

PROUDLY PRESENT

BITWHALE WHITEPAPER



TOKEN STO VER 1.4

BITWHALE INVITATION-ONLY PRIVATE SALE

5 APRIL 2019

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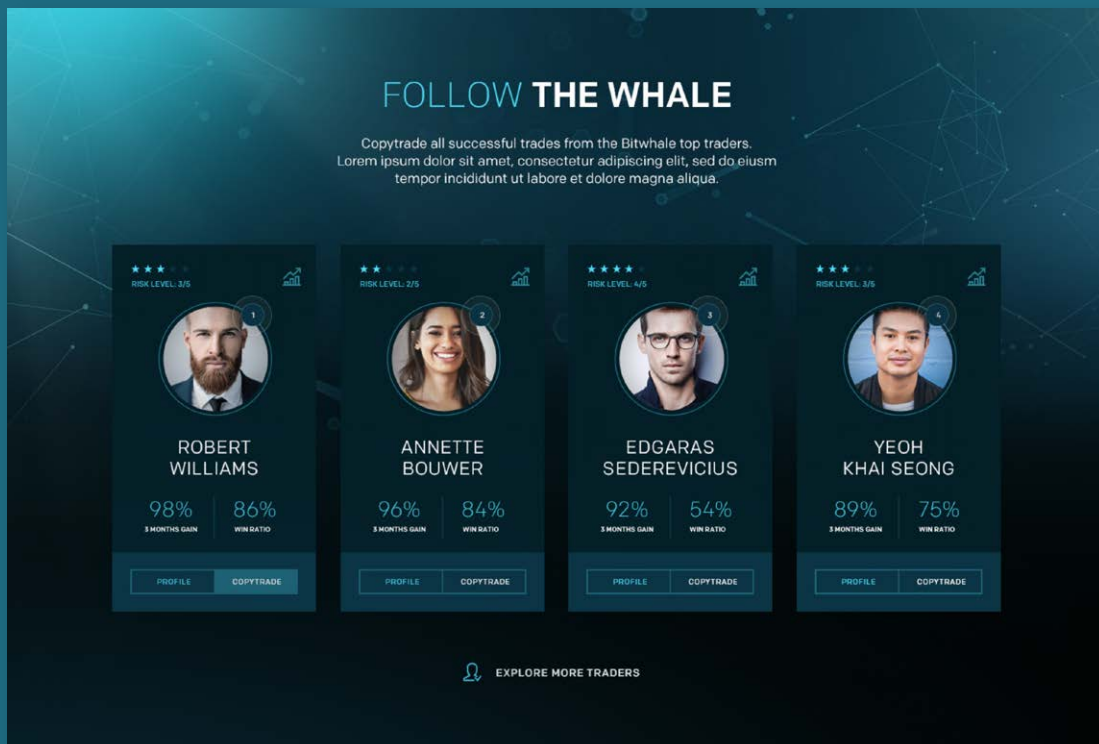
Mission Statement:

1

Our mission is to disrupt financial mass-adoption and to be aware of the impact on all aspects of our society, including economic, social and human factors. Despite the massive digitalization of our world, the majority of people does not have access to the banking system. Society is continuously developing and changing at great speeds and people are connected everywhere, anytime through globalisation. The economic changes which the Fin-tech sector brought us, are enormous, while social and human behaviour is changing due to our technical culture. Still, over 1 billion people will join the digital economic revolution in the following years and BITWHALE will be there to welcome them - powered by its user-friendly and decentralized approach.

We are convinced that a user friendly experience and easy trading functionalities are the key to involve new users in the crypto ecosystem. It is inevitable to meet the requirements of both new and experienced traders to be successful. Finding no such existing exchange, we created BITWHALE - a new exchange experience combining all of the following features:

- ▶ An easy to use trading interface with the possibility of switching to a state of the art, professional trading experience
- ▶ Social trading, which provides inexperienced users with the ability to follow professional traders and participate in their profits
- ▶ Instant convert, a feature with which any coin can be converted into any other coin
- ▶ BITWHALE Pay, a full service payment provider with crypto to fiat conversion
- ▶ BITWHALE TV, a news channel for crypto-related topics
- ▶ A native Blockchain providing us with the power to run a decentralized exchange



Historical view on Bitcoin and Exchanges

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2.0 History of Blockchain

Blockchain technology is, perhaps, the single most exciting innovation regarding its enormous potential for enabling innovative, disruptive products and services. The current state of the Blockchain technology is often compared to the invention and the establishment of the internet.

Bitcoin was created by Satoshi Nakamoto who had the vision of creating a completely decentralised system - his identity remains unknown ever since. It was never made public on whether it was one person or an entire team. Ultimately, the design of Bitcoin is one that makes its creator irrelevant as it operates in a decentralized manner with no middle men. The idea of Bitcoin aired in 2009 with the generation of the Bitcoin genesis block.

The innovation of this new currency is that it is not issued by a government or any single entity. It is based on a cryptographic algorithm and is created during a process called mining. During the mining process, a network of computers compete to produce new BTC. This competition involves solving complex mathematical equations.

The second crypto protocol worth mentioning, Ethereum, is a cryptocurrency platform that established the concept of smart contracts in 2014. This, in turn, has led to forming the foundation of numerous other cryptocurrencies and additional complex developments. Taking into consideration the limitations of Bitcoin, ETH has become the second most valuable cryptocurrency in existence at the time of writing.

