

RISK FACTORS

ALTHOUGH YOU ARE NOT AN INVESTOR IN ETA (ETA DOES NOT HAVE ANY INVESTORS – IT IS A SWISS NONPROFIT ASSOCIATION), YOUR INTERACTIONS WITH ETA MAY INVOLVE VARIOUS RISKS, DEPENDING UPON THE EXACT NATURE OF SUCH INTERACTIONS. FOR EXAMPLE, IF YOU ARE A GRANT RECIPIENT WHOSE GRANT IS TO BE PAID IN THE FORM OF CRYPTOCURRENCY OR TOKENS, THERE ARE RISKS INHERENT TO THESE FORMS OF PAYMENT WHICH ARE ABSENT OR DISTINCT FROM PAYMENTS MADE IN FIAT CURRENCIES SUCH AS THE U.S. DOLLAR.

THE FOLLOWING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE RECITATION OR PRESENTATION OF THE RISKS INVOLVED IN ENGAGING WITH ETA IN ANY CAPACITY, INCLUDING AS A GRANT APPLICANT OR GRANT RECIPIENT. YOU SHOULD AND MAY ONLY ENGAGE WITH ETA IF YOU UNDERSTAND AND ACCEPT THESE RISK FACTORS.

GENERAL RISK FACTORS

ETA is newly formed and has no prior operating history. ETA is a recently formed Swiss nonprofit association and has no operating history upon which parties can evaluate its potential performance and operations. There is no assurance that ETA will be able to successfully implement its Mission, the Program, or any of its other objectives. There is no assurance that ETA will be able to achieve or sustain positive cash flow nor adequate third-party contributions. For these and other unforeseeable factors, there is no assurance that ETA will be successful in developing or implementing its Mission and the Program. ETA may also not be able to meet its contractual and other obligations when due.

No assurance of Grant payments. Although ETA will endeavor to make Grant payments when and as due, in the event that ETA lacks the financial and other resources to meet its current obligations, the making and timing of Grant payments are within the discretion of ETA. At the present time, ETA intends to reinvest surplus third-party contributions, the purpose of which is to increase the potential for the long-term sustainability and survivability of ETA, and to increase cash and other reserves where possible. ETA does not intend to make any Grant payments unless funds are legally available. There can be no guarantees that Grant payments will ever be made by ETA. Additionally, third-party contributors may fail to make their promised contributions to ETA when and as agreed.

Limited Cryptocurrency and Token Markets. Certain Grant and other payments to be made by ETA may be in the form of various cryptocurrencies and tokens. There may be limited or no public market for these, meaning that they may be highly or completely illiquid. ETA is not registering any cryptocurrency or token under the U.S. Securities Act of 1933, as amended (the “Securities Act”, including any analogous non-U.S. statute). If found to be securities, the cryptocurrencies and tokens in question may not be resold or otherwise transferred unless they are later registered under the Securities Act or the securities laws of any other appropriate jurisdiction, or unless an exemption from such registration requirements is available. Accordingly, you may be unable to liquidate the cryptocurrencies and tokens in question and should be prepared to bear the economic risk of them for an indefinite period.

Cryptocurrency and Token Prices. Grants denominated in cryptocurrencies and tokens, even if paid when and as anticipated, may not have the same value as when originally agreed. The markets for cryptocurrencies and tokens are highly disorganized and inefficient. Furthermore, the entities and platforms upon which cryptocurrencies and tokens are based and operate may fail entirely at any time.

Thus, any and all cryptocurrency and token Grant payments could in fact become greatly diminished in value, or even entirely worthless, by the time they are paid.

OPERATIONAL RISK FACTORS

If ETA is unable to attract and retain key employees and hire qualified management, technical, and other key personnel, its ability to conduct its operations could be harmed. The loss of the services of any of its key employees could disrupt its operations, delay the development and introduction of its systems and negatively impact its ability to make payments, including Grant payments.

External economic factors may have a material adverse impact on ETA's prospects. ETA's success can also be affected significantly by changes in local, regional and national economic conditions. Factors such as inflation, labor, energy, real estate costs, the availability and cost of suitable employees, fluctuating interest rates, local laws and regulations and licensing requirements and increased competition (such as from other foundations, organizations, and associations with similar mandates – collectively "Other Organizations") can also adversely affect ETA.

