



## Digital Initial Private Offering

Version 1.0  
December 2019

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## MARKET ANALYSIS

### CURRENT MARKET

The current market trading mechanisms evolved over hundreds of years but only in recent history has the paper and corresponding accounting practices gone by way of the dodo bird. The problem is the processes and methods used to run the stock markets were designed for the old paper processes. Every step in the process requires specialized bridges built between multiple hands-in middlemen who in turn keep the process flowing. Multiple hands each having their own individual technology stacks requiring specialized decoder rings for each, so in order that they can all function together.

Have you ever wondered why companies like Facebook can operate without pause; they run their digital systems 24x7x365 managing massive amounts of data while the staid financial companies such as the New York Stock Exchange, with equally massive amounts of data, operate for only a limited number of hours per day, during the workweek? Both utilize the best technology, with some very brilliant people. However, at NYSE, there are two key points: the outdated methods (shutting down systems to settle trades) and the large number of middlemen it takes to make it all work. If a company could be open and running 6.5 hours every day during the workweek, would customers be happy? Absolutely not, yet this is exactly how large exchanges like NYSE & NASDAQ operate. This is not unique to the USA market.

That is where LiveTrade comes in. A new online exchange working 24/7/365 would be a better choice for customers.

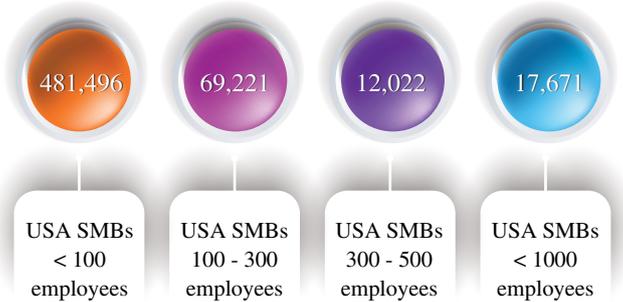
### PROBLEMS FOR SMBs

In the USA small and medium-sized businesses (SMBs) comprise \$8T of the annual GDP - 44% of the national total. In Europe, SMBs make up another \$5T. Despite their combined value, these areas of the economy, and their potential for growth are significantly underserved in the capital markets.

In the USA, banks are issuing less credit to SMBs at higher costs, having cut the percentage of all commercial loans to SMBs in half since 1995. USA SMBs receive just 20% (\$650B) of the \$3.3T banks currently issue in commercial loans each year.

Meanwhile, 50% of loan applications submitted by SMBs are underfunded or denied.

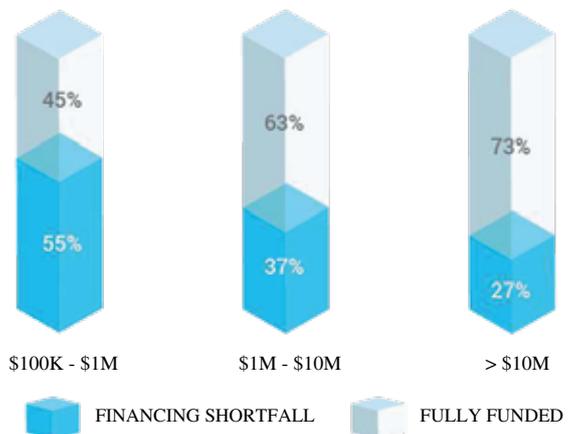
SMBs comprise  
**\$8T of USA GDP/44%**  
Europe SMBs are \$5T in GDP



Total number of USA SMBs:  
**580,410**

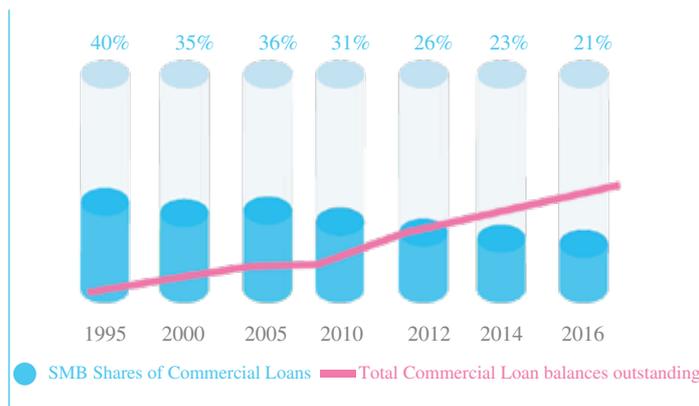
\*Source: Bureau of Labor Statistics

### LOAN APPLICATIONS RECEIVING FUNDING



\* Source: "2015 Small Business Credit Survey",  
Federal Reserve, March 2016

### DECLINE IN LENDING TO USA SMBs



\* Source: FDIC Call Report Data

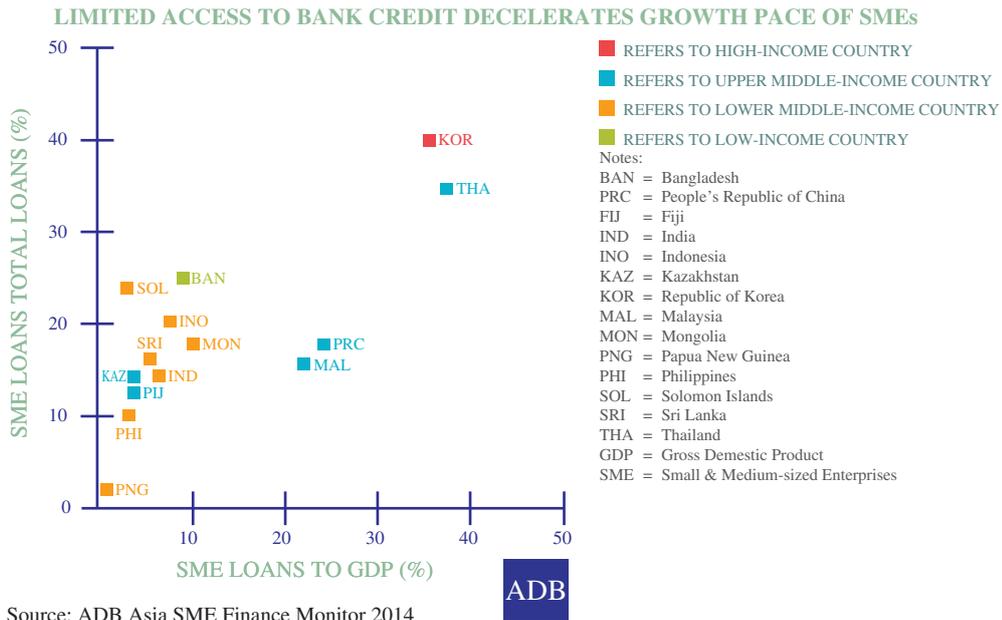
### Why SMBs are not able to get loans

Banking consolidation has removed the local banks and the long-term relationships between bankers and business owners. Interestingly, German SMBs don't have the same problem because they have thousands of small banks scattered across the country in communities. Since banks have kept the volume of funds available to SMBs at the 1995 level, more businesses are competing for loans and banks are only selecting the best of the best.