Moreover, Ethereum also started as an innovative project. **"Whereas most technologies tend to automate workers on the periphery doing minimal tasks, Blockchains automate away the centre. Instead of putting the taxi driver out of a job, Blockchain puts Uber out of a job and lets the taxi drivers work with the customer directly."** stated Vitalik Buterin, Founder of Ethereum.

Over the last decade the crypto industry has reached immense dimensions, involving millions of people around the world. At the core of this new ecosystem are the crypto exchanges, led by the largest amongst them, Binance and Bitfinex.

This development of rapid growth reached its tipping point at the end of 2017, when ICOs raised an astonishing amount of capital (often in seconds) and the prices of nearly each crypto currency reached their all-time highs (with Bitcoin at 20,000 USD). Over the following months the price and volume declined steadily, resulting in a so called "crypto-winter".

As a result, many ICOs were unsuccessful in completing their funding rounds, resulting in an overall low number of new ICOs and many projects stopping business operations.

Despite the harsh market conditions, we approach the current developments as a chance. We believe that Blockchain technology will eventually attract more users once again and that the regulated Security Token Offering (STO) will be the future of fundraising for start-ups. This creates the possibility, amongst others, of established middle-class companies to facilitate funding rounds in a very quick and easy manner. BITWHALE strongly believes that the current market phase, poses the perfect entry space to set up our infrastructure for the bright years of Blockchain and STO's ahead.

2.1 Blockchain Industry vs. Traditional Fin-tech Industry

▶ Traditional Fin-tech Industry

The traditional fin-tech sector emerged in the 21st Century, where the term was initially applied to technology integrated within the back-end systems of established financial institutions. However, since then, there has been a broad shift towards a more consumer-oriented service within the traditional market environment. Fin-tech has expanded and evolved, including technological innovation of the financial sector, progressions in financial literacy, education, as well as the development of wealth management, lending, retail banking, fundraising, transfers/payments and investment management.

The traditional fin-tech market is based on four main regulatory aspects: The establishment of a trusted marketplace; to ensure that markets run fairly and effectively; the insurance of solvency of financial institutions and the protection of consumer assets. Business conduct legislations protect consumers and investors throughout this sector.

Within the fin-tech industry however, regulatory authorities are struggling to keep up with the rapid pace of technological disruption. Fin-tech regulation is traditionally targeted at the institutional industry players including banks, insurance companies and asset managers. Over- regulation is in turn prohibiting innovation in the long run, but a lack thereof may lead to uncertainty, missed possibilities and financial damages. The current marketplace represents the debate of limiting the risk that comes with new technology (hackers, cyber attacks, money laundering and terrorist financing) and completely oppressing innovation through strict fin-tech compliance - specifically referring to the Cryptocurrency sector.

At the core, financial technology is utilised to help companies, consumers and business operators to improve the management of their individual financial operations and processes through the utilisation of software used on computers and in the current era: smartphones.

Fin-tech also includes the development and use of cryptocurrencies such as Bitcoin. This segment within the sector is currently acquiring the highest share of growth, however the traditional global banking industry proceeds to remain the market leader with \$8 trillion market capitalization.

► Blockchain Industry

Blockchain technology is the true driving force behind the ever growing crypto sector, where over the next 10 years a large part of cryptocurrencies will likely catapult to dramatically higher prices - where Blockchain technology will remain the latest disruptive and revolutionary change in history.

The global Blockchain technology market size was valued at over USD 600 million in 2016. Blockchain technology is one of the most promising advancements in the information technology sector. This innovative technology holds the ability to change the way the financial sector works and several financial institutions and banks are developing a keen interest in this particular technology, considering its innovative and unique structure.

A broad range of players in the industry are looking out for investment opportunities and many have participated in first investments to develop products and services within the industry. Though the market may be having problems with regulatory uncertainties and security concerns, the coming years are expected to witness a bigger role in financial transactions based on Blockchain.

Apart from the financial sector (Fin-tech), Blockchain technology holds enormous opportunities across multiple application areas. This technology has the potential to challenge economic, political and social foundations of society. Predictions are based on the next few years where the Blockchain industry will experience a great boost, as institutional money enters the market. The revolution will be taken forward with those supplying big enough investments. The number of daily cryptocurrency interactions shows substantial growth and great potential for the future, during what represents 'the next Internet'.

2.2 The Evolution of the Crypto Market

At this moment in time, we find ourselves in the early phase of the information age with new technology reaching the market on an annual basis. We can expect the digital revolution to extend into the next 10 years, growing immensely along the way. Blockchain - a game changer within the digital revolution.

Interestingly enough, Blockchain technology is still in its beginning stages - where in approximately 20 years it will be fully functional within the global economic environment. Blockchain technology will alter consumer behaviour and the way we travel, work, communicate with each other and even educate ourselves.

Blockchain technology's strong point is the elimination of the middle-men, often standing between the supplier and consumer of products and services. This sector will with no doubt continue to be a growing factor in today's economy and go down in history as one of the strongest disruptive forces in the worldwide market.

BITWHALE has optimally positioned itself with its state of the art Crypto Exchange, innovative features such as Instant Convert and Social Trading as well as a wide pool of global expertise within this growing industry, aiming for further growth parallel to the Blockchain market.