ETA may not identify all risks associated with the development and operation of its Mission and the Program. ETA seeks to manage risks and, in conjunction with strategic planning, to preserve and enhance its capacity to pursue its Mission and operate the Program. The risks and uncertainties considered by ETA are not the only risks that ETA may face as the ETA's plans could also be affected by additional factors that are not presently known to ETA or that ETA currently considers immaterial to its operations.

ETA may face substantial competition from Other Organizations as well as the risk that one or more of them may obtain intellectual property or other protections covering technology critical to ETA. ETA believes it to be likely that Other Organizations are or may be working to pursue missions and programs (and the related technologies) that may be competitive with ETA. Such Other Organizations may have substantially greater technological expertise, experience with distributed ledger technologies, and/or financial resources than ETA, and they may attempt to patent or otherwise protect technologies that may be competitive with or similar to the technologies ETA is seeking to develop.

ETA faces risks associated with its international operations, including unfavorable regulatory, political, tax and labor conditions, which could harm ETA. ETA anticipates that it will engage in international operations which will be subject to the legal, political, regulatory and social requirements and economic conditions in these jurisdictions. Additionally, as part of its strategy, ETA intends to expand its activities internationally. However, ETA has limited experience to date operating internationally and such expansion would require ETA to make significant expenditures, including the hiring of local employees and establishing facilities, potentially in advance of receiving substantial third-party contributions. ETA is subject to a number of risks associated with international activities that may increase its costs, impact its ability to generate third-party contributions, and require significant management attention.

If ETA fails to manage future growth effectively it may not be able to operate effectively. Any failure to manage ETA's growth effectively could materially and adversely affect its Missions, the Program, prospects, operating results, and financial condition. ETA intends to expand its operations significantly and increase its total number of employees.

ETA was recently formed and has no operating history and is subject to all of the risks inherent in a new organization. As previously indicated, ETA was recently formed and has no operating history upon which to evaluate its potential performance. ETA proposed operations are subject to all of the risks inherent in the opening and commencement of a start-up technology organization working in the areas which are core to its success (e.g., blockchain, DAOs, etc.), including higher-than-expected expenses and zero or uncertain third-party contributions. The likelihood of ETA's success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the commencement of a new organization in a competitive environment. ETA has received no contributions to date, and there can be no assurance of future contributions or internal (endowment) investment returns. As a result of the start-up nature of ETA's operations and the fact that it will incur significant expenses in connection with its activities, ETA can be expected to sustain operating losses for the foreseeable future.

ETA could become party to litigation or regulatory actions that could adversely affect its operations by distracting management, increasing expenses or subjecting ETA to material money damages, fines, penalties and other remedies. There are many risks incident to ETA's model and other factors that may give rise to litigation and regulatory scrutiny. Under such circumstances, ETA (including without limitation its board and management) may be named as a defendant in a lawsuit or regulatory action. ETA may also incur uninsured losses for liabilities which arise in the ordinary course of business, or which are unforeseen, including but not limited to third-party contributor disputes, civil lawsuits and regulatory inquiries. ETA could also become subject to a variety of other claims arising in the ordinary course of operations, including contract claims and claims alleging violations of law regarding intellectual property matters, securities laws, privacy matters, and similar matters, and could become subject to lawsuits related to these or different matters in the future. ETA may also be subject to this type of proceeding in the future and, even if not, publicity about these matters may harm ETA's reputation or prospects and adversely affect its operations.

The marketplaces and communities targeted by ETA may not develop as expected. If the marketplaces and communities targeted by ETA do not develop as ETA expects, or if ETA fails to address their needs, ETA's operations will be harmed. ETA may not be able to successfully address these risks and difficulties or others, including those described elsewhere in these Risk Factors. Failure to adequately address these risks and difficulties could harm ETA and cause its operations to suffer.

Security breaches and other disruptions could compromise ETA's information and expose ETA to liability, which would cause ETA's operations and reputation to suffer. In the ordinary course of operations ETA may collect and store sensitive data, including intellectual property, its proprietary information, and that of ETA's partners, and personally identifiable information of ETA's Associates, in ETA's data centers and on ETA's (blockchain or other) networks. The secure processing, maintenance and transmission of this information is critical to ETA's Mission and the Program. Despite ETA's anticipated security measures, ETA's information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise ETA's networks, services and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt ETA's operations and the services it provides.

ETA's operations, the Mission and the Program are subject to complex and evolving laws and regulations regarding privacy, technology, data protection, and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to ETA's practices, increased cost of operations or otherwise harm ETA's operations. ETA is subject to a variety of laws and regulations in multiple jurisdictions that involve matters central to its Mission and the Program, including user privacy, blockchain technology, data protection and intellectual property, among others. Laws and regulations are constantly evolving and can be subject to significant change. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving area in which ETA operates.

ETA will adopt policies and procedures designed to comply with these laws. The growth of its operations may increase the potential of violating these laws or its internal policies and procedures. The risk of ETA being found in violation of these or other laws and regulations is further increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and are open to a variety of interpretations. Any action brought against ETA for violation of these or other laws or regulations, even if ETA successfully defends against it, could cause ETA to incur significant legal expenses and divert its management's attention from its operations. If ETA's operations are found to be in violation of any of these laws and regulations, ETA may be subject to any applicable penalty associated with the violation, including civil and criminal penalties, damages and fines, ETA could be required to refund contributions received by it, and it could be required to curtail or cease its operations. Any of the foregoing consequences could seriously harm its operations and finances. These existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of the Program, result in negative publicity, increase its operating costs, require significant management time and attention, and subject ETA to claims or other remedies, including fines or demands that ETA modify or cease existing practices.

Development of ETA's Program could require significant capital and result in significant development costs and expenses. ETA expects its Grant-making operations to increase in future periods, which could negatively affect its future operating results. ETA also expects to expend substantial financial and other resources on technology infrastructure, including website architecture, development tools scalability, availability, performance and security, as well as disaster recovery measures, "product" development, including investments in its product development team and the development of new features (whether through Grants or otherwise); marketing, and general administration, including legal and accounting expenses related to being a Swiss nonprofit association. These investments may not result in increased third-party contributions to ETA. If ETA fails to continue to grow its contributions and operations, its operating results, the Mission and the Program would be harmed.

If ETA is unable to accurately predict and respond to regulatory and market developments or demands, its operations will be adversely affected. The communities, industries, and markets related to ETA and its Mission and the Program, are characterized by rapidly evolving technology and methodologies, as well as a fragmented, uncertain and rapidly evolving regulatory landscape. This makes it difficult to predict demand and acceptance for ETA's Mission and the Program. In order to succeed, ETA may need to adapt its Mission and the Program in order to keep up with technological developments and changes in user needs. ETA cannot guarantee that it will succeed in this. ETA also cannot provide assurance that its Mission and the Program will be accepted by the desired constituencies. This in turn may limit ETA's prospects for soliciting and receiving third-party contributions.

Changes in technologies, community and industry standards, the regulatory environment and customer requirements, and new introductions by Other Organizations, could render ETA obsolete and unmarketable, or require it to significantly adapt. This may require ETA to expend significant amounts of money, time, and other resources to meet these demands. This could strain ETA's personnel and financial resources.

ETA may be unable to adequately secure and/or protect its intellectual property and other proprietary rights. ETA's success and ability to compete with Other Organizations is substantially dependent upon the Grants and the Program and the resultant technologies. ETA's intellectual property protection strategy consists of the development of free and open source software ("FOSS"), there exists the danger that any third party will have the unfettered legal right and the ability to "fork" such FOSS and thereby create an alternative and competing version of that FOSS in a way which is detrimental to ETA. Such forked software could result in, without limitation, ETA's own FOSS losing market position, customers, developer support, goodwill, and the like.

ETA's operations are subject to significant regulatory risks. The technologies related to ETA's operations, the Mission and the Program allow new forms of interaction and it is possible that certain jurisdictions will apply existing regulations on, or introduce new regulations addressing, such technologies, which may be contrary to the anticipated setup of ETA's operations and which may, inter alia, result in substantial modifications to same, including the termination and loss of key vendor and customer relationships. Additionally, regulation of ETA's proposed activities and the technologies is currently uncertain. It is not known what regulatory framework ETA's (including its third-party contributors', vendors', customers', and partners') operations and associated activities will be subject to, the nature and obligations that will be imposed on such parties in order to comply with any such regulatory framework or when/if such parties will even be able to apply to be regulated, or successfully obtain the necessary licenses so that they may lawfully carry out their proposed activities.

Risks associated with uncertain regulations and enforcement actions. The regulatory status of ETA and its third-party contributors (especially with respect to highly regulated items such as finance, securities and money transmission, and the like) is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory authorities may apply existing regulation with respect to such technology and its applications. It is likewise difficult to predict how or whether any legislative or regulatory authorities may implement changes to law and regulation affecting distributed ledger technology and its applications. Regulatory actions could negatively impact ETA's operations and those of its third-party contributors, vendors, customers, and partners. ETA may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.

Risk of abandonment / lack of success. ETA's Mission and the Program may be altered (or even potentially abandoned) for a number of reasons, including lack of interest from the public, lack of funding, lack of operational or success or prospects. There is no assurance that, even if ETA's Program is partially or fully developed, launched and operated, ETA will receive any benefits or additional third-party contributions.

Risks arising from taxation. The tax characterization or tax impact of ETA's operations and structure is uncertain, and will be substantially affected by current and future decision made with respect to

domestic and foreign entities created in order to facilitate ETA's operations, and the economic and legal relationships formed with such entities.

Some market participants may oppose the development of technologies related to decentralization, and others which are central to ETA's Mission and the Program. Many participants in the industries and fields which may be affected by ETA's Mission and the Program may oppose the development of the related technologies. The market participants who may oppose such a system may include market participants with significantly greater resources, including financial resources and political influence, than ETA has. The ability of ETA to operate and achieve its Mission could be adversely affected by any actions of any such market participants that result in additional regulatory requirements or other activities that make it more difficult for ETA to operate, which could have a material adverse effect on ETA's operations and financial conditions.

The regulatory regime governing the core technologies behind ETA's Mission and the Program, including blockchain technologies, platforms, software, and other aspects of ETA's operations, is uncertain, and new regulations or policies may materially adversely affect ETA's development and operations. Regulation of blockchain technologies, platforms, software, and other aspects of ETA's operations is currently undeveloped and likely to rapidly evolve as government agencies take greater interest in them, varies significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States and in other countries may in the future adopt laws, regulations, or guidance, or take other actions, which may severely impact the permissibility of these operations, businesses, technologies and markets. Failure by ETA (or its vendors, customers, and partners) to comply with any laws, rules and regulations, some of which may not exist yet or that are subject to interpretations that may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

The further development and acceptance of blockchain technologies, platforms and software, which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. These all form part of the basis for ETA's Mission and the Program, and for the success of various third-party contributors. The slowing or stopping of the development or acceptance of such networks or technologies would have an adverse material effect on ETA and its third-party contributors. The growth of blockchain, DAO, as well as other networks and technologies upon which ETA's operations rely is subject to a high degree of uncertainty. The factors affecting the further development of blockchain networks and technologies specifically include, without limitation:

- worldwide growth in the adoption and use of cryptographic tokens, distributed ledger technologies, and other blockchain technologies;
- government and quasi-government regulation of cryptographic tokens, distributed ledger, and other blockchain technologies and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- the maintenance and development of the open-source software solutions and protocols;
- changes in investor, consumer, and business demographics and public and private tastes and preferences;

- general economic conditions and the regulatory environment relating to cryptographic tokens, distributed ledger, decentralized finance, and other blockchain technologies; and
- a decline in the popularity or acceptance of cryptographic tokens, distributed ledger, and other blockchain technologies which could adversely affect ETA's operations.

Cryptographic token, distributed ledger, and other blockchain technologies, as a whole, have been characterized by rapid changes and innovations and are constantly evolving. Although they have experienced significant growth in recent years, the slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and technologies may deter or delay the acceptance, adoption, and operation of ETA's Mission and its Program.

Unanticipated risks. The core technologies upon which ETA's Mission and the Program, and those of its third-party contributors, is based new and untested. In addition to the risks set out under these Risk Factors, there are other risks associated with the acquisition, storage, transfer and use of the related functionality, data, and other resultant objects and effects of these solutions, including those that ETA may not be able to anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks set out under the Risk Factors.