



EQUIBIT
GROUP

EQUIBIT GROUP

Business Plan

November 10, 2018

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Executive Summary

OVERVIEW

Equibit Group is a blockchain software and hardware developer on a mission to create open-source, peer-to-peer solutions for the capital markets. While recent history has necessitated the centralization and subsequent dematerialization of securities, blockchain technology allows for securities to remain dematerialized yet restore the original decentralized model for custody and settlement.

Such a technology represents a quantum leap forwards in the efficiency and safety of the capital markets. All participants have complete access to all data on the network and can easily engage in instant, secure, irreversible transactions without need of a broker, exchange, transfer agent, nor a custodian.

Compliance with regional securities regulations, shareholder agreements, AML/KYC and other concerns is achieved through a transfer restriction system. This allows issuers to create, or connect to, white lists of addresses that their securities may be transferred amongst. Maintenance of the white list can be done either by the issuer themselves, a broker, exchange, or other competent agent.

This vision has been realized with the creation of the Equibit peer-to-peer network protocol. Investors and issuers can now connect directly to create, transfer, and administer securities from a standardized menu that includes common and preferred shares, fund, trust, and partnership units, and debt.

The Equibit network, like Bitcoin, is ubiquitous and accessible wherever an internet connection can be found. Produced by pooled computing power, called “mining”, it is set to forever change how individuals invest, and companies raise capital.

Equibit Group is focused on creating software and hardware to support individuals and institutions in their use of the Equibit network. Its products and services are currently focused on two main user groups; those supplying network infrastructure (miners), and those requiring transactions (users).

VISION

Equibit Group is positioning itself to become a significant player in the blockchain software development and infrastructure space. With our unique software architecture, advanced hardware, management expertise, and commitment to security we will move quickly to take full advantage of one of the most compelling opportunities to emerge in the Fintech sector.

STRATEGY

Equibit Group is developing a free, open-source application that will allow anyone to fully participate on the Equibit network, a peer-to-peer cryptosecurities network protocol. To further decentralize the securities industry, the application accesses a peer-to-peer communications system capable of replacing traditional communications channels, all while enhancing the security and confidentiality of investor communications. Also included are systems to restrict the transferability of securities to assist in KYC and other requirements imposed by securities regulators around the world.

The application incentivizes users, called “miners” to run the software on their computers by rewarding them with new cryptocurrency units, called “equibits” or “EQB”. These units are required to create securities and post transactions on the Equibit blockchain and thus will carry value due to their utility and scarcity. Moreover, miners will be rewarded with voluntary transaction fees, like how the Bitcoin network functions.

Our wallet software enables users to easily execute cross-chain atomic swaps with the Bitcoin network, opening direct access to billions of dollars of investable capital. Equibit Group has also developed the world’s first cryptocurrency wallet using hardware-based (rather than software) encryption. Called an “Adamant” this takes the security of a user’s private key to a FIPS 140-2 Level III or higher standard making it appropriate for enterprise usage.

OPERATIONS

Equibit Group is an incorporated company in Switzerland currently owned by the management team, developers, and one angel investor. All efforts are going into developing our products, which we anticipate launching in Q4 of 2018. We have already built relationships with several key technology, marketing, and legal partners and continue to develop these partnerships and more to strengthen Equibit Group’s position in the cryptocurrency market.

REVENUE MODEL

Equibit Group will provide third parties with consulting services, supporting their IT teams in integrating their existing platforms with the Equibit network. This will primarily involve setting up Equibit nodes, Adamants and integrating API’s. Aside from the initial setup and installation of the Equibit node the company will also offer SLA’s where we will monitor, maintain and service the node. As creators of Equibit, we will be in a unique position to offer our expertise.

COMPETITION

There are no competing firms offering a solution that addresses all the use-cases that Equibit or Equibit Group does. Several groups have built blockchains capable of acting as a securities register, however all lack the communications, settlement and other functionality required by the securities industry for it to truly disrupt custodial services and transfer agencies. While many large financial institutions have expressed interest in blockchain technology, none so far have implemented it. Equibit Group is thus well-positioned to quickly secure a significant portion of this global market as a first-mover.