USP's (Unique Selling Proposition)

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3.0 Ecosystem Overview

The main idea came up in 2014 by a group of professional traders and entrepreneurs. In the early days of the beginning of the crypto industry, crypto trading was only accessible for a certain group of highly skilled IT experts that acted as early investors. Large-scale traders holding millions of Dollars worth of coins, are so called 'whales' within the industry.

The idea of bringing this opportunity to the masses, resulted in the creation of the BITWHALE Exchange. An easy to use trading platform for everyone and everywhere!

We believe BITWHALE will not only deliver a high quality exchange but also a wide range of ground breaking products and services, that will help to position the BITWHALE brand on a global scale. Services such as BITWHALE Paý, BITWHALE Bank and the Stablecoin BITWHALE EURO, will offer a synergetic range of products that meets the expectations of modern cryptocurrency traders from any skill level.

The BITWHALE Ecosystem consists of the following components:



BITWHALE Exchange USPs include the following:



Top trader program
(Follow the WHALE)



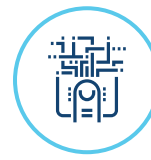
No restrictions regarding
geographical borders



Simplistic trading
experience during small
and large volumes



Fast clearing



Easy user interface



Highly Secure



Low operational
fees



Transparency



Positive social impact / profit
share to organisations
around the world



Equity token



Profit share / dividend
payment token



Voting rights

3.1 BITWHALE Exchange



The BITWHALE Exchange aims to render an easy and simple, yet highly professional trading platform for beginners and advanced users on a global scale. BITWHALE brings beginners and advanced traders together, where starters and newcomers can follow the big whales and copy their trading expertise.

This system documentation describes the functionalities, operations, processes and infrastructure of the BITWHALE exchange platform. The platform itself has the following core functionalities:

- ▶ Crypto exchange (trading platform) with modern and intuitive graphical trading and financial interfaces
- ▶ High frequency matching processes for exchanging assets between users
- ▶ Double-entry bookkeeping for all financial transactions on the platform
- ▶ Crypto coins and BITWHALE stable coins can be deposited and withdrawn (Q3, 2019)
- ▶ A dynamic KYC process, to present the identity of customers, fully manageable by the compliance team
- ▶ A redundant and scalable micro-service infrastructure, for high availability

Users can buy and sell different currencies over the platform. Limits can be used to do so, as well as market orders, that are matched in high frequency. The P2P exchange platform allows one to trade various assets such as cryptocurrencies or fiat currencies (currencies which are valued by the strength by their issuing government) on a high performing and scalable platform. Thanks to the High Frequency Trading Architecture, thousands of trades per second can be processed. Fiat currencies such as Euro, US Dollar or similar can be added as required and added as a trading currency. Furthermore, the integration of new Blockchains is possible at any time.

Thanks to the integrated innovative KYC-Processes, it is possible to reproduce any process to ensure the identity of the users. The platform contains a dual accounting system that records all financial transactions and allows you to generate an excerpt at any time.

The Crypto Exchange Platform is hosted on our High Security Servers and monitored by our team of experts 24 hours a day, 7 days a week. The integration of third-party software such as Trading Bots is possible via the API of the Exchange at any time and in High Frequency mode. Fees are charged at various points. For example, for user deposits on the Exchange, payouts, or trading. (API = Application programming interface)

The main aspect of BITWHALE is that traders are able to copy and follow the whales (the early investors in cryptocurrencies and big large scale traders) and follow their profit generation. Traders can follow a successful trader and make money by copying the trades.

Investors and traders will generate fees when trading on the BITWHALE Exchange, in detail, when buy and sell orders are submitted and executed. The platform also charges a small fee on any user withdrawal, whereas a listing fee will be generated for new coin offerings, together with a marketing package for such listings. Income through fees will result in profit share and dividends for tokenholders.

The software is made in Germany, a fully regulated exchange operated by industry professionals and early adopters of the crypto industry. It is backed by successful private investors and top international technology partners. The BITWHALE Cryptocurrency Trading Platform allows investors and traders to trade and monitor accounts.

3.1.1 Social Trading

Start following the expert network, and copy the leading global traders on their trading successes. A smart and interactive way to trade. Where traders can automatically follow the best performing traders, monitor their statistics and profitability in a quick and simple way. Join the worldwide community, connect with fellow traders on a global basis and discuss features and ideas. Top traders can be found on the BITWHALE Exchange, on the expert board - where followers can choose from the leading global traders - The WHALES. Always stay up to date with their performance and profits and follow the whale in one click. Become an expert yourself and have others copy you too!

3.1.2 Instant Convert

This feature is essential for trading beginners, as it allows to convert any coin into any other coin without the hassle of managing an advanced trading interface. It is directly integrated into the platform so beginners can open the website and instantly convert one coin to another coin or token.

3.2 BITWHALE Pay



Similar to payment providers like Bitpay or Paypal, BITWHALE Pay aids in the settlement of payments for online stores and local businesses that are able to accept multiple cryptocurrencies through BITWHALE Pay.