### Regulatory changes have made banks more risk-averse

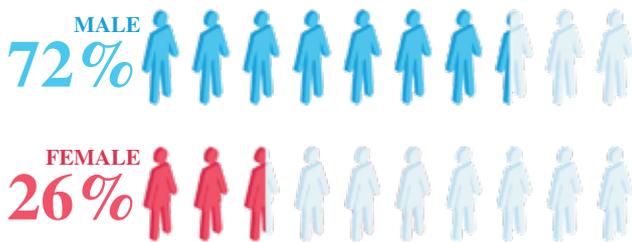
Access to loans for SMBs/SMBs is not isolated to the USA. The 'Financing SMEs in Asia and the Pacific: Trends and Challenges' report shows that the problems faced by SMBs in Asia are just as dire as in the USA. South Korea and Thailand are the two bright spots (Shinozaki, 2015).

## ACCESS TO BANK CREDIT

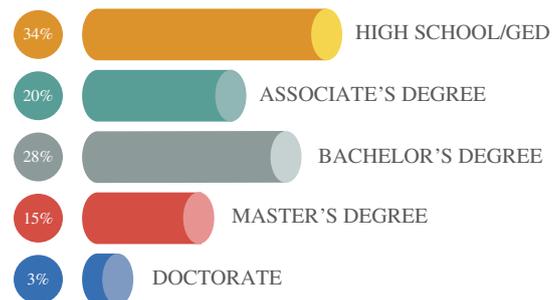
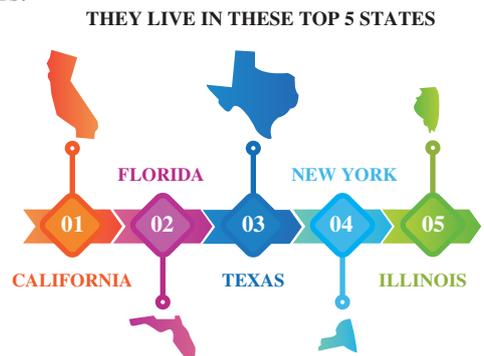
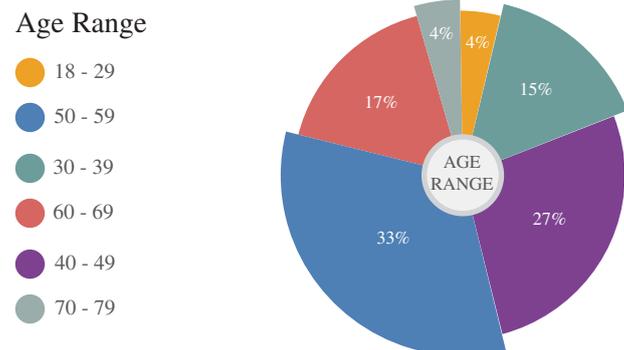


### Current State of USA SMBs

In mid-2018, Guidant Financial published a report on the state of SMBs in the United States. The report interviewed 2,600 business owners and aspiring business owners nationwide to find out who were driving today's small businesses, the hottest business industries and what has been holding back would-be entrepreneurs.



An 18% increase in the number of women business owners year-over-year

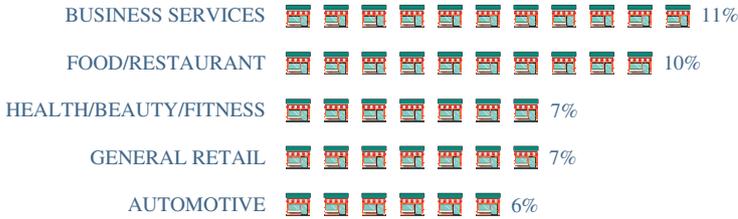


**COLLEGE DEGREE NOT REQUIRED**

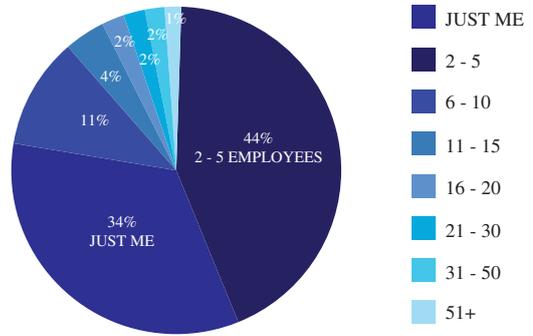


# TODAY'S SMALL BUSINESSES

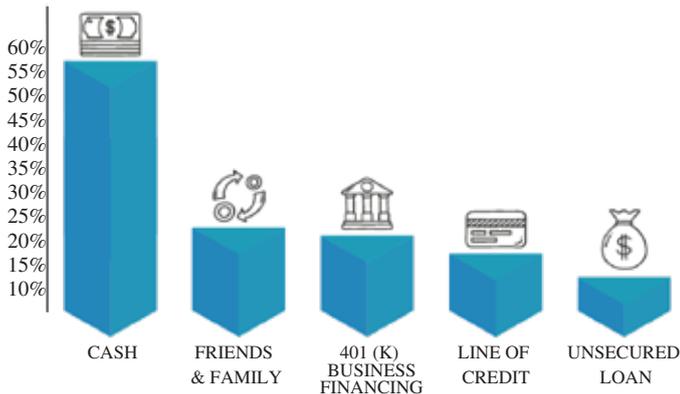
## TOP 5 BUSINESS INDUSTRIES



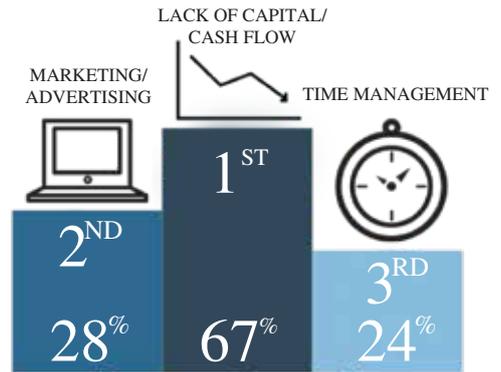
## NUMBER OF EMPLOYEES



## MOST POPULAR FINANCING METHODS\*

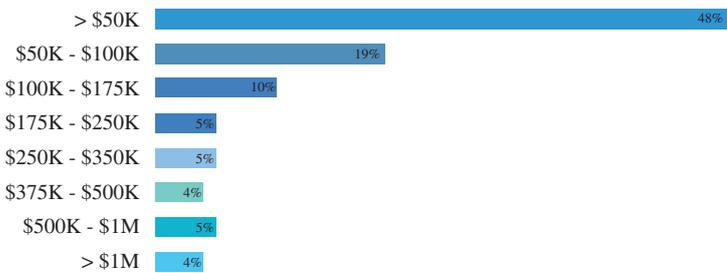


## TOP CHALLENGES FOR SMALL BUSINESS OWNERS\*



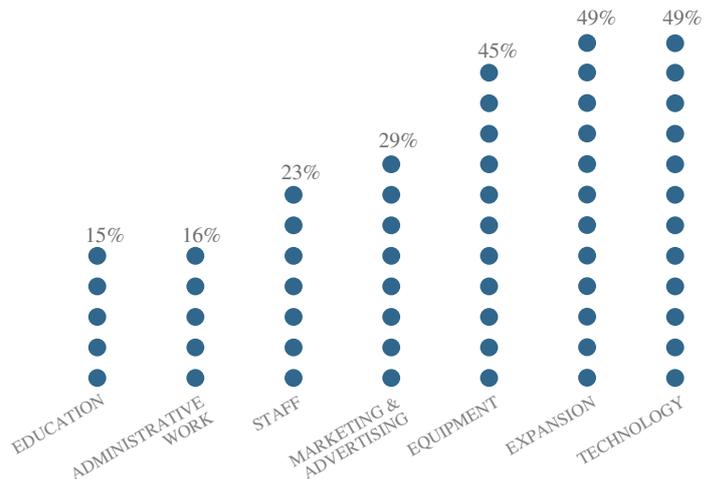
**TAX PREPARATION WAS THE NO.1 OUTSOURCED SERVICE FOR SMALL BUSINESSES**

## AVERAGE COST OF PURCHASING A BUSINESS



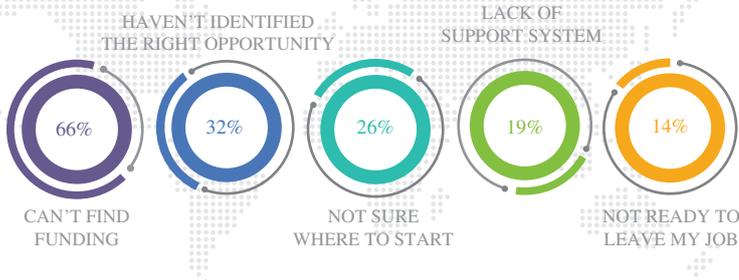
**68% OF ALL RESPONDENTS SAID THEIR BUSINESS WAS CURRENTLY PROFITABLE**

## WHERE ADDITIONAL CAPITAL WOULD BE SPENT\*



## ASPIRING ENTREPRENEURS

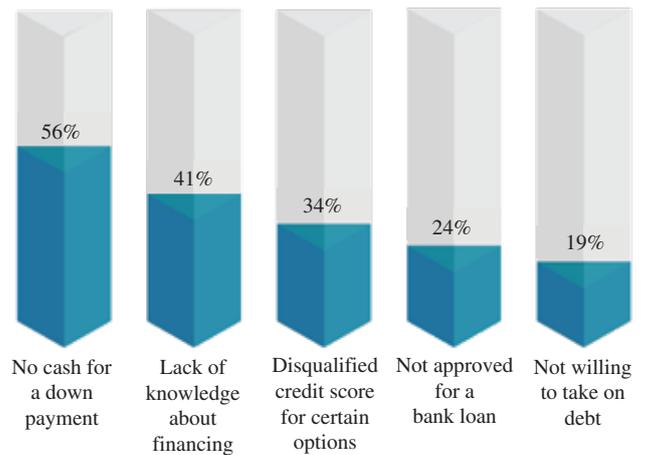
### BIGGEST HURDLES TO BUSINESS OWNERSHIP\*



**MINORITIES ACCOUNTED FOR 47% OF ASPIRING ENTREPRENEURS SURVEYED**

**75% OF ASPIRING ENTREPRENEURS USE ONLINE RESEARCHES TO LEARN ABOUT BUSINESS FINANCING OPTIONS**

### CHALLENGES IN OBTAINING FUNDING\*



**55% OF ASPIRING ENTREPRENEURS ARE CONFIDENT IN THE STATE OF SMALL BUSINESS IN TODAY'S POLITICAL CLIMATE**

### PROSPECTIVE BUSINESS OWNERS ARE PURSUING THESE FINANCING METHODS\*



### PROBLEMS FOR INVESTORS

Both high-net-worth and institutional investors are pouring money into private equity in search of new opportunities, creating near-record fundraising levels and accelerating the pace of inflows. Unspent “dry powder” investment capital currently sits between \$963B and \$1.8T (Jeddy & Portner, 2018). Furthermore, investors are desperately seeking uncorrelated returns via quality companies with real cash flows and definable opportunities for growth (Mittelman, 2017).

Asset managers are having great difficulty finding attractive deals because asset values are considered high or excessive. The average time required for new commitments to be put to work now stands at three years with no end in sight.

To have such capacity sit idly by as cash, cash equivalents, and in moneymarket funds as owners pay upwards of 2% just to keep assets under active management is another breach of principles for capital. This breach is one that demands a further diversification of investing strategy across the entire capital stack and, when appropriate, into revolutionary new opportunities and investing ecosystems.



Running a business is not simple, for the owner often has to struggle through uncountable issues, amongst which capital is the most outstanding and governing element. For most businesses, the two top ways to raise funds are from loans and from equity. Generally, earning capital from loans is quite a more simple option for SMBs because they only have to work with the bank rather than several stock regulators, partners and investors. However, everything comes with a price - debt capital may look painless at first, but the owners will soon realize the side effects it leaves on their businesses: it reduces the cash flow, which is the core and the root of every SMB.

We now look at equity capital raising, in which a company can generate money by selling the shares of its stock. An initial public offering (IPO) refers to the process of offering shares of a private corporation to the public in a new stock issuance. Public share issuances allow companies to raise capital from public investors. However, public companies have to meet other rules and regulations that are monitored by the Securities and Exchange Commission (SEC) and then battle their way to promote themselves and attract stock purchasers. More importantly, the costs and expenses for regulatory compliance can be very high, especially for smaller companies.

That is why LiveTrade brings an economical time-saving alternative of IPOs to businesses. With an aim to be complied with SEC (Reg D), DIPO, known as Digital Initial Private Offering, is another smart option for companies to get access to an array of trustworthy investors to raise their needed funds for business expansion. DIPO assists SMBs to save the cost for fundraising and, at the same time, ensures the transparency and security that every investor wants from their investments.



## OBJECTIVES

- Provide affordable capital to SMBs;
- Provide investors with a new investment market;
- Leverage technology to reduce cost and time;
- Settle trades into investors' bank accounts within minutes;
- Meet the strictest guidelines and rules in our locations of operation.

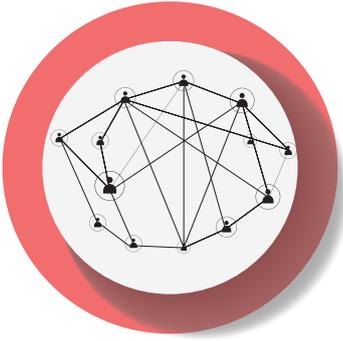
LiveTrade will be a viable alternative for SMBs who are unable to leverage traditional capital channels (Banks and other Fintech loans). We understand that cash flow is important to any company and traditional loans (aka debt financing) reduce the cash flow of an SMB. At LiveTrade, SMBs will be able to raise the capital they need for a low cash outlay and trade equity for fees and repeat at NO COST when they need more capital.

## DESCRIPTION OF SERVICE

DIPO projects will be conducted as follows:

- LiveTrade will review all business applicants and grade their investment quality;
- For those who pass, we will create digital shares based on the value of each business and/or generate an equity offer for each, which will be reviewed by the investors in DIPO's marketplace - investors will decide whether to purchase the shares;
- A DIPO is then executed in the LiveTrade Exchange with shares provided to investors and capital flowing to businesses; and
- Investors will use the LiveTrade Exchange to trade shares in businesses 24/7/365 globally.

## WHAT 'D' IN DIPO MEAN?



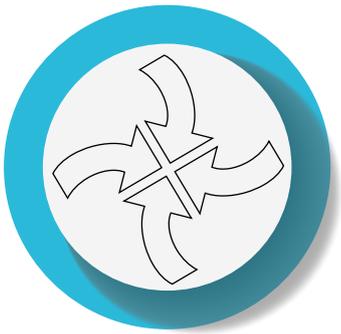
### Decentralized

Traditionally, institutions that get to participate in the initial private offering often do a lot of business with the brokers underwriting the deal. The reality is your broker perceives individual investors as poor. Instead, management, employees, friends and families of the company going public may be offered the chance to buy shares at the IPO price in addition to investment banks, hedge funds and institutions. DIPOs at LiveTrade help businesses raise capital quickly by reaching a large number of investors, including individual and constitutional, without discrimination. It means even a regular person has an equal opportunity to buy shares as a top trader.



### Digitalized

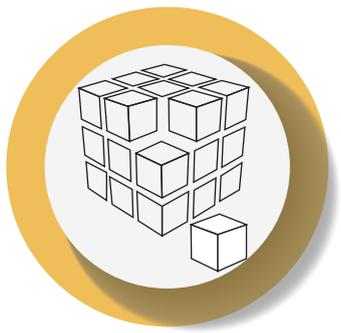
All shares of the business will be digitized in the DIPO process. That means wrapped tokens will be minted at a ratio of 1:1 to the value of the corresponding shares of the enterprise. This allows investors to take full advantage of trading digitalized assets such as high liquidity, democratized asset ownership and no more costly and unproductive intermediaries.



### Direct

DIPOs primarily help small to medium size companies and nonprofits who want to raise capital directly from their own community rather than from financial institutions like banks and venture capital firms.

It is often viewed as a type of investment crowdfunding; but unlike the offerings made under crowdfunding exemptions (Title III of the federal JOBS Act or similar state laws), DIPOs are typically registered at the state level and undergo some degree of regulatory scrutiny. DIPOs also generally offer more flexibility in marketing and soliciting investors for the offering than exempt crowdfunding offerings.



### Decimal

This offers you much greater precision - essentially, you are not limited to trading the equivalent of a cent (\$0.01 for example), you can go much, much lower. It means you can actually own and have full control of a very small portion of a whole Ether. In case the trade value rises dramatically, you would still be able to buy, own and use the system, without any changes.

On the investor side, we believe investors should be able to compete amongst their peers for every initial offering to purchase equity in SMBs.

## HOW DIPO WORKS: UNDERWRITING, SECURITIZATION AND A NEW MARKETPLACE

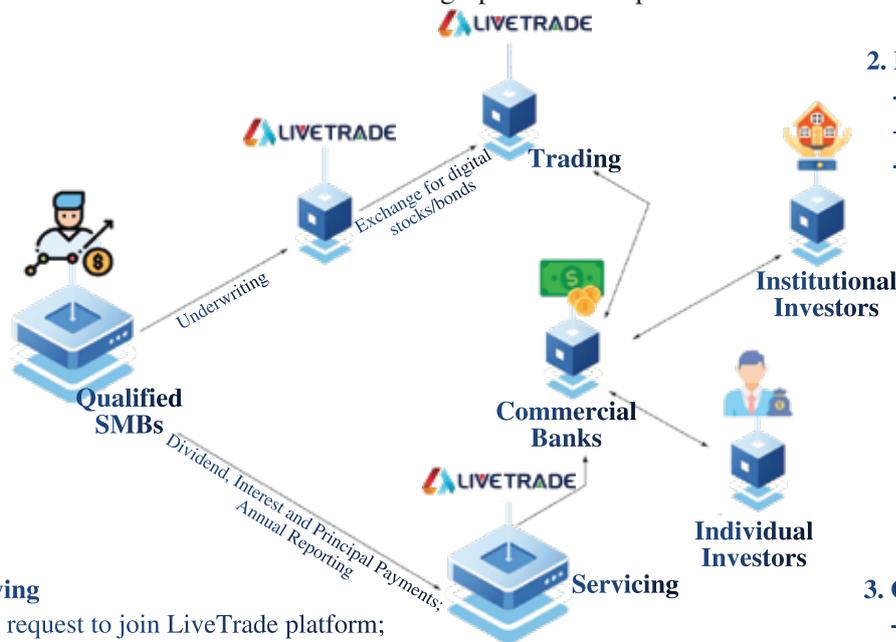
The DIPO ecosystem will be constructed on a combination of AI, machine learning, predictive technology, blockchain, an SEC-approved alternative trading system, and smart contracts. Records cannot be changed or compromised. The web experience of investors/shareholders will be like a traditional brokerage e.g. E\*TRADE.

LiveTrade will provide underwriting for its SMB clients before issuing Regulation D, Rule 506 (c) digital securities on their behalf via DIPOs. LiveTrade's platform will also include a secondary marketplace where investors can trade these shares. Our infrastructure will reduce clearing and settlement speeds from days to minutes with plans to eventually adopt a 24/7/365 global model. All trade data tied to companies issuing securities on DIPO's platform will be written to, and freely and publicly accessible on, the blockchain, giving investors equal footing in the race for returns.

LiveTrade’s DIPO works on the basis of vertical integration:

1. We know that public markets are full of middlemen/companies that complicate the overall procedures;
2. We see that middlemen create fee structures that are added to every transaction - making it very costly;
3. We have taken all of these middlemen services and combined them into a single company, offering a smart service with lower fees;
4. We aim at providing both time and cost-savings for both Business Owners & Investors.

An overview of our solution is included in the graphics with explanations below.



**1. Qualifying**

- SMBs request to join LiveTrade platform;
- LiveTrade performs full underwriting;
- Strong candidates move forward to an equity offering.

**2. Funding & Trading**

- Investors bid to set initial price;
- SMB equity is sold & becomes capital;
- Shares are traded on the Exchange.

**3. Outcome**

- SMB pays dividends to investors;
- SMB provides certified annual reports.

**DIPO VS. TRADITIONAL IPO**

For a smaller company, going Public means you will likely use a Reg A+ offering which will allow you to trade on the OTC. The DIPO approach is to provide a Private Marketplace, which leverages regulations that have a reduced cost compared to public markets i.e. you need to raise less capital. For the purpose of this example, we will assume \$10M is being raised, and the cost comparison is generally as follows:

ONE-TIME COSTS	Reg A+ EQUITY	LIVETRADE EQUITY
SEC form 1A	\$50K - \$60K	N/A in a Private & Vertical Market
Legal	\$100K	Expected to be lower
Audit	\$2K - \$10K	Mandatory
Marketing	\$300K (2 - 4% of total raise)	Included as part of our overall fee. Instead of hunting for buyers across the globe, we have a place where buyers gather, making marketing cost significantly lower.
Transfer Agent Escrow	\$75K (0.5% - 1% of raise)	N/A in a Private & Vertical Market
Advisory fee	\$100K	DIPO fee is \$25K - \$100K depending on the deal
Escrow fee	\$30K	N/A in a Private & Vertical Market
Broker/Dealer fee & commission	\$400K	N/A in a Private & Vertical Market
<b>Total</b>	<b>At least \$1M or 10% of the raised capital plus warrants</b>	<b>\$25K - \$100K plus 2.5% of total equity in company</b>

ANNUAL COSTS	Reg A+	LIVETRADE
Audit	\$2K - \$10K	Mandatory
Transfer Agent	TBD	N/A in a Private & Vertical Market
Depository Trust & Clearing Corporation	\$10K - \$20K	N/A in a Private & Vertical Market
Exchange Membership	\$20K	Included as part of our overall fee

### DIPO VS. TYPICAL DEBT CAPITAL

When a business owner wants to grow and expand their company, they currently have several loan options available in order to raise funds. DIPO is a new alternative to loans which makes it easier for small and medium sized businesses to raise the money they need and expand their business without all of the traditional fees and debt-based formats.

Traditional finance models make it difficult and expensive for small and medium sized businesses to realize their potential and grow their businesses. With LiveTrade, it will no longer just be large corporation that can use equity to secure the funding needed to grow a business.

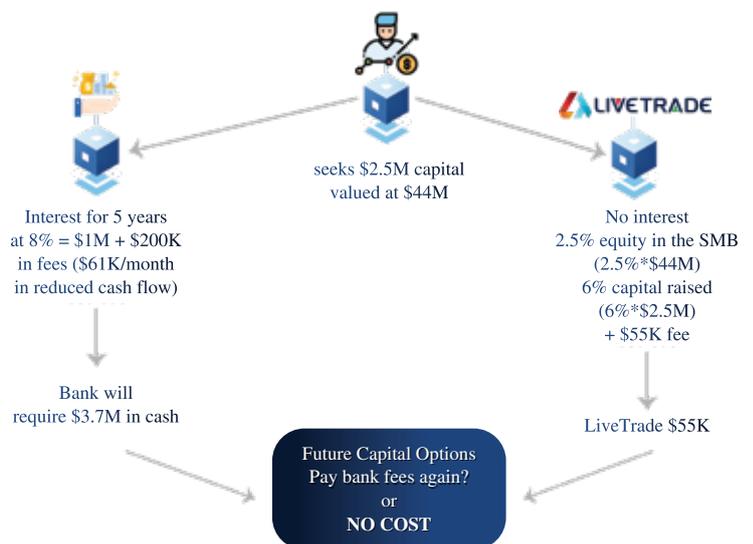
Take a look at the different models below and compare the pros and cons of each.

	LIVETRADE	BANKS	INVESTMENT BANKS	VENTURE CAPITAL
	EQUITY	DEBT	DEBT	EQUITY
TARGET	A new way to raise capital for SMBs	Small companies	Companies with certain revenue ranges	Young companies only
PROS	- One-time fees - NO COST for future capital	- Able to work with a local bank	- More flexibility with companies	- Well-funded - Experience in helping young companies
CONS	- Disclose finance & pay dividend to shareholders	- Debt repayment hurts cash flow - 50% of bank loans are denied	- Debt repayment hurts cash flow - Future capital: fees will repeat	- Difficult to deal after raising funds - Requirement for board seats

### Why DIPO is a better solution than Bank Loans

SMBs tend to choose bank loan to avoid the complicated process and strict regulation for companies to go public. Nevertheless, they often encounter other issues and soon realize that even if they are willing to take on debt, things are not that easy. The problem is that banks are giving fewer loans to SMBs, no matter how potential the company is. Banks, just like every other business, always try to limit risks, and their cautions have been putting numerous viable projects into tough circumstances. In case a company have passed all their requirements, there are other things to be concerned.

The diagram provides a rough overview of the difference between a typical business loan and the LiveTrade model where SMBs pay a small cash fee and use equity to secure their capital. Cash flow is important for any SMB, and the less debt they carry (i.e. loan repayment), the stronger the cash flow, the ability to weather issues, and a higher valuation.



Besides the interest, there are a variety of different fees paid to originate the loan. After some of the fees are paid, the business needs to come up with at least 10% of the loan amount as a down payment. It is likely the business owner will need to guarantee the loan with their personal property. And just because a business is able to pay the fees and come up with the down payment does not mean they will get the loan. 50% of loan requests are not funded or partially funded

	Capital needed	Down Payment (10%)	SBA Guarantee Fee	Origination Fee	Loan Packaging Fee	Loan Broker Fee (2%)	Appraisal Fee	Business Valuation	Environment Report	Title Fee	Attorney Fee	Total Fee	Total Loan
SBA	\$1M	\$100,000	\$35,000	\$20,000	\$3,000	\$20,000	\$3,000	\$10,000	\$2,000	\$1,500	\$2,000	\$96,500	\$996,500
SBA	\$2.5M	\$250,000	\$67,000	\$50,000	\$3,000	\$50,000	\$3,000	\$18,000	\$2,000	\$1,500	\$2,000	\$196,500	\$2,446,500
SBA	\$5M	\$500,000	\$98,750	\$100,000	\$3,000	\$100,000	\$3,000	\$25,000	\$2,000	\$1,500	\$2,000	\$335,250	\$4,835,250
SBA	\$10M	\$1,000,000	\$180,000	\$180,000	\$3,000	\$200,000	\$3,000	\$30,000	\$2,000	\$1,500	\$2,000	\$1,601,500	\$9,601,500

Capital Needed	Down Payment	Total Loan	Total Interest for 5 Years (8%/year)	Total Cost	Cash Flow Cost Per Month
\$1M	\$100,000	\$996,500	\$398,600	\$1,495,100	\$23,252
\$2.5M	\$250,000	\$2,446,500	\$978,600	\$3,675,100	\$57,085
\$5M	\$500,000	\$4,835,250	\$1,934,100	\$7,269,350	\$112,823
\$10M	\$1,000,000	\$9,601,500	\$3,840,600	\$13,442,100	\$224,035

Once the fees are paid, the interest is applied, and the monthly payments begin. Said differently, the monthly payments reduce the available cash flow for the business each month.

We compare a typical SBA loan with the LiveTrade solution. With a bank loan, they are going to pay the same fees again. With LiveTrade, they will communicate to shareholders and plan a release of capital to the market at NO COST.

Capital Needed	Bank	LiveTrade Cash	LiveTrade Equity	Typical Market Equity
\$1M	\$398K + 100K Down payment	45K	2.50%	8.3%
\$2.5M	\$978K + 250K Down payment	55K	2.50%	5.7%
\$5M	\$1.9M + 500K Down payment	75K	2.50%	5.0%
\$10M	\$3.8M + 1M Down payment	100K	2.50%	5.0%

At LiveTrade, we have created an alternative for SMBs to exchange equity/ownership in their company for capital. If being able to use equity for capital is good for large public companies, it should also be available to SMBs. Additionally, trading equity for capital is the same model used by Venture Capital firms to invest in companies.

As you can see in the example below, with LiveTrade, SMBs only need to come up with less than \$100K to raise their capital, and they don't have a monthly reduction in their cash flow. In addition, they will receive a tax credit due to the charitable equity donation.

	Capital Needed	Company Valuation	LiveTrade Cash Fee	Value of LiveTrade Equity (2.25%)	Tax Credit for Equity Donation
LIVETRADE	\$1M	\$12M	\$45,000	\$270,000	\$30,000
	\$2.5M	\$44M	\$55,000	\$990,000	\$110,000
	\$5M	\$100M	\$75,000	\$2,250,000	\$250,000
	\$10M	\$200M	\$100,000	\$4,500,000	\$500,000

If you are an SMB owner needing \$1M in capital, your choice is:

- Pull together \$100K for a loan down payment and then pay \$25K a month for 5 years; or
- Pull together a \$45K payment to LiveTrade, pay 2.5% of your equity to LiveTrade plus a % of equity for your capital (say 6%) and have no monthly payments.

## HOW TO JOIN DIPO'S MARKETPLACE - GUIDANCE FOR SMBs & INVESTORS

### For SMBs

**Step 1:** SMBs create an account, fill out a short online form providing basic information about their companies. DIPO reviews the information to determine if there is a good match for our services. If not, we have partners who can help with alternative solutions.

**Step 2:** SMBs matching our initial standards provide more detailed information and financials. This allows DIPO system to underwrite and score the company.

**Step 3:** SMBs with strong scores move to another stage where they submit information needed for a private offering (PPM) creation. Legal and accounting work begins. If a company has a low score, we share their information with our capital partners who will try to give a better option.

**Step 4:** Once the PPM is created and published on our site, the process of notifying investors of the opportunity and gauging interest begins. We will let investors submit questions and give them the deadline for bidding on the initial price per share.

**Step 5:** Investors will set the initial price via a patent-pending process, and then the actual Digital IPO will be executed. Capital will flow to the business and shares of the company are given to Investors.

**Step 6:** The shares will age for one year before they can be traded in the DIPO marketplace.

### For Investors

Investors will create an account and provide evidence that you are an Accredited Investor. After our system verifies your information and approve the account, you will be able to access the Marketplace. Inside the Investor Portal, you can:

- research companies that have active PPM's/seeking investment;
- set your investment criteria (e.g. geography, earnings, industry etc.);
- review your holdings, current value of your portfolio, trends, news, trade history of company x, buy/sell shares, etc.

DIPO system will also aim at automatically recommend projects that fits certain criteria previously set by the Investors, enabling them to proactively control and take the initiative in investment.

#### Benefits for the SMBs: Access to Inexpensive Capital Resources

LiveTrade is committed to building a mutually-fulfilling relationship with its SMB clients. It will assist and support each company in multiple ways including underwriting, preparing a prospectus, marketing investor opportunity, and executing a DIPO on their behalf.

In case we comply with SEC rules, purchased securities would be subject to a one-year lockup period after which the securities will be tradable on LiveTrade's digital exchange. The LiveTrade model mitigates the impact of economic downturns on SMBs by allowing them to raise inexpensive capital when other traditional markets may be closed or significantly hamstrung.

Additionally, LiveTrade's model helps businesses to maximize their value by maintaining healthy cash flow that is not pre-allocated for serving debt.

#### Benefits for the Investors: A New Market with SMB-based Securities

LiveTrade opens up a new market for eligible investors such as high-net-worth individuals, institutions and traditional investment management companies. This creates new opportunities outside of traditional investment options, so that they can diversify their capital through innovative access to new SMB securities.

SMB-denominated digital securities issued and traded on the LiveTrade platform will be tied to real corporate assets, providing a more robust and stable basis for value.

For the benefit of investors, LiveTrade is also firmly and fully committed to maintaining the strictest guidelines and rules in each of the jurisdictions we operate in, and the protections they offer individual and institutional investors.

All three asset types - DIPO shares, client securities and bundled securities - will be tradable on the secondary marketplace, of the DIPO platform with smart contracts enforcing lockup requirements and exclusivity to trading on the DIPO platform. We will be working with banks to allow trades to settle fast and be in an investors bank account within minutes, not the standard 3-6 business days offered today by brokerages.

The DIPO ecosystem also provides new levels of business intelligence combining underwriting data from all applicants with the trade data and creating a massive data set that investors, M&A professionals, investment banks, and others will find valuable. With time, DIPO will be in a position to establish an SMB rating agency.

**Term**

Digital assets and securities issued by LiveTrade are subject to all the traditional custodian, regulatory, security levels of protection, and are held on a public blockchain, thus ensuring full transparency. A special mechanism is integrated, permits us to ensure that all movements of our digital assets are done through LiveTrade platform, allowing KYC/AML compliance and security protection.

The expected settlement window for asset conversion is T+0 or T+1. Specific clearing hours will be determined later. A general clearing procedure will be conducted 1 - 2 times per trading day to meet the strictest local governing guideline and rules in purchased securities.

**REVENUE & EXPENSE MODEL**

**Revenue**

As we built the revenue model, we applied two principles:

1. Take a conservative approach to all volumes influencing revenue.  
E.g.:
  - (a) How many companies a year we will process through LiveTrade;
  - (b) The number of trades that will be executed per day per company;
  - (c) The multiple applied to the valuation of an SMB, we used 2x of revenue.
2. Build variables allowing the model to shift to be more or less conservative.

The underwriting model uses revenue as a basis for determining several aspects in the model, i.e., how to value a company as a multiple of the revenue. We considered EBITDA (Earnings before interest, tax, depreciation and amortization) for the value calculations, but the multiple on EBITDA varies greatly by industry, region, and more. It was not feasible to try and consider all of these variables when the data is not readably available.

As we noted, our model is based upon a conservative approach. If we adjusted any of the below variables upward our revenue would generally increase:

1. Using a flat 2x revenue for the valuation per SMB.  
In reality, this is likely the bottom multiple used for any company, and we should use a much higher multiple.
2. \$100K of revenue per employee. This very low for some sectors, thus pushing the valuation of the equity down.
3. Trade volume, we used 3 trades per day for small companies up to a maximum of 50 trades per day for the largest/most popular companies.
4. Low market penetration.

*\* This model is not addressing the global markets.*

In the following financial forecast, it will be assumed that the average evaluated value of each company using DIPO service is \$44M and each are seeking \$2.5M capital for business development.

**Within 48 months of our raise closing, revenue is projected to be \$390M, with:**

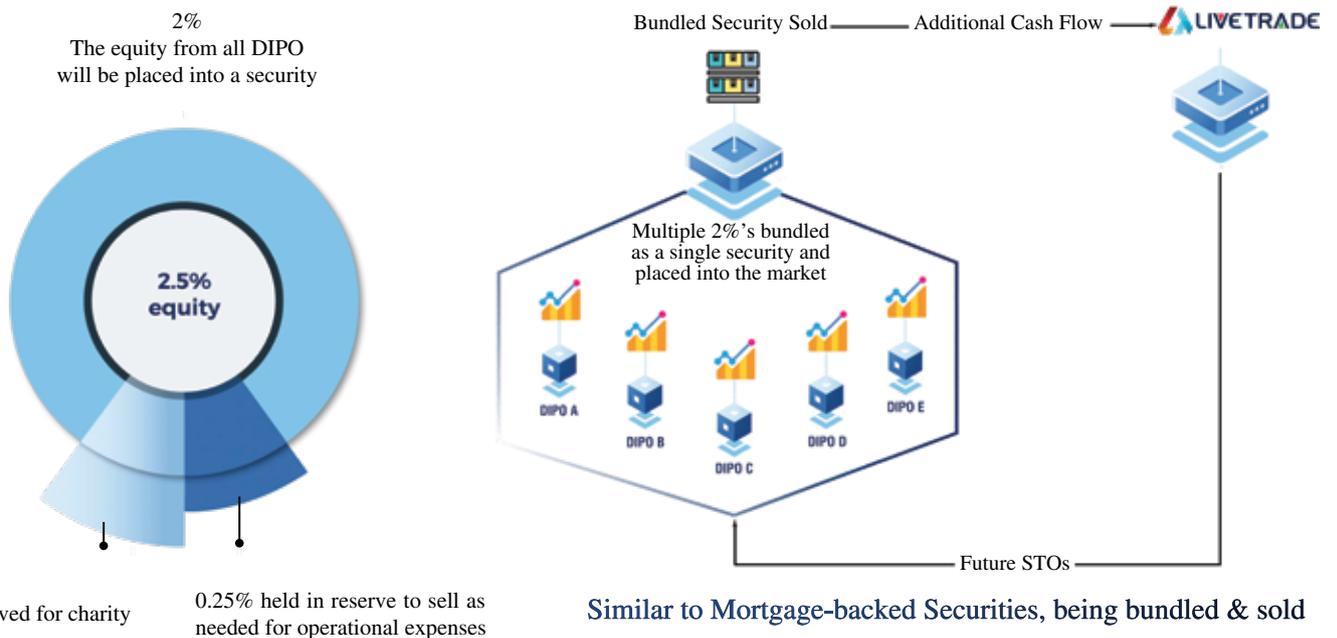
- 1. \$31M in cash & 151.8M dividends from equity acquired**
- 2. \$644.2M in equity in SMBs**

If our conservative approach was not conservative enough and was off 2x, we would still be generating revenue of \$414.5M (\$829M/2). If we really did an inferior job with our projections and were off by 4x, our revenue is \$207.5M (\$829M/4). The 2x or 4x number would be amazing revenue for a young company.

	(USD)			
	Year 1	Year 2	Year 3	Year 4
Cash fee	\$825K	\$5.5M	\$11M	\$13.8M
Equity obtained (2.5%)	\$14.9M	\$99M	\$198M	\$247.5M
Equity from new capital (6%)	\$2.3M	\$15M	\$30M	\$37.5M
Growth in acquired equity (1.5%/month)	\$743K	\$12.9M	\$45.1M	\$93.1M
<b>Total</b>	<b>\$18.7M</b>	<b>\$132.4M</b>	<b>\$284.1M</b>	<b>\$391.9M</b>
<b>Grand Total</b>				<b>\$829.1M</b>

In the underwriting model, 2.5% of equity LiveTrade receives as payment for our services is broken down as follows.

- 2% is held for future securitization. This 2% will be bundled with 2% from other SMBs creating a bundle. The make-up of the bundles is still TBD.
- 0.25% will either be held by LiveTrade to sell at a later date to cover operational expenses or LiveTrade can request it is sold as part of the DIPO and paid to LiveTrade (Operational Equity)
- 0.25% is reserved for the LiveTrade charity, which will either be donated to LiveTrade at the DIPO or sold as part of the DIPO and donated to LiveTrade. This equity by design will always be outside of the revenue stream so it can't be mixed into the LiveTrade results.



### Expenses

On the expense side, we have two main drivers in cost: Technology and Regulatory.

To reduce friction and make LiveTrade as efficient as possible, we need to deploy the best technology.

On the other side, we have regulatory. We are going to be in a high regulated environment which will require added costs to build out pieces of our company (e.g. setting up a broker dealer and getting an approved ATS for trading).

In addition, we will need to spend significant funds with law firms to ensure we have our regulatory filings and approvals all in place and we are prepared for future audits.

## PATENT APPLICATION

LiveTrade has filed a patent application with the United States Patent and Trademark Office for DIPO - our exclusive platform that will facilitate capital raising and investment.

The application number is 16707610. Screenshots of the receipt are enclosed below.

<b>Electronic Acknowledgement Receipt</b>	
<b>EFS ID:</b>	37972036
<b>Application Number:</b>	16707610
<b>International Application Number:</b>	
<b>Confirmation Number:</b>	1084
<b>Title of Invention:</b>	INVESTMENT SYSTEM AND METHOD OF FACILITATING INVESTING
<b>First Named Inventor/Applicant Name:</b>	[REDACTED]
<b>Customer Number:</b>	107111
<b>Filer:</b>	Richard Gardner Eldredge
<b>Filer Authorized By:</b>	
<b>Attorney Docket Number:</b>	6695LP-1NBF
<b>Receipt Date:</b>	09-DEC-2019
<b>Filing Date:</b>	
<b>Time Stamp:</b>	15:56:56
<b>Application Type:</b>	Utility under 35 USC 111(a)

### Payment information:

Submitted with Payment	yes
Payment Type	CARD
Payment was successfully received in RAM	[REDACTED]
RAM confirmation Number	E2019B9F57103847
Deposit Account	
Authorized User	
The Director of the USPTO is hereby authorized to charge indicated fees and credit any overpayment as follows:	

<b>File Listing:</b>					
<b>Document Number</b>	<b>Document Description</b>	<b>File Name</b>	<b>File Size(Bytes)/ Message Digest</b>	<b>Multi Part /.zip</b>	<b>Pages (if appl.)</b>
1	Application Data Sheet	aia0014.pdf	108648	no	8
			107bc607d226907354fdffae2884fbcc09ac97c		
<b>Warnings:</b>					
<b>Information:</b>					
This is not an USPTO supplied ADS fillable form					
2	Oath or Declaration filed	DEC.pdf	106162	no	1
			ca960bab43015c56a8a3a37a44330f984309d0a		
<b>Warnings:</b>					
<b>Information:</b>					
3	Drawings-only black and white line drawings	Drawings.pdf	62716	no	4
			a2752b30c4ec1c3626e983efae880511b92744f		
<b>Warnings:</b>					
<b>Information:</b>					
4	Power of Attorney	POA.pdf	91598	no	1
			d78a4e1f0fb87c24ad40b588b79799w3bf04daba		
<b>Warnings:</b>					
<b>Information:</b>					
5	Certification of Micro Entity (Gross Income Basis)	sb0015.pdf	110601	no	2
			0aae3bd292abd53d0a4746459bbf15ee0a472c8c		
<b>Warnings:</b>					
<b>Information:</b>					
6	Specification	Specification.pdf	52758	no	10
			0b797d7601869167d630e9d8e167aa7bfae7bd		
<b>Warnings:</b>					

<b>Information:</b>					
7	Fee Worksheet (SB06)	fee-info.pdf	34723	no	2
			c5924bfd621b7212e093de8808aead9753a2bae		
<b>Warnings:</b>					
<b>Information:</b>					
<b>Total Files Size (in bytes):</b>				567206	
<p><b>This Acknowledgement Receipt evidences receipt on the noted date by the USPTO of the indicated documents, characterized by the applicant, and including page counts, where applicable. It serves as evidence of receipt similar to a Post Card, as described in MPEP 503.</b></p> <p><b><u>New Applications Under 35 U.S.C. 111</u></b>          If a new application is being filed and the application includes the necessary components for a filing date (see 37 CFR 1.53(b)-(d) and MPEP 506), a Filing Receipt (37 CFR 1.54) will be issued in due course and the date shown on this Acknowledgement Receipt will establish the filing date of the application.</p> <p><b><u>National Stage of an International Application under 35 U.S.C. 371</u></b>          If a timely submission to enter the national stage of an international application is compliant with the conditions of 35 U.S.C. 371 and other applicable requirements a Form PCT/DO/EO/903 indicating acceptance of the application as a national stage submission under 35 U.S.C. 371 will be issued in addition to the Filing Receipt, in due course.</p> <p><b><u>New International Application Filed with the USPTO as a Receiving Office</u></b>          If a new international application is being filed and the international application includes the necessary components for an international filing date (see PCT Article 11 and MPEP 1810), a Notification of the International Application Number and of the International Filing Date (Form PCT/RO/105) will be issued in due course, subject to prescriptions concerning national security, and the date shown on this Acknowledgement Receipt will establish the international filing date of the application.</p>					

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