distributed as follows:**

- **Presale** — tokens distributed to early participants are capped by 262.5M CLN (Or approximately USD 25M). During this period, contributions will be received based on the Token Presale Terms, as depicted below. The tokens will only be sent out after the crowd sale.

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\(^3\) At the cliff, tokens are granted retroactively for the six-month period.
Crowd Sale — tokens distributed in the crowd sale are capped by 262.5M CLN (Or approximately USD 25M) based on the crowd sale terms described below.

TOKEN PRESALE TERMS (for accredited investors only):

SAFT—The presale will be conducted using a SAFT agreement.
Minimum contribution — $25K per contributor.

Additional Lockup Allocation Pool (“ALAP”) — presale contributors will be granted the option of receiving additional tokens in exchange for having chosen one of four different vesting periods:

<table>
<thead>
<tr>
<th>Vesting Period</th>
<th>Additional Bonus Tokens</th>
</tr>
</thead>
<tbody>
<tr>
<td>No vesting</td>
<td>No additional bonus tokens.</td>
</tr>
<tr>
<td>6 months vesting (monthly basis)</td>
<td>4 percent additional bonus tokens.</td>
</tr>
<tr>
<td>1 year vesting (monthly basis)</td>
<td>12 percent additional bonus tokens.</td>
</tr>
<tr>
<td>2 years vesting (monthly basis)</td>
<td>26 percent additional bonus tokens.</td>
</tr>
<tr>
<td>3 years vesting (monthly basis)</td>
<td>35 percent additional bonus tokens.</td>
</tr>
</tbody>
</table>

- Lockup and vesting rules apply to all received tokens.
- The ALAP will not calculated as part of the original issued token amount (i.e., 1.5B tokens).
- Based on presale contributors and choice of vesting periods, the ALAP amount will be calculated and then the total token issuance (Original Issuance + ALAP) will be determined. Note that the ALAP increases the total token issuance amount and consequently allocation percentages will change accordingly.
- As of 11/02/2018, upon termination of the Presale, the ALAP amounts to approximately 40.7 million tokens.
TOKEN CROWD SALE TERMS

The CLN token Crowd Sale will commence on 14th of February:

- CLN Tokens can only be purchased in Ether (ETH) or other cryptocurrency converted to ETH (through ShapeShift Exchange).
- The Token Sale will last four days or until the Hard Cap is reached.
- The CLN tokens will be distributed to participants in real time in response to contributions, but will be locked until the Crowd Sale period is over.
- No additional CLN tokens will be created after the crowd sale.
- Unsold tokens from the Presale will be allocated to the Crowd Sale.
- To the extent that the tokens allocation to the Presale (in the amount of 262.5MIL) are not sold by the end of the Presale, remaining tokens will be added to the Crowd Sale. To the extent that the hard cap is not reached by the end of the Crowd Sale, the remaining unsold tokens will be moved automatically to the future development pool that will be locked for 3 years from the Token Sale end date.
### EXAMPLE OF BOTH EDGE CASES:

<table>
<thead>
<tr>
<th>Sale with no vesting</th>
<th>Contribution ($)</th>
<th>Tokens</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pre sale</td>
<td>25,000,000</td>
</tr>
<tr>
<td></td>
<td>Crowd sale</td>
<td>25,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sale with max vesting</th>
<th>Contribution ($)</th>
<th>Tokens</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pre sale</td>
<td>25,000,000</td>
</tr>
<tr>
<td></td>
<td>Crowd sale</td>
<td>25,000,000</td>
</tr>
<tr>
<td></td>
<td>Additional Allocation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public pool</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

### Token allocation

<table>
<thead>
<tr>
<th>Token allocation</th>
<th>Original</th>
<th>Original + ALAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td># of tokens</td>
<td>%</td>
</tr>
<tr>
<td>Token Sale Event Pool</td>
<td>35%</td>
<td>525,000,000</td>
</tr>
<tr>
<td>Community Pool</td>
<td>30%</td>
<td>450,000,000</td>
</tr>
<tr>
<td>Future Development Pool</td>
<td>29%</td>
<td>435,000,000</td>
</tr>
<tr>
<td>Team Pool</td>
<td>6%</td>
<td>90,000,000</td>
</tr>
<tr>
<td>Total</td>
<td><strong>100%</strong></td>
<td><strong>1,500,000,000</strong></td>
</tr>
</tbody>
</table>

*4 Calculated as 1.35*262,500,000.
COMPANY STRUCTURE AND REGULATION

Our way of ensuring trust within the community is to focus on transparency, regulation, and audits. To achieve this goal, we constructed the following structure:

- The CLN network will be supported by Colu technologies DLT LTD (“Colu DLT”), Company ID - 116312, 57/63 Line Wall Road, Gibraltar, an incorporated company under the laws of Gibraltar. Colu DLT is a fully owned subsidiary of Colu Technologies LTD (“Colu IL”), Har Sinaï 5, Tel Aviv, Israel.
- To ensure the highest industry standards, Colu DLT has retained the services of the Hassans International Law Firm in respect of Gibraltar law, E&Y in respect of accounting issues and two independent reputable firms to audit the smart contracts.
- Colu Technologies DLT will support the technological development, business development, governance and compliance functions required for the operation of the CLN Network using its own employees and/or third party service providers. The funds available for future operation of Colu DLT include the proceeds from the Token Sale and the CLN tokens that Colu DLT holds in various pools (as discussed in the Token Distribution section).
- In the preliminary stage leading to the Token Sale, Colu DLT received services from Colu IL, including the development of the initial functionality of the platform and other services in connection with the Token Sale.
- The majority of the proceeds from the Token Sale will be used for the R&D development and maintenance of the platform. A separate budget is set aside for operational costs in connection with business development and marketing expenses, legal and accounting services and employees. Colu DLT intends to rely on third party providers to execute most of its operational functions initially, with the intention of recruiting two employees over the next few months to perform some of these functions internally.
- The soft-cap for the Token Sale, 315 million tokens (or approximately USD 30M), is based on an estimate that this provides Colu DLT with a viable budget to develop and maintain the project. Any additional proceeds above the soft cap that will be raised will allow Colu DLT to develop additional functionalities to the network and use a more aggressive expansion and development strategy. Colu DLT signed a Non-recurring engineering Development Agreement (“NRE Agreement”) with Colu IL for three years to perform the R&D for the platform, maintain and support the CLN open-source software project and provide additional services. Note that in three-years time, Colu DLT will also have access

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5 Notwithstanding this, reaching the soft cap is not a condition for a successful completion of the sale.
to the development pool, consisting of a total of 29% of the CLN tokens issued, to fund further R&D development and support the operation of the platform following the termination of the NRE Agreement.

- Colu IL is expected to be a production user of CLN in the initial stage following the Token sale, though it is intended that other significant stakeholders will join the network over time.
- Colu Technologies DLT LTD will make best efforts to communicate, update, and provide transparency with regard to the progress and the state of the Colu Local Network.
- For more legal information, please consult the disclaimer.
Proposed Milestones

Crowd sale event - CLN issuance event, deploy functionality to issue community currencies and provide liquidity using CLN tokens

Support issuers in the integration of community currencies as rewards to the economic activity within existing communities and expand to new communities

Develop infrastructure to support payment transactions in communities that are part of the CLN ecosystem

Develop tools for 3rd party financial service providers to access the network and form partnerships
BACKGROUND ABOUT COLU

Colu Technologies Ltd, incorporated in Israel, is a VC-backed startup (Aleph, Spark Capital, DCG, Boxgroup and Tom Glocer) that has raised USD 12.1M to date. The company was established in 2014 with the goal of making it easier for developers to use blockchain technology. Colu developed an SDK and a developer platform that attracted a community of developers from 100 different countries who started using the platform for various applications, the most common being the issuance of digital currencies.

The company then redirected its efforts to develop its own digital wallet app and issued local currencies for communities in Tel Aviv, Haifa, Liverpool, and East London, reaching tens of thousands of users and recruiting hundreds of businesses in these communities. The community currency model is meant to strengthen local economies by supporting local businesses and empowering the community to help build its local economy from the wallet up.

Our Vision: To introduce a new decentralized payment infrastructure that will allow individuals and business owners to own a stake in their local economies and have an active role in creating a more sustainable economy.
LEGAL CONSIDERATIONS, RISKS AND DISCLAIMER

IMPORTANT NOTICE: PLEASE READ THE ENTIRETY OF THE “Legal Considerations, Risks and Disclaimer” SECTION CAREFULLY. WE RECOMMEND YOU CONSULT A LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISOR(S) OR EXPERTS FOR FURTHER GUIDANCE PRIOR TO PARTICIPATING IN THE COLU TECHNOLOGIES DLT LIMITED TOKEN SALE OUTLINED IN THIS WHITE PAPER. YOU ARE STRONGLY ADVISED TO TAKE INDEPENDENT LEGAL ADVICE IN RESPECT OF THE LEGALITY IN YOUR JURISDICTION OF YOUR PARTICIPATION IN THE TOKEN SALE. YOU SHOULD NOTE THAT IN THE TOKEN SALE TERMS AND CONDITIONS THAT YOU ARE ACKNOWLEDGING AND ACCEPTING AS PART OF THE PROCESS TO PARTICIPATE IN THE COLU TECHNOLOGIES DLT LIMITED TOKEN SALE, YOU ARE REPRESENTING THAT YOU HAVE INDEED TAKEN INDEPENDENT LEGAL ADVICE.

Please note that this is a summary of the legal considerations, risks and disclaimers document which can be found at https://cln.network/pdf/disclaimer.pdf and which you must read in full: (i) making use of this White Paper and any and all information available on the website(s) of Colu Technologies DLT Limited (the “Company”) and/or (ii) participating in the Company’s token sale outlined in this White Paper (the “Token Sale”). Any undefined capitalised terms below shall have the meaning set out in the “Legal Considerations, Risks and Disclaimer” section. This summary should not be relied on in place of reading the “Legal Considerations, Risks and Disclaimer” section in full.

The “Legal Considerations, Risks and Disclaimer” section the full version of which can be found at https://cln.network/pdf/disclaimer.pdf applies to this White Paper and any and all information available on the Website. The contents of the “Legal Considerations, Risks and Disclaimer” section outlines the terms and conditions applicable to you in connection with (i) your use of this White Paper and of any and all information available on the Website; and/or (ii) your participation in the Token Sale, in each case in addition to any other terms and conditions that we may publish from time to time relating to this White Paper, the Website and the Token Sale (such terms hereinafter referred to as the “Terms”).

The information set forth in the “Legal Considerations, Risks and Disclaimer” section may not be exhaustive and does not imply any elements of a contractual relationship. While we make every reasonable effort to ensure that all information: (i) in this White Paper; and (ii) available on the Website (all the information in the White Paper and all information available on the Website hereinafter referred to as the “Available Information”) is accurate and up to date, such material in no way constitutes professional advice.

The Company does not recommend purchasing Tokens for speculative investment purposes. Tokens do not entitle you to any equity, governance, voting or similar right or entitlement in the Company or in any of its affiliated companies. Tokens are sold as digital assets, similar to downloadable software, digital music and the like. The Company does not recommend that you purchase Tokens unless you have prior experience with cryptographic tokens, blockchain-based software and distributed ledger technology and unless you have taken independent professional advice.

Citizens, nationals, residents (tax or otherwise) and/or green card holders of each of: (i) the United States of America; (ii) the People’s Republic of China; (iii) South Korea; (iv) North Korea; (v) Libya; (vi) Syria; (vii) Lebanon; (viii) Iran; (ix) Pakistan; (x) Canada; (xi) Bangladesh; (xii) Bolivia, (xiii) Ecuador, (xiv) Kyrgyzstan; (xv) Morocco, (xvi) Nepal (xvii) Israel (only for the purposes of the Public Token Sale), or (xviii) any other jurisdiction which prohibits the possession, dissemination or communication of the Available Information and/or prohibits participation in the Token Sale or the purchase of Tokens or any such similar activity or any other Restricted Persons are not permitted to participate in the Token Sale.

In no event shall the Company or any current or former Company Representatives be liable for the Excluded Liability Matters. The Company does not make or purport to make, and hereby disclaims, any representation, warranty or undertaking in any form whatsoever to any entity or person, including any representation, warranty or undertaking in relation to the truth, accuracy and completeness of any of the information set out in the Available Information.

You should carefully consider and evaluate each of the risk factors and all other information contained in the Terms before deciding to participate in the Token Sale.