The payment service provider allows the integration of payment options into online shops, but also within physical shops. Payments can be confirmed in the shortest possible time, so as not to interrupt the flow of sales. A customizable point of sale (POS) is provided, to enable customers to pay in their familiar environment. In a Multi-Merchant instance, the payment service can be used to manage as many merchants as needed, in the system. In doing so, merchants who use the payment service as a payment basis can calculate a percentage of the turnover, but also fixed monthly amounts. Sales are automatically settled with the merchants.

3.3 BITWHALE Bank



BITWHALE Bank will be a fully licensed bank, offering bank accounts and payment options to BITWHALE clients. Users can open a bank account, as with the traditional banking sector and hold, move and withdraw currencies. This account will have integrated crypto and fiat options where all holdings (crypto and fiat) can be stored in one place.

BITWHALE Bank will be linked to all other BITWHALE products such as the BITWHALE Exchange, BITWHALE Pay, BITWHALE Wallet und the BITWHALE EURO Stablecoin. The mission of BITWHALE bank is the merging of both worlds, the accessing of cryptocurrencies through ones bank and making instant converts between cryptocurrencies.

The banking identity will offer accounts to individuals and corporations for traditional banking services such as current and saving accounts. Customers will pay fees for opening, account management, wire transfers (incoming and outgoing) and premium services. The premium services will be offered to high nett worth accounts, it will include but not limited to private broker and private banking services. BITWHALE Bank will generate fees which will result in profit share and dividends for the BWT tokenholders.

3.4 BITWHALE Wallet



The BITWHALE Wallet is a native wallet for desktop and mobile Users. Developed for Windows, Mac and Linux Platforms, the wallet is coded in c++ and has integrated the latest usability design and features. Users can store all their crypto assets on an open source BITWHALE wallet, where only the user has access to the private key. With the mission of merging the crypto industry with the traditional banking industry, the BITWHALE wallet will be linked to the BITWHALE bank account.

3.5 BITWHALE TV + News



The BITWHALE crypto news channel will offer users the latest updates on the crypto world, potential crypto investment opportunities, trading advice and daily price updates on the top 10 coins on the market. An interactive Youtube channel was created in an integrated BITWHALE brand design, producing professional video content in order to educate the broad community on the Cryptocurrency Industry.

3.6 BITWHALE EURO Stablecoin



The BITWHALE EURO Stablecoin will minimize price volatility, backed by the EURO. Stablecoins are used as a storage of value or units of account. The Stablecoin is based on Ethereum's ERC- 20 TOKEN standard and is managed by the Funds Management Tool. It requires users to deposit FIAT or Cryptocurrencies onto BITWHALE in order to buy the BITWHALE EURO Stablecoin. In the first 6 Months there will be no withdrawal functionality for the Stablecoin in order to stabilize the pegged funds. Once partners are established for spending/depositing the Stablecoin , the BITWHALE EUR Withdrawal functionality will be enabled.

Our Reserve software and Asset Management Dashboard allows us to manage large amounts of assets and thus generate profit. It allows for the creation of portfolios and to trade and exchange various goods, such as speculative cryptocurrencies, stable cryptocurrencies, FIAT currencies, stocks or commodities. This forms the core for all further software. Trading routes are defined within the software and triggered under defined market situations.

Asset Management can be used to map tasks of a central bank, such as the value preservation of goods, issuing of currencies and the securing of investments. Exchange transactions into valuable assets are fully initiated automatically.

The BITWHALE EURO stablecoin will be managed by BITWHALE's experienced trader team and computer algorithms. The stable coin will be audited by a fully regulated third party auditor.

BITWHALE will generate income when customers buy or sell the stable coin against traditional fiat currencies. The fees generated in the BITWHALE Stablecoin business, will result in profit share and dividends for BWT token-holders.

3.7 BITWHALE Blockchain (DEX)



On most current exchanges, the trading part (order-book, the settlement, etc.) is executed in a centralized manner on the servers of the exchange. In addition to this, a KYC process often has to be completed by the customer should he wish to withdraw funds. The process centralisation makes an exchange a potential hacking opportunity and there have been numerous security breaches on most prominent exchanges, leaving them with a loss of millions of dollars.

While BITWHALE is centralized exchange at first, the aim is to introduce a so called decentralized exchange (or “DEX”) in the following years. This means that users would have the ability to trade without the need to trust anyone but themselves. An account on the BITWHALE Exchange is not even required and full control of funds is made possible. Additionally, a DEX can be accessed worldwide with no exceptions.

To achieve this goal BITWHALE aims to develop a Blockchain that is tailor made for our needs. **The advantages for using this Blockchain will be:**

- ▶ Protecting large amounts of data through encryption and access management
- ▶ Easier verification of data reference points
- ▶ Reduction or avoidance of unnecessary costs for the IT infrastructure
- ▶ Reduction of costs for internal and external financial transactions, financial reporting and administration

The result will be that there is no central-controlled server(s), and the networks' nodes are distributed.

Business Plan

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4.0 Market Analysis

BITWHALE is aware that there are many existing exchanges on the current market and that main competitors will be established exchanges such as Bitfinex and Binance. In the following section a closer look will be taken and elaborate in which way BITWHALE differs from the current exchange market.

▶ Bitfinex

Bitfinex was established in 2012 and is based in Hong Kong. While open to everyone for quite some time, Bitfinex decided to aim its business at larger investors in 2017 and has implemented a mechanism that requires new accounts to deposit fiat or cryptocurrency amounts above 10.000 USD upon account activation. The user interface is quite complex, has several options to place orders and allows the user to do margin trading and lending. During its history, Bitfinex was hacked twice and paid back the lost funds via a recovery token that could be converted into shares. Despite this, Bitfinex is still one of the largest exchanges by volume and holds the leading, premium BTC/USD trading pair of the market.

▶ Binance

Binance was established in China and is currently the biggest exchange based on overall volume. Binance was founded in July 2017 and has acquired spectacular growth since then. Binance's user interface is aimed at the everyday user but is, compared to the one of Bitfinex, quite unstructured (based on subjective opinion). Recently, Binance has launched its own Initial Coin Offering launchpad, via which it will introduce new projects to the community.

On a general note, there are currently many more smaller exchanges, of which a large number utilises fake volume and wash-trading mechanisms to attract attention, thus damaging the entire ecosystem.

BITWHALE and its infrastructure, in contrast, will provide an honest and trustworthy place for users to trade and interact with the Crypto-economy. There will be no such option as fake volume and wash-trading, where BITWHALE will combine and offer all features you as the user need, for a successful and easy trading experience.

4.1 Business Model

BITWHALE is a Crypto-ecosystem designed around an exchange. The features make it easy for newcomers to convert fiat into cryptocurrencies and provides the necessary support for everything that is required from the first transaction to the cold storage of the user's assets.

One of the main features (USP) is the Social Trading (follow the trader) and Instant Convert feature, which is explained in more detail in section 3.0 of this Whitepaper. We believe BITWHALE will not only deliver a high quality exchange but also a wide range of ground breaking products and services, that will help to position the BITWHALE brand on a global scale. Services such as BITWHALE PAY , BITWHALE BANK and the Stablecoin BITWHALE EURO, will offer a synergetic range of products that meets the expectations of modern cryptocurrency traders from any skill level.

The business model of BITWHALE can be divided into two parts: BITWHALE Exchange and BITWHALE Bank. The BITWHALE Exchange will generate income mainly through trading and listing fees. In addition to this it will be possible to advertise on the exchange, adding advertising fees to our revenue model.

The BITWHALE BANK will generate revenue through banking and payment fees, together with its further integrated product selection including amongst others, BITWHALE PAY.

4.1.1 Profit Model - Exchange Platform

Many exchanges are finding innovative ways to quickly adapt to the market's changing landscape, and BITWHALE aims to be the leader in this process. The BITWHALE Exchange platform will generate profit and turnover through mainly trading fees. However, there are further innovative features integrated within the profitability model. The exchange will require listing fees to be paid, prior to listing a new cryptocurrency on the platform itself. It has become evident that after a token/coin is listed on a major cryptocurrency exchange, its value often increases – therefore projects such as ICO's and STO's, who hold a large amount of collected capital, are willing to pay large listing fee amounts. A further fee that is charged is that on withdrawals and deposits, this amount varies, depending on the specific amount withdrawn or deposited. Moreover, an additional profit stream can be generated through charging different companies to support airdrops and further promotional activities. In this way, the user may directly take part in the airdrop of a coin, by registering themselves on the BITWHALE exchange.

4.1.2 Profit Model - Payment Provider (BITWHALE Pay)

Profits are generated through fees. Fees are generated when a customer purchases a product or service with a merchant utilising the BITWHALE Pay payment processor. The merchant has multiple options of internal currency conversions, where a conversion fee is charged. The fee charged to the merchant is defined on its turnover volume. The payment provider will have two streams of income, online merchants (e-commerce, freelancers and start-ups) and POS terminal payments: BITWHALE Pay will develop apps that can be used by merchants and customers in store and at POS. A payment processing fee will be charged to the merchant on each online and offline transaction.

4.1.3 Business Scenarios

► The BITWHALE Competitors

Competitors of BITWHALE include already existing, well established exchanges such as Binance, Bitfinex, Kucoin and trading platforms with copy-trading features similar to that of BITWHALE. The increasing importance of digitalization on a daily basis is driving massive demand for next- generation digital currencies and products. BITWHALE however, has optimised its social trading feature optimally to suit the needs of todays traders, amplifying ease-of-use and simplicity.

► Emerging Technologies

There are currently over 1,000 cryptocurrencies on the market, with a combined market capitalization of over \$400 billion USD. They represent a minor portion of the global economy. However, these alternative, digital currencies continue to grow as investors are constantly trying to find new investments. One of the main issues why large-scale investors do not find the gate to the Cryptocurrency market is because it is simply not possible to enter the market with larger amounts of money, where the discussion is based around possibilities with ETF's and other upcoming solutions. BITWHALE will be moving through this process in a more convenient and revolutionised manner. This will be achieved with the BITWHALE Bank. In addition to digital currencies, BITWHALE Bank will provide an electronic payment system that enables paperless P2P transactions. The transactions are secured with cryptography (hence the name) and can remain entirely anonymous.

4.2 SWOT Analysis

Strengths

- ☐ Experience in the crypto market
- ☐ Innovative product ideas
- ☐ International team
- ☐ No use of fake volume

Weaknesses

- ☐ Start-up company
- ☐ Rising amount of competitors

Opportunities

- ☐ Growing industry
- ☐ Emerging markets
- ☐ Cryptocurrency becoming a common payment method
- ☐ Cryptocurrency is becoming a backing possibility (Stablecoin)

Threats

- ☐ Volatile cryptocurrency environment
- ☐ Negative outcome of legal regulations
- ☐ Strong country-specific crypto regulations (US, EU etc.)

Marketing and Go-to market strategy

5

5.0 Go-to Marketing Strategy

Preferably, BITWHALE uses the word of mouth to announce and sell the product. The BITWHALE team has acquired excellent knowledge in PR on different areas, during everyday working practices under the management of our marketing department.

Furthermore, we encourage our customer to refer our product to their network of partners and friends - full customer satisfaction guarantees word of mouth. We also inform token sale investors on a monthly basis on upcoming releases and ongoing developments.

▶ Market Growth

Target Market / Clients

BITWHALE focuses on an international market, with a special focus on Blockchain Technology and the financial business (Fin-tech market). The target market is investors and traders who wish to make use of a simple yet highly professional trading platform and follow the Whales in the industry.

Breaking Barriers to entry

At BITWHALE we are confident that our products are the best in the market and work on spreading the word through effective marketing strategies. With our team of lawyers, marketing professionals, online exposure, high standard and consistency, we plan to expand our operations on a vaster international scale. BITWHALE offers a simplistic user interface, and innovative features - always aiming towards 100% customer satisfaction.

With a fully set up exchange, BITWHALE will commence with a go-to-market strategy in the early stages of the STO. The first step ensures the exchange is tested within a testing environment, giving users the opportunity to familiarise themselves with the interface and all features.

During the testing period there will be an extensive bug bounty program for all participants, as well as the possibility to participate in the BITWHALE Token air-drop. This early access phase will be accompanied by an extensive marketing campaign (as outlined above). After the testing phase, there will be a short period of time in which adjustments of the platform will be made. We expect the exchange to kick-off with live trading in the third month after the STO has begun. During the start of BITWHALE, orderbooks must be filled and extensive trading competition is to be expected. To ensure a successful launch process, our market makers will provide liquidity from the very beginning.

Technical Aspects and Compliance

6

6.0 The Exchange

This technical system documentation describes the functionalities, operations, processes and infrastructure of the BITWHALE exchange platform. The platform itself has the following core functionalities:

- ▶ Crypto exchange (trading platform) with lucid and intuitive graphical trading and financial interfaces.
- ▶ High frequency matching processes for exchanging assets between users
- ▶ Double-entry bookkeeping for all financial transactions in the platform
- ▶ Crypto Coins and different fiat currencies can be deposited and withdrawn
- ▶ Dynamic KYC processes, to provide the identity of customers, fully manageable by the management team
- ▶ Redundant and scalable micro-service infrastructure for high availability
- ▶ Users can buy and sell different currencies over the platform. Limits can be used to do so, as well as market orders, that are matched in high frequency.

When released in its first version, the platform will support these Blockchains including their tokens:

- Bitcoin (BTC)
- Ethereum (ETH)
- Litecoin (LTC)
- NEM (XEM)

After listing our BITWHALE EURO Stablecoin:

- BTC/BWEUR
- ETH/BWEUR
- XEM/BWEUR

Initial Markets on the BITWHALE Exchange:

- BTC/ETH
- LTC/BTC
- XEM/BTC

After listing the BITWHALE Token (Q1, 2020):

- BWT/BTC

The software design allows to add more Blockchains into a running instance of the system. The software was developed by the team of BITWHALE Holding Ltd.

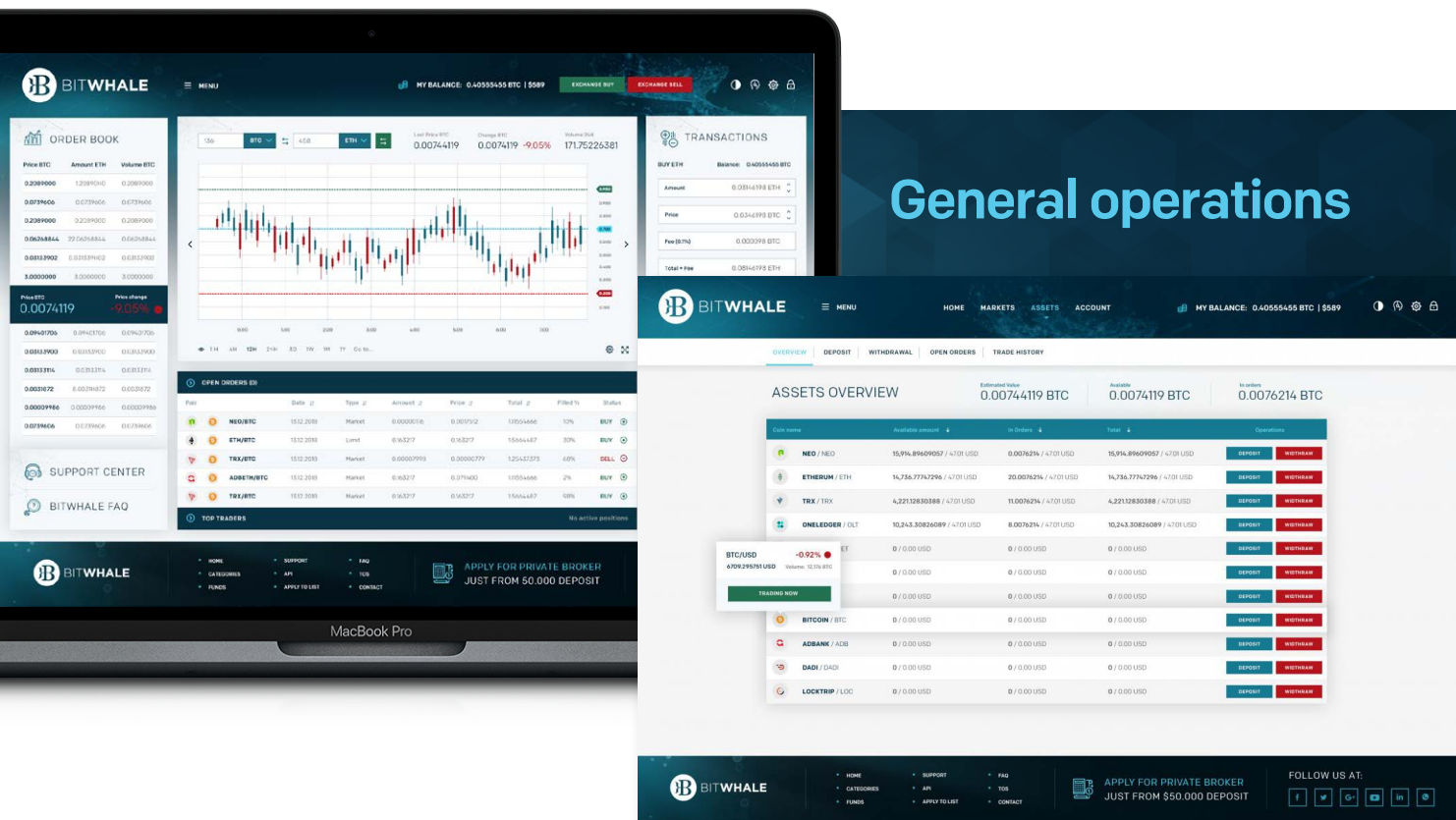


Figure 1: External user dashboard

- 1 With a click on "Home" you will be redirected to the home page of the exchange
- 2 The dashboard icon brings you to the dashboard, visible in Figure 1.
- 3 This brings you to the settings view, where you can change your email address and manage the two factor settings.
- 4 Click here to close the current session and logout from the account.
- 5 Here you can change the language of the site.
- 6 If the account has no activated two factor authentication, you will always see a warning sign. By clicking on activate, you will be redirected to the view, where you can enable your two-factor authentication.
- 7 This tab shows all your accounts and the funds on it.
- 8 This tab will lead you through the KYC process, to verify your account regarding the compliance guidelines
- 9 The history tab shows all financial transactions of this account.
- 10 One row shows the account for a single currency, its icon, the amount of funds you own in the currency and converted to USD. For a single account you can perform the actions Deposit and Withdrawal

6.0.1 Cold / Hot Wallet Security

▶ Alert process

During many processes the Wallet Manager is used to sign and verify data between the different services and machines. Whenever a hash sign verification fails or in general any suspicious action is detected that threat the security of the software, the Wallet Manager will completely shut down, until a DevOPs checks the system for attacks. In this time the software will completely work for the users, only withdrawals and bookings are no longer possible. Users will see a sign, that the system is currently on maintenance and withdrawals will be processed as soon as possible.

6.0.2 API

▶ API requests and authorization

The entire application is built on an API structure. The user front-end, no matter if web front-end or mobile app, uses a JWT token for every single request.

The token itself is connected to the user record with its permissions. This ensures that a user can never do any actions he is not allowed – regardless of with the web front-end or a mobile app. All possible requests that the API allows to perform have a permission key and are all defined and validated within the back-end API. This will never allow for the passing of more data than the process requires.

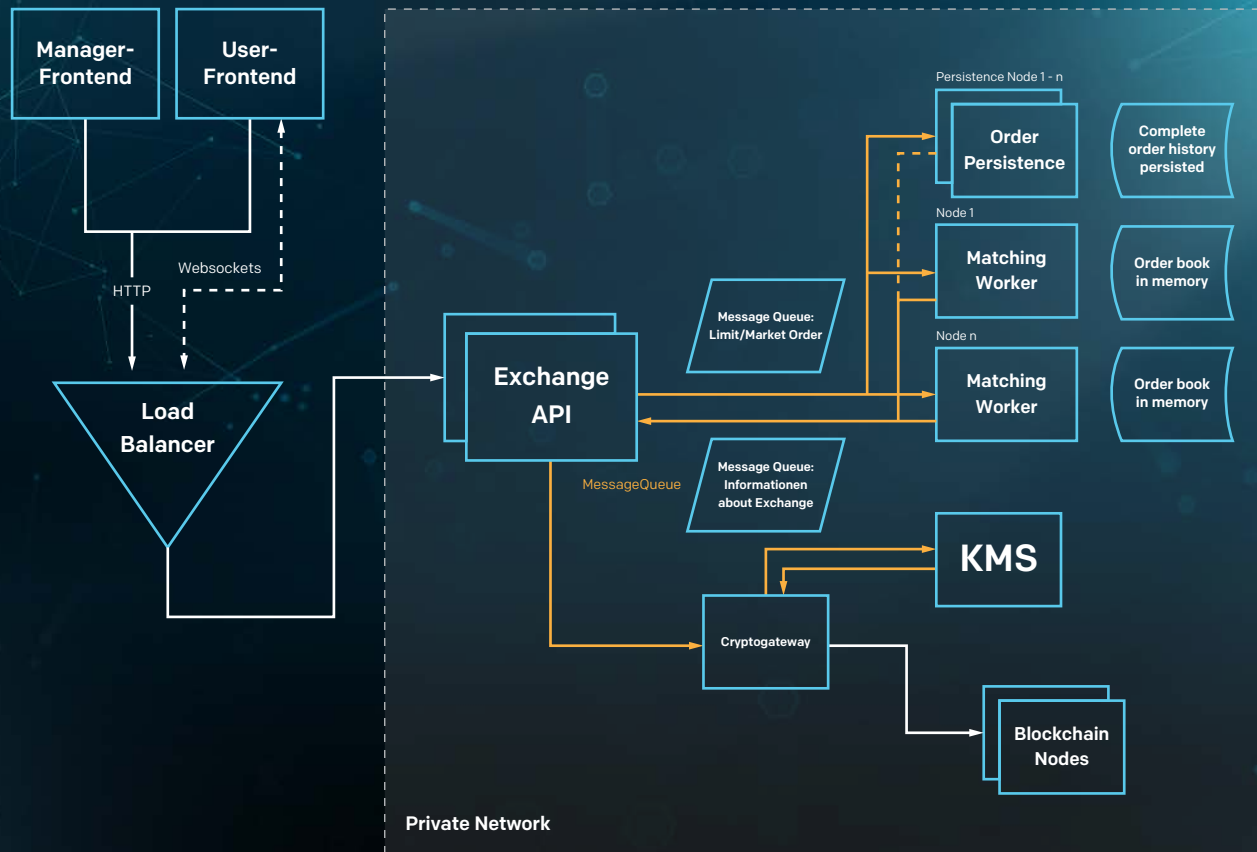
6.1 Server Structure (Software Architecture)

▶ Key Management System

The BITWHALE key management system (Wallet Manager) is a technology for the distributed storage of private keys. Private Keys, for accessing wallets, are never stored in one place only. To perform an outgoing transaction, several parts of the key from different servers will be passed through until it reaches the Wallet Manager server, where the last part can be obtained. Therefore, it won't be possible for a hacker to steal funds even when he has access to one or many servers in the network.

▶ Single responsibility principle

All components and services in the BITWHALE exchange environment are determinate for one use case and are following the single responsibility principle. This allows for high-level maintenance, monitoring and testing of each component.



▶ Two Factor Authentication

Every login and user withdrawal has to be done with two-factor authentication. This ensures that only the user itself can access his account and his funds. 2FA is possible in several ways, that the user can choose from.

▶ Consistent transaction processing

Outgoing Blockchain transactions are stored in a consistent and persisted queue. Blockchain transactions are likely to fail when published. This system watches the Blockchain for the actual receiving of transactions and will republish when it failed. This may lead to longer waiting times for users but ensures 100% that the transaction went out. Furthermore, this process makes sure to have no double spend transaction. Incoming transaction will only be accepted if they are confirmed multiple times by the network.

▶ Signed double entry bookkeeping

Every financial transaction in the system has a credit and a debit account, an amount, a business case and a type. All financial transactions in the system are kept in a double bookkeeping protocol. Each transaction is hashing the previous transaction by using the Wallet Manager. Every component can verify all transactions in the bookkeeping process with the public key, but only the bookkeeping worker can sign a new transaction to insert into the consistent list of transactions. It will never be possible by someone with access to the database, to insert a new transaction between existing transactions. The transaction sign worker is located on another machine that is dedicated for only this job.

6.2 Security Concept

BITWHALE has implemented a system of maintaining standards in all products offered through projections, the KYC system and effective vigilance. BITWHALE is offering German quality and commitment. Quality is every team member's responsibility, this ensures a complete and suitable package for each individual client with guaranteed satisfaction.



BITWHALE™ EXCHANGE



Margin Trading
& Lending



Wallet
Services



API
Integrations



Staking



Payment
Provider



Security Mitigation
Concepts
(Anti Ddos)



Bookkeeping



Easy To
Use Gui



Trading
Engine



Instant
Convert



Trusted
Stable Coin

6.3 Legal Compliance

The laws and strict regulations is important to BITWHALE, hence we currently have a team of in- house lawyers and tax lawyers working to provide the best and safest product which is compliant. To further increase stability we involve freelance lawyers where necessary. Book- keeping is constantly checked by our team. Our Market research, strategic planning, legal accordances and preventive action ensures a smooth experience. We understand that it is of importance to be vigilant towards all intrusions and malpractices.

We employ experienced staff members to supervise and run the necessary compliance-related tasks. Our compliance team is performing a range of activities, from know your customer (KYC) and transaction monitoring to internal processing and sanction screening. All are team are well trained in compliance and have received complementary instructions relevant to the duties performed. Also each member has received extensive job training and rating before being allowed to operate.

Suspicious Transactions created on the exchange will undergo extensive screening:

