

## Investment proposal TradeQoin

Confidential

### 1. Business Concept

TradeQoin is a trade and payment platform with the aim to strengthen SME businesses. Participating entrepreneurs pay each other in TradeQoin. This digital currency can only be earned and spend within the network. TradeQoin is essentially an additional internal market in which users find new clients and suppliers. Participants increase their turnover and profit, decrease their euro expenditure and have access to additional working capital.

One TradeQoin equals one Euro and cannot be converted into Euro. From a legal perspective, TradeQoin is not money but an accounting system. This holds great benefits: TradeQoin can issue money where banks cannot. Thus a market is generated that wouldn't exist without TradeQoin. The backing of the TradeQoin currency is based on the potential of participating businesses to supply their products and services to other participants. Taxes are payable in Euro on all transactions made within TradeQoin. From a bookkeeping point of view, TradeQoin is just an extra bank account.

#### Why?

The face of the earth is changing rapidly. The world has become a global community, increasingly dominated by large corporations. Globalization brings prosperity and may well be our best chance at world peace. However, at the same time we see a need for closeness and influence on one's surroundings that is being expressed loudly by many people. We believe in a society with an optimal balance between economic and local structures. To this end we deliver a market and a money system, based on real value that is produced by local and regional businesses and which focuses on diversity, employment opportunities, resilience and sustainability.

TradeQoin has been designed explicitly to contribute to a resilient and profitable economy in which people, cultures and our ecosystem can flourish.

The Internet makes knowledge instantly available and many people are connected with one another 24/7. Emerging companies are increasingly shaping society along new standards. Sector after sector is changing by the introduction of disruptive technologies and concepts. This is obvious when we look at how the nature of e.g. transportation, energy and employment evolve rapidly. Our financial system is next in line to go through a significant transformation. Due to its exponential growth and cases of abuse the system has become instable and is not serving society anymore. New financial initiatives are being introduced: crowd funding, credit unions and new forms of mutual insurance. Bitcoin has captured the world's attention. Many of these initiatives will not last long, as they are not designed carefully or do not serve a clear purpose. TradeQoin is rooted in more than a century of scientific theory and practices proven in successful programs throughout time.

TradeQoin focuses on the SME sector. This sector is under a lot of pressure and in need of new solutions; competition by large corporations is stiff and banks are increasingly reluctant in financing SME working capital. Because of the recession profitability and assets are under pressure. MKB Nederland (Organization representing the Dutch SME sector) predicts 30% of SMEs will not survive the next 10 years, unless they highly specialise themselves and excel at entrepreneurship.

The SME sector is of vital importance for society. It is essential for the labour market, and contributes to the quality of life, diversity and security on the street. Without a healthy SME sector the quality of life is at risk. TradeQoin provides SME entrepreneurs 'new opportunities in turbulent times'.

### **The service**

TradeQoin B.V. develops and manages the web-portal, actively recruits participants, brokers between supply and demand and organizes trade events. We maintain personal relationships with the entrepreneurs and together we realize increased procurement and sales within the network. Participants pay 5% per transaction (of which 4% accrues to TradeQoin and 1% to the stability fund) and (after their 3<sup>rd</sup> transaction) €25,- per month.

## **2. Market**

TradeQoin is based on the (commercial) success of similar networks worldwide. There are over 800 trade exchange networks active worldwide, in which over 400,000 businesses exchange an estimated value of 50\$ US billion in trade annually (for further details please refer to IRTA.com, WIR.ch and BarterCard.com). TradeQoins' parent company, Qoin, knows this sector inside out. As a consultancy firm, software supplier and service provider, it is involved in over 25 comparable programs in 10 countries.

In the Netherlands the sector for private business currencies is yet to take off. Due to the current economic and finance climate, the Dutch SME sector has a big demand for new services around market development, customer retention and working capital. TradeQoin has tailored solutions to these needs on offer. The Dutch market exists of over 600.000 SME businesses. Apart from TradeQoin only two other networks of similar size are operational. On basis competitive analysis and market intelligence, we do not expect them to accelerate quickly. Barriers for potential new entrants are considered high.

Having worked with many of our international colleagues, we have identified much room for improvement. TradeQoin is designed to outperform other networks, taking the best ideas from the best exchanges and refining them. We aim to outperform existing networks by delivering a highly professional service and capturing a first-mover-advantage in the blue ocean Dutch market, after which will roll out into other countries.

TradeQoin has been launched formally on March 20<sup>th</sup> 2014 and now is fully operational and replicable. Currently approximately 200 businesses are using the service in the greater Amsterdam area. Approximately 50 businesses in the Achterhoek area (Eastern part of the Netherlands) form the separate Achterhoek community. Businesses come from very different industries: accountancy, legal, ICT, horeca, mobility, marketing & communication, construction, office equipment etc.

## **3. Marketing and Sales**

### **Communities**

TradeQoin is set up in regional communities that have a minimum size of 25.000 businesses. Each community can have it's own dynamics and identity (white label). All communities can trade with each other. Each community will be organized in an independent cooperative, owned by its local constituency. Communities can use different identities (white labelled). All members of all

communities can trade together. Communities become resilient and financially sustainable when between 600 to 1.000 members join within 3 years. TradeQoin B.V manages those communities for the participating businesses.

### **Flagships**

TradeQoin BV operates several 'flagship' communities itself. The first of these is the current TradeQoin community in the greater Amsterdam area (with currently approx. 200 members), Flagships allow us to demonstrate how TradeQoin can benefit its clients and impacts the region. Flagships are also the place to introduce new services, pilot-test innovations, develop and improve best practice guidelines. We aim to launch new flagship communities in other regions. Flagships will be very recognizable and educate others to start their own communities.

### **Roll out partners**

TradeQoin is rolled out regionally in close collaboration with strategic partners. These partners have a true stake in regional economic development and search for new instruments to boost the regional economy: regional economic development boards, regional governments, business clubs/associations etc. Other strategic partners already have a monetary relationship with businesses and look for ways to add extra value for their clients: banks, insurance companies, accountants and bookkeepers. Partners jointly invest resources in establishing a TradeQoin community. Currently partnerships to introduce TradeQoin communities are prepared in The Hague, Rotterdam, Central Netherlands (Groene Hart) and the provinces Friesland, Zeeland and (southern) Limburg.

### **Action plan**

Based on the following action plan we expect to have TradeQoin profitable in 2017:

- First focus is on expanding the Amsterdam and Achterhoek communities. The partnership behind the community will be expanded with strong partners like Rabobank, Amsterdam Economic Board, business clubs and accountants.
- To build the network and generate trust and awareness among our target group, we invest in the personal relationships with our clients. We use off-line sales and promotion activities during the first phase. On the basis of specific clients' procurement needs, new businesses will be sought and signed up.
- As the network expands, the focus from offline relationship management will shift to online activities. The features on the web portal will be continuously improved and enhanced with for instance automated match making, questionnaires and analysis tools for procurement needs, SEO and targeted SEA. For retailers we will introduce an NFC payment terminal before the end of 2014, which will enable easy point of sale TradeQoin payments.
- TradeQoin will remain visible in different media frequently as a result of an active public affairs strategy.
- Social media visibility via Facebook, linked in, twitter and YouTube will structurally be expanded.
- Potential partners for the launch of new regional TradeQoin communities regularly approach us. We proactively invest in viable and strong partnerships. The point of departure here is that we will be in the lead in the actual shaping and staff selection of those communities.

#### **4. Management Team and Mother Company**

Het TradeQoin Management Team consists of:

Rob van Hilten (44) – CEO. Rob is an entrepreneur since the age of 16. He has established several companies in ICT, arts, consultancy and sustainability. As consultant he has been involved in a large variety of assignments around strategic planning, finance, ICT, sustainability and procurement. Rob worked for governments, NGO's, large and small businesses. He has more than 20 years of experience with 'community currencies'. Together with his business partner Edgar Kampers, Rob established Qoin in 2003. From that position he launched TradeQoin.

Rob is a board member of [www.irta.com](http://www.irta.com) - the global industry association for private business currencies like TradeQoin. Rob has a fast knowledge of these B2B currencies, studied many of them on site, held internships at several and can count some to his clientele (consultancy).

Annette Jeeninga (44) – Business Development Manager. Through her long experience as intermediary in the temp labour sector and as broker in the field of Corporate Social Responsibility, Annette knows what it takes to build networks and connect businesses. Annette has been educated by the industry association IRTA and is a registered trade broker.

Greg Prizmic (35) – Community manager en Partner. In 2012 Greg established the private currency 'Barter Your Business', in close collaboration with Rob. The currency expanded swiftly and established a good reputation in the Haarlem region. TradeQoin acquired Barter Your Business early 2014.

The other TradeQoin staff members are:

Bas Hamid (28) – Sales. Bas establishes the first contact with potential new members by reaching out actively.

##### **Qoin – Agency for Community Currencies**

Qoin – Agency for Community Currencies, founded TradeQoin. Established in 2003, Qoin knows the world of private currencies like nobody else and is involved with 25 programs in 10 different countries. Qoin offers the global society of private currencies R&D, consultancy, software and hardware solutions and a broad set of management services. Core members of the Qoin staff are - and will remain - involved in TradeQoin.

Edgar Kampers (49) – Executive Co director Qoin. Edgar is Robs' business partner in Qoin. For TradeQoin, Edgar focuses on innovation, business development and public affairs.

Simon Woolf (44) – ICT director. Simon is end responsible for the continued development of the TradeQoin portal.

Gert Meeder (33) – Senior consultant. Gert is responsible for business strategy, the functional development of the portal and quality assurance.

Hugo Vlam (33) – Project manager. Hugo is responsible for the internal accountancy, customer service, sales support and social media.

## 5. Finance

### 2013 – Mid 2014

The development and launch of TradeQoin has been made possible by an investment of Qoin, grants from the Doen foundation (subsidiary of the Dutch National Postcode Lottery) and the European commission and three crowd-funding campaigns. By the end of 2014 the total investment in TradeQoin will have been approximately € 1 million.

### Mid 2014 – 2017

TradeQoin will grow quickly the coming years. We aim to have about a 5.000 membership and establish a trade volume of approximately 44 million in 2017. By then the company will be profitable. To achieve this target, we are currently raising equity investments through various channels.

Several scenarios regarding the development of have been drafted. The scenario blow is a conservative projecten on how TradeQoin will develop from now through 2017:

<b>Profit and Loss</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>TurnOver</b>	€ 311,700	€ 515,900	€ 2,091,700	€ 3,984,600
<b>Staff costs</b>	€ 659,700	€ 1,346,900	€ 2,196,100	€ 2,424,300
<b>Marketing costs</b>	€ 11,000	€ 86,200	€ 182,800	€ 322,300
<b>Indirect costs</b>	€ 16,500	€ 61,100	€ 88,600	€ 176,900
<b>Total costs</b>	€ 687,200	€ 1,494,200	€ 2,467,500	€ 2,923,500
<b>Gross Profit (EBIDTA)</b>	<b>€ 375,500-</b>	<b>€ 978,300-</b>	<b>€ 375,700-</b>	€ 1,061,200
<b>Interest and depreciations</b>	€ 8,150	€ 34,300	€ 50,800	€ 45,700
<b>Profit before tax</b>	<b>€ 383,600-</b>	<b>€ 1,012,600-</b>	<b>€ 426,500-</b>	€ 1,015,500

<b>Cashflow</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Start balance</b>	€ 0	€ 2,900	€ 34,000	€ 65,800
<b>Gross Profit (EBIDTA)</b>	<b>€ 375,500-</b>	<b>€ 978,300-</b>	<b>€ 375,700-</b>	€ 1,061,200
<b>Investments (expenditure)</b>	<b>€ 50,000-</b>	<b>€ 60,000-</b>	<b>€ 60,000-</b>	<b>€ 60,000-</b>
<b>VAT</b>	€ 13,100	€ 46,500	<b>€ 120,200-</b>	<b>€ 460,700-</b>
<b>Loans</b>	€ 155,000	€ 300,000	€ 180,000	<b>€ 385,000-</b>
<b>Interest on loans</b>	<b>€ 3,100-</b>	<b>€ 18,300-</b>	<b>€ 22,800-</b>	<b>€ 5,700-</b>
<b>Investments bij investors</b>	€ 300,000	€ 700,000	€ 100,000	€ 0
<b>End balance</b>	€ 2,900	€ 34,000	€ 65,800	€ 853,800

<b>Growth and Impact</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Number participating businesses</b>	390	1,140	2,700	5,230
<b>Total trade via TradeQoin</b>	€ 300,000	€ 3,800,000	€ 19,300,000	€ 43,900,000

### **2018 and beyond**

In 2018 TradeQoin will introduce a B2C product (very much similar to the Bristol pound ([www.bristolpound.org](http://www.bristolpound.org)), which will boost the impact, turnover and profitability significantly. We will start the international roll out at that time as well. The focus will be at North West Europe and the USA. For this the business plan will be redeveloped. To execute that plan new funds will be acquired.

## **6. Investment opportunity**

Based on a recent Equidam valuation we estimate the value of the company at €1.6 million (pre-money valuation). To realize our objectives a now sell 8,5% of the shares in TradeQoin BV for € 150,000. Our total capital requirement of €1.1 million will be raised in multiple tranches in 2014 and 2015 through crowd-funding, subsidies and some informal investors and/or a venture capital agencies. TradeQoin is managed in such a way that no costs will be made for which no funding is available. For working capital required beyond this amount TradeQoin will take out (bank) loans.

Investing is possible from €20. From a certain amount we offer the following additional benefits for investors:

	<b>Private persons</b>	<b>Entrepreneurs</b>
<b>From € 200</b>	Pre-paid card worth 50TQ, activated in 2015	1 years free members
<b>From € 1.000</b>	Pre-paid card worth 150TQ, activated in 2015	2,5 years free members
<b>From € 5.000</b>	Pre-paid card worth 500TQ, activated in 2015 Collectors pack Community Currencies	5 years free members Collectors pack Community Currencies

## **7. Exit**

Investors will be offered an exit in 2018 via an issue of shares to a Venture Capital Fund or a SME stock exchange like for example NPEX. TradeQoin will have a value of > € 20 million (valuation based on net balance total combined with Discounted Cash Flow) at that point.

NB: for investors an extensive profit & loss statement until 2017 is available in the attachment section of this campaign.

## 8. Interested?

Investors with a serious interest to invest in Qoin can contact us. Small investors (<€50.000) can invest via our crowd funding campaign on Symbid at [invest.tradeqoin.com](http://invest.tradeqoin.com)

For additional information please contact us at:

TradeQoin – *the digital currency for smart entrepreneurs*

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