FINANCING REQUIREMENTS

There are 660,258 unallocated pre-mined EQB from the pre-mine and Equibit Group is seeking to sell 400,000 for total proceeds of CHF 8 million. Assuming 8 million, the funds are intended to be applied as follows:

	Amount	Percent
Offering	8,000,000	100.00%
Fees incidental to offering	400,000	5.00%
Offering expenses	100,000	1.25%
Net offering proceeds	7,500,000	93.75%
Sales & marketing	3,000,000	37.50%
Research & development	3,000,000	37.50%
Working capital	1,500,000	18.75%
Net cash proceeds	7,500,000	93.75%
Total fees and offering expenses	500,000	6.25%
Total application of gross proceeds	8,000,000	100.00%

To date, Equibit Group's share capital is as follows:

	Founders & Angel Round	
	No. of Shares	Total Value (USD)
Common Shares	85,000,000	\$3,000,000

STOCK OPTIONS

To attract and retain key personnel including directors, executives and consultants, Equibit Group has established a stock option plan ("Plan") under which 5,000,000 common shares have been reserved. To date, 1,600,000 options have been granted pursuant to the Plan.

History and Position

BUSINESS STRUCTURE

Equibit Group is currently incorporated under the laws of Zug, Switzerland (“Equibit Group AG”). Zug is the world’s leading centre of cryptocurrency development and with Switzerland being a global financial centre, presents an ideal home for Equibit Group. It currently employs a total of 14 people on a full-time basis, with plans to expand in the near term. Much of this expansion is set to take place in Zug, with the creation of finance, legal and human resources teams. Research and development operations are set to take place in both Zug and Toronto, with all IP-creation activities taking place in Zug. Sales and marketing teams will also be in each office, as well as consulting and support teams with plans to establish additional sales and support offices in potentially client-rich regions such as the Asia Pacific and Latin America.

The company has issued 85,000,000 common shares. Currently 29,750,000 are owned by Chris Horlacher. 17,000,000 are owned by Brent Kievit-Kylar. 16,745,000 are owned by Marc Godard. 8,500,000 each are owned by Nathan Wosnack and Christian Saucier. 4,250,000 are owned by Mario Malt. 255,000 are owned by Ilya Fadeev.

An additional 5,000,000 common shares have been authorized by the company to attract and retain key personnel including directors, executives and consultants, and to raise additional capital. To date, 1,600,000 options have been granted.

BOARD & MANAGEMENT TEAM

Chris Horlacher, CPA, CA
Chairman, Chief Executive Officer

Chris Horlacher is one of Canada’s foremost authorities on cryptocurrency and blockchain technology. As the CEO of Equibit Group, he applies his deep understanding of the space into all facets of his professional career, leading the vision and development of blockchain technology that promises to revolutionize the securities industry. Chris began his career as an auditor at a Big Four accounting firm. Before the age of 30, he was the CFO of a start-up stock brokerage that now manages over \$4 billion in assets. Following that, Chris went on to create his own management consulting firm, playing an instrumental role in the success of numerous start-ups as well as multi-million-dollar projects for some of Canada’s largest companies, SME’s and non-profit organizations. As one of Canada’s first adopters of cryptocurrency and blockchain technology, Chris is often looked to for his insights on these emerging and exciting sectors. He has been interviewed by many leading media outlets, including Reuters, CBC, BNN, Bloomberg and The Globe and Mail, and has also spoken to large audiences at countless prominent industry events since 2014.

Eelco Fiole, PhD, CFA, CDir
Director, Chief Financial Officer

Eelco is co-founder and sole Managing Partner of Alpha Governance Partners, a fiduciary services firm active in alternative investments, emerging markets and fintech, himself providing risk-based governance to a number of boards. After early years in engineering, he started his career in finance in 1995 as an institutional banker with ABN AMRO Amsterdam, after which he joined UBS Zurich as a.o. CFO

of its global Corporate Center division. He then joined Centrum Bank Vaduz as Head Corporate Development and CFO, followed by a move to Millennium Global Investments Geneva and London as Group CFO. At Credit Suisse Zurich he served as COO within Alternative Investments with USD 17 bn in strategies and teams in various global locations incl. New York and London. Over the years, he also gained consulting experience, also in frontier markets, and including at PwC Zurich. Eelco holds degrees in Economics (PhD, Basel), Laws (London), Leadership (Madrid), Business and Engineering (both Rotterdam) and holds various professional designations in finance and management including the CFA and CDir charters; he lectures a.o. Finance Ethics at HEC Lausanne, speaks regularly on Governance and volunteers for the CFA Institute. A globally connected Dutchman with 20+ years private exposure to China, he is a resident of Switzerland and Singapore.

Harvey Wortsman, LL. B, QC

Director

Harvey is an advisor at MaRS Discovery District and, for the past 15 years, led a strategic advisory firm providing M&A and corporate finance services. He also worked with private equity and family offices finding suitable investment opportunities. Prior to that he was the CEO of a publicly-listed company (Communicorp) providing marketing services to clients such as Walmart, The Bay and Canadian Tire. Harvey attended the University of Toronto for both his undergraduate degree and graduate law degree and then practiced for 25 years as a banking and securities lawyer including the M&A and corporate finance sectors and has also acted as general counsel to three PhD corporate executive haematologists of a Nasdaq listed company (Biopool).

Efi Pylarinou, PhD

Director

Efi is an independent Fintech/Blockchain advisor and influencer, with a Ph.D., in Finance and 20+ years Wall Street experience as a Vice President at Salomon Brothers, Bankers Trust, and SGCowen. She is included in the Women in Fintech powerlist by Innovate Finance (2016 & 2017); in Women in Fintech DACH social ranking, and The Planet Compliance Top 50 RegTech Influencers. She is the co-founder of Daily Fintech and has 160,000+ LinkedIn followers. Her domain focus is on Innovations in Capital Markets and Wealth Management. She is also the author of the Wiley Fixed income books with Frank Fabozzi and is included in the WealthTech book by Wiley.

Peter Braun

Director

Peter is a true rocket scientist by education and after assuming several management positions in the aerospace and automotive industries, he started his career as a serial entrepreneur. After several exits, including IPOs in the USA and Germany, he started to invest and today is recognized internationally as a leading Angel Investor. He is a much sought-after evangelist and advises financial institutions such as banks, exchanges, as well as numerous start-ups and government bodies. A gifted speaker, Peter is regularly invited to deliver keynote speeches or lead panel discussions at many international conferences. He is part of numerous international juries and handed awards to many winners of technology contests. For over 7 years Peter has served on the board of EBAN, the European Business Angel Network.

Stephen Barnard, MBA
Chief Revenue Officer

Stephen has more than 25 years of experience in marketing, branding and product management, specializing in hi-tech and corporate services with both high profile Canadian companies, and smaller start-ups. Among his previous work experience Stephen led several new business initiatives at TMX Group to help issuers with their investor relations, as well as a start-up commercial newswire at The Canadian Press. He managed BCE Emergis' commercial newswire division, e-News Services, and led Rogers wireless' marketing efforts in B.C., Canada, for much of the '90s. Stephen holds an MBA and BA in economics from Memorial University of Newfoundland. For the past 10 years Stephen was employed by Barnard Consulting.

Kiarash Narimani, PhD
Chief Technology Officer

With a PhD in Electrical and Computer Engineering from the University of Waterloo, Kiarash has spent the past decade establishing himself as a senior software developer at some of the world's most well-recognized firms including American Express, Microsoft, and Research in Motion. He's also been involved in researching cryptography, encryption algorithms (RSA, ECC, AES, 3DES), information security models (PKI, CA) and protocols (PGP, S/MIME, SSL, TLS, IPsec), key management, and secure end-to-end wireless communications.

Christian Saucier
Chief Operations Officer

Christian is an energetic business leader, software engineer, and early bitcoin adopter. He has over 20 years of experience designing and implementing impactful IT solutions for start-ups and Fortune 100 companies. Christian has global experience, leading projects in North-America, Asia-Pacific, EMEA, and LATAM. Christian has implemented multiple systems that leverage blockchain technology as a proof of existence ledger. He has lectured at Bitcoin conferences on the topics of decentralised solutions and given TV, radio, and podcast interviews on the innovative and transformative potential of peer-to-peer technology.

COMPANY HISTORY

In 2010, while working as the CFO of a stock brokerage start-up, CEO Chris Horlacher discovered Bitcoin, a decentralized, electronic currency. After gaining an understanding of this new technology and combining his expertise in the securities industry he realized that it could be adapted to become a securities register.

In 2014, after waiting some time to ensure the Bitcoin technology was workable and gaining enough user adoption, he partnered with Marc Godard and Brent Kievit-Kylar. Together they worked out the technical details to create a blockchain that would not only act as a securities register, but also interface with the Bitcoin network to access capital and efficiently conduct trades. A communications system was also added to ensure that this aspect of investor relations could take place on the new platform as well.

In early 2015 Chris, Marc, and Brent provided their white-paper "Equibit: A Peer-to-Peer Electronic Equity System" to Nathan Wosnack and Christian Saucier, who were both heavily involved in the cryptocurrency industry at the time and regarded as experts and key influencers. After vetting the paper, they joined the Equibit project.

Late in 2015 Equibit Group was incorporated and, after receiving an angel investment of USD \$150,000, additional developers were hired while the system designs continued to be refined and perfected for use by the securities industry.

In mid-2016, Equibit Group successfully compiled its proof-of-concept software and created the Equibit blockchain. It successfully ran on 37 nodes designed and built by Equibit Group. Transactions and messages have been successfully transmitted over this test network.

One node was upgraded with a hardware security module, making Equibit Group the world's first company to have achieved this. Called an "Adamant", this product provides unparalleled security over users' private keys, which are crucial in safeguarding access to the assets stored on the network, making it suitable for enterprise use.

Along the way, Equibit Group has built relationships with several best-in-class technology partners, including IBM. The company has also begun courting many institutional clients including some of the largest and oldest financial institutions in North America and Europe.

On March 31, 2017 Equibit Group closed a public pre-sale of EQB, with 250,000 EQB sold for total revenues of USD \$560,000.

Equibit Group signed a cloud services partnership agreement with IBM in May 2017 where IBM will become the infrastructure partner for Adamants through their cloud services and co-brand the product.

On December 8, 2017 Equibit Group closed a private pre-sale of EQB, with 400,000 EQB sold for total revenues of USD \$2 million.

A private Equibit testnet was deployed on July 1, 2018 and an enthusiastic community of testers, as well as miners controlling over 100,000 GPU's began supporting the project.

Presently Equibit Group is working on completing production versions of the Equibit Core and wallet applications, anticipating mainnet launch in Q4 2018.

Marketing Plan

PRODUCTS & SERVICES

EQUIBIT CORE

This application is essential in creating and securing the Equibit network. It contains all the code necessary to run a full node that can access and process transactions on the Equibit blockchain, send and receive communications, issue, revoke, and verify trading passports, earn mining rewards, and contribute to the network's overall hashing power. It will be offered free-of-charge on the company website as well as through select distribution channels such as IBM Cloud, Microsoft's Azure Marketplace, Amazon Web Services Marketplace, Google Cloud Platform, and Docker containers for rapid deployment and scalability. The code will be open sourced under the MIT license. There are two important reasons why these products must be made freely available.

First, as the Equibit network is intended to store highly sensitive data about the ownership of assets (which theoretically can amount to many trillions of dollars, with trading volume in the quadrillions), it is important for users to be able to trust the software code itself and not the reputation or sanctity of any one individual or institution. A proprietary program does not enjoy the transparency or trustworthiness engendered by open source software.

Secondly, to secure the network its hashing power needs to grow as quickly as possible to prevent the undesirable situation where one actor controls more than 50% of the network's total hashing power. By making the core software as freely available as possible and allowing it to be modified for other unforeseen use-cases, we will protect the network by distributing it across as many independent machines as possible.

As creators of the application, Equibit Group will be offering their expertise to businesses and financial institutions interested in using Equibit in their operations. We will provide setup, integration and ongoing monitoring and maintenance services in the form of SLAs.

WALLETS

Equibit Group has developed a retail wallet application called Equibit Portfolio. This will allow retail investors and issuers to access the Equibit network without having to run a full node. Investors will be able to open a free account that allows them to transact on the Equibit and Bitcoin blockchains. Users can also manage their trading passports, signifying that a competent party has conducted due diligence on them and determined they meet certain identity and net-worth checks. These passports allow investors to own restricted securities from issuing firms that are relying on said parties to perform their KYC processes. Issuing firms can use their equibits to create equity or debt securities and raise capital over the network. As with the investors, Issuers will also be encouraged to purchase a trading passport that will allow them to access the groups of pre-vetted investors.

Equibit Group can also build wallets with a hardware security module. This device performs all private key generation, encryption, decryption and digital signing actions for cryptocurrencies in a manner more secure than traditional software means. We're able to achieve a certified FIPS 140-2 Level III security standard, putting the wallet's security at levels beyond many financial institutions. As such

this is the ideal product for financial institutions and companies looking for an enterprise-grade, white-label digital asset-management system. The advantage is that any institution can implement advanced, turnkey cryptocurrency infrastructure and provide Bitcoin and Equibit access to their clients or corporate treasury departments.

COMPETITION

A broad survey of the competition against Equibit reveals little, to no companies working on blockchain solutions for the capital markets. Many are working on Ethereum-based smart contracts that do not dis-intermediate the industry and provide questionable security. Ethereum contracts have been plagued by hacks (DAO, Parity), resourcing constraints (Crypto Kitties, Status ICO), and other bugs (BatchOverflow). As such, we do not believe any smart contract-based solution (ex. ERC-20, ERC-721, ERC-884, ST-20) provides a credible threat to the Equibit network in terms of simplicity, security, sustainability and scalability.

RAVENCOIN (RVN)

The RavenCoin project was launched in January 2018 and, like Equibit, is a fork of the Bitcoin code. While their roadmap appears to have been copied directly from that of Equibit in terms of overall functionality (asset registration and communications) it suffers from several architectural decisions that make it an inferior choice for the capital markets. Their use of the “asic-resistant” hash X-11 reduces the security of the protocol when compared to Equibit, which uses the highly efficient and secure SHA-3. RavenCoin also did not make any improvements to their blockchain that would make it more scalable such as an adaptive block size. The asset registration functions of RavenCoin were activated on November 5, 2018 but there is currently no communications functionality yet, and no indication on how they intend on adding compliance functions.

BITSHARES (BTS)

Initially released in July 2014, BitShares was Dan Larimer’s first blockchain product and real-world application of his newly created consensus mechanism – delegated proof of stake (DPOS). While DPOS possesses an impressive potential transaction throughput it suffers from greatly reduced settlement certainty when compared to Equibit’s proof of work (POW) system and incentivizes users to not put its cryptocurrency to use in a process called “staking.” BitShares lacks all of the communications and compliance functionality of Equibit and is unlikely to see any adoption by the securities industry.

MARKET POTENTIAL

DEPOSITORIES & TRANSFER AGENTS

The Equibit network is capable of displacing traditional central securities depository (“CSD”) and transfer agent service companies. These businesses rose to prominence in the 1970’s and 80’s as security ownership and custody was centralized and dematerialized. A prime example of this is Cede & Company, a partnership of certain employees of the Depository Trust & Clearing Corporation (“DTCC”), that has legal title to nearly all the registered securities in the United States. DTCC also performs clearing and settlement services for the issuing companies, and investors.

The World Federation of Exchanges produces reliable statistics on publicly-traded companies but due to the opaque nature of the private company marketplace it is difficult to get accurate figures on the global total number of issuing companies and transaction volume. We can, however, look at individual transfer agents and associations to make reasonable estimates.

The Securities Transfer Association currently reports there are over 130 transfer agents just in North America, and over 140 depositories worldwide. These firms service over 100 million shareholders on behalf of over 15,000 issuing companies. Six of the largest transfer agents in the world are DTCC, Computershare, Broadridge, American Stock Transfer, Clearstream and Euroclear. In their 2017 Annual Report, DTCC indicated they processed \$1.61 quadrillion in securities transfers, taking in revenues of \$1.7 billion.

We estimate that the global CSD and transfer agent market is worth over \$10 billion annually; a cost that is currently being borne by investors and issuers. This will be reduced significantly to the extent that Equibit is adopted as the system of choice by financial institutions for their post-trade cycle, and issuers for their investor relations.

REVENUE STREAMS

CONSULTING & SLA'S

Clients will pay Equibit Group a rate to set up and integrate Equibit nodes and Adamants into their existing software infrastructure. They can also execute an SLA where we will provide ongoing monitoring and maintenance of the node for them to ensure smooth operation.

PROMOTIONAL STRATEGIES

ALL PRODUCTS

We have built significant presence through content marketing via email and social channels such as LinkedIn, Facebook, Twitter, Telegram, Reddit, BitcoinTalk, etc. within the crypto community which will be expanded into other target markets outlined below. Furthermore, our CEO is quickly becoming the top cryptocurrency and blockchain expert in Canadian media. Already he has had appearances on several national television outlets (CBC, BNN, Bloomberg) and has become an influential source for journalists working at top new publications like the Globe & Mail, Forbes, and industry publications like American Banker, Payments Business, Disruptor Daily, IR Magazine, and Enterprise Security.

EQUIBIT CORE AND MINER

This application will be open sourced under the MIT license and targeted at the cryptocurrency mining community. Our team continues to increase awareness and educate the cryptocurrency community both in a lead up to the public software release as well as post-launch in continuing to build the Equibit mining base. Already, numerous individuals and companies controlling over 100,000 GPU's have committed to joining in on the mining of Equibit, thus ensuring a globally distributed mining community that will make the Equibit network resistant to mining attacks from day one.

WALLETS

Retail and private investors and individual issuing companies are the target market for these products. We believe that the best way to build the userbase here is to focus on bringing issuers onto the platform as they're the ones adding investment products. To-date we've had many discussions with individual firms, private equity and other asset managers interested in using the platform. We also plan on marketing the solution to securities dealers and other market actors engaged in private placements and other exempt distributions. Equibit Group is currently studying what trade shows will be ideal in reaching new issuers and developing campaigns for the various sub-groups of users. In addition, as part of our hard-launch event, we plan on distributing EQB to the first registrants. These events, called "Airdrops" have proven to be a very successful community-building and awareness tool, which is critical for us to achieve the desired network effect.

The target market for the Adamant is different from the software wallets and we suspect a relationship sale - like other SaaS industries - will be the correct approach. Content marketing, delivered over email and social will be used to build a pipeline of qualified leads to be closed by experienced, commissioned, sales professionals. Equibit Group will also leverage IBM as a channel partner to reach the financial institutions they already cater to.

INDUSTRY REGULATORS

On July 26, 2018 Equibit Group received a no-action letter from the Swiss Financial Markets Supervisory Authority (FINMA), allowing the company to operate as-planned out of our home jurisdiction.

It will be important that Equibit Group to continue emphasizing it is merely a software firm and not engaged in regulated activities such as custodial or clearing services, order execution, investment advice, asset management and other such financial services.

At the same time, Equibit Group will promote the Equibit network as a decentralized alternative to current direct registration systems (ex. DTCC, Computershare, Euroclear, Clearstream). The advantages to regulators being the total transparency of the system, regulatory compliance features (trading passports), and the elimination of counterparty risks to investors.

Operations

PREMISES & EQUIPMENT

IBM CLOUD

Equibit Group's partnership with IBM will provide all the premises and equipment the company needs to take us from a small start-up, to operating at scale. Our agreement allows us to use the IBM public and private clouds at a significant discount.

With nearly 60 IBM Cloud data centers around the world, 37 are dedicated to IBM Cloud workloads. Each of the data centers across North and South America, Europe, Asia and Australia are connected to IBM's global private network—making data transfers faster and more efficient everywhere. And all data centers are designed to exceed industry standards.

IBM Cloud delivers unmatched scalability and control due to its unique design—a network of networks. Public, private, and management traffic travel across separate network interfaces, segregating and securing traffic while streamlining management. The global network boasts more than 2,000Gbps of connectivity between data centers and network points of presence (PoPs). These locations each have multiple 10Gbps transit connections as well as peering links to additional service providers and access networks.

GEMALTO SAFENET HSM

A hardware security module (HSM) is a dedicated crypto processor that is specifically designed for the protection of the crypto key lifecycle. Hardware security modules act as trust anchors that protect the cryptographic infrastructure of some of the most security-conscious organizations in the world by securely managing, processing, and storing cryptographic keys inside a hardened, tamper-resistant device.

Enterprises buy hardware security modules to protect transactions, identities, and applications, as HSMs excel at securing cryptographic keys and provisioning encryption, decryption, authentication, and digital signing services for a wide range of applications.

SafeNet Hardware Security Modules provide the highest level of security by always storing cryptographic keys in hardware. SafeNet HSMs provide a secure crypto foundation as the keys never leave the intrusion-resistant, tamper-evident, FIPS-validated appliance. Since all cryptographic operations occur within the HSM, strong access controls prevent unauthorized users from accessing sensitive cryptographic material. Additionally, Gemalto also implements operations that make the deployment of secure HSMs as easy as possible, and their HSMs are integrated with SafeNet Crypto Command Center for quick and easy crypto resource partitioning, reporting and monitoring.

Forecasting

FINANCIAL PROJECTIONS

Amounts in CHF	2018	2019	2020	2021	2022
REVENUE					
Consulting & SLA's	-	100,000	250,000	625,000	1,562,500
Mining rewards	14,705,154	-	-	-	-
Realized gains*	420,515	1,892,320	5,790,498	12,108,952	22,072,015
TOTAL REVENUE	15,125,670	1,992,320	6,040,498	12,733,952	23,634,515
OPERATING EXPENSES					
Salary & contractors	2,000,000	3,000,000	4,500,000	6,750,000	10,125,000
Commissions	-	5,000	12,500	31,250	78,125
Benefits	50,000	75,000	112,500	168,750	253,125
Accounting & legal	200,000	150,000	225,000	337,500	506,250
Advertising	200,000	650,000	975,000	1,462,500	2,193,750
Insurance	15,000	22,500	33,750	50,625	75,938
Rent	50,000	75,000	112,500	168,750	253,125
Office supplies	10,000	15,000	22,500	33,750	50,625
Utilities & hosting	55,000	57,500	61,250	66,875	75,313
TOTAL OPERATING EXPENSES	2,580,000	4,050,000	6,055,000	9,070,000	13,611,250
EBITDA	12,545,670	-2,057,680	-14,502	3,663,952	10,023,265
Unrealized gains*	7,569,278	27,249,401	79,704,497	146,227,097	265,691,876
Depreciation	16,000	32,000	36,000	40,000	44,000
Income tax	1,831,668	-	-	534,937	1,463,397
NET INCOME	18,267,280	25,159,720	79,653,995	149,315,113	274,207,744

* Assumes market cap of all EQB reaches CHF 10 billion over five years.

FUNDS REQUIRED

Equibit Group requires funds to complete development of the wallets and serve as growth capital. With the desired amount of funding, the research and development process will also be able to take place at a much faster pace so that Equibit Group products can be further refined, improved, and expanded.

Funds are also needed in the marketing of these solutions to the public and institutional clients. Additional staff will be needed in this department to guarantee success by adding institutional salespeople and tech support.

FUNDING OPTIONS

As developer of a new blockchain, Equibit Group has a unique funding option available to it. We have exclusive mining rights to the Equibit blockchain prior to releasing the code and programmed a reward of 1,310,258 EQB into the first block of the system, which we mined. Typically referred to as a "pre-mine", this initial block reward has been divided up and sold in progressive funding rounds.

INITIAL EQB ALLOCATION

Allocation	Amount of EQB	Pre-Mine Percentage	Percentage at Maturity
Round 1 (Closed Mar 31, 2017)	250,000	19.1%	1.2%
Round 2 (Closed Nov 30, 2017)	400,000	30.5%	1.8%
Current Sale	400,000	30.5%	1.8%
Equibit Group	260,258	19.9%	1.2%
Total Pre-Mine	1,310,258	100.0%	6.0%
Mined over 55 years	20,689,742		94.0%
Maximum EQB supply	22,000,000		100.0%

After launching the network an additional 20,689,742 EQB will be spontaneously generated by the protocol and awarded to miners over the course of about 55 years. By having 94% of the total EQB supply mineable by the public this will ensure a robust network infrastructure develops and maintains a high degree of security.

EQB LAUNCH SALE

Equibit Group is offering 400,000 EQB, representing 30.5% of all the EQB in existence at network inception at a per EQB price of CHF 20.00. This would provide all the capital necessary for the company to grow its client base and effectively serve their needs for several years.

BUDGET ALLOCATION

Assuming CHF 8 million, the funds are intended to be applied as follows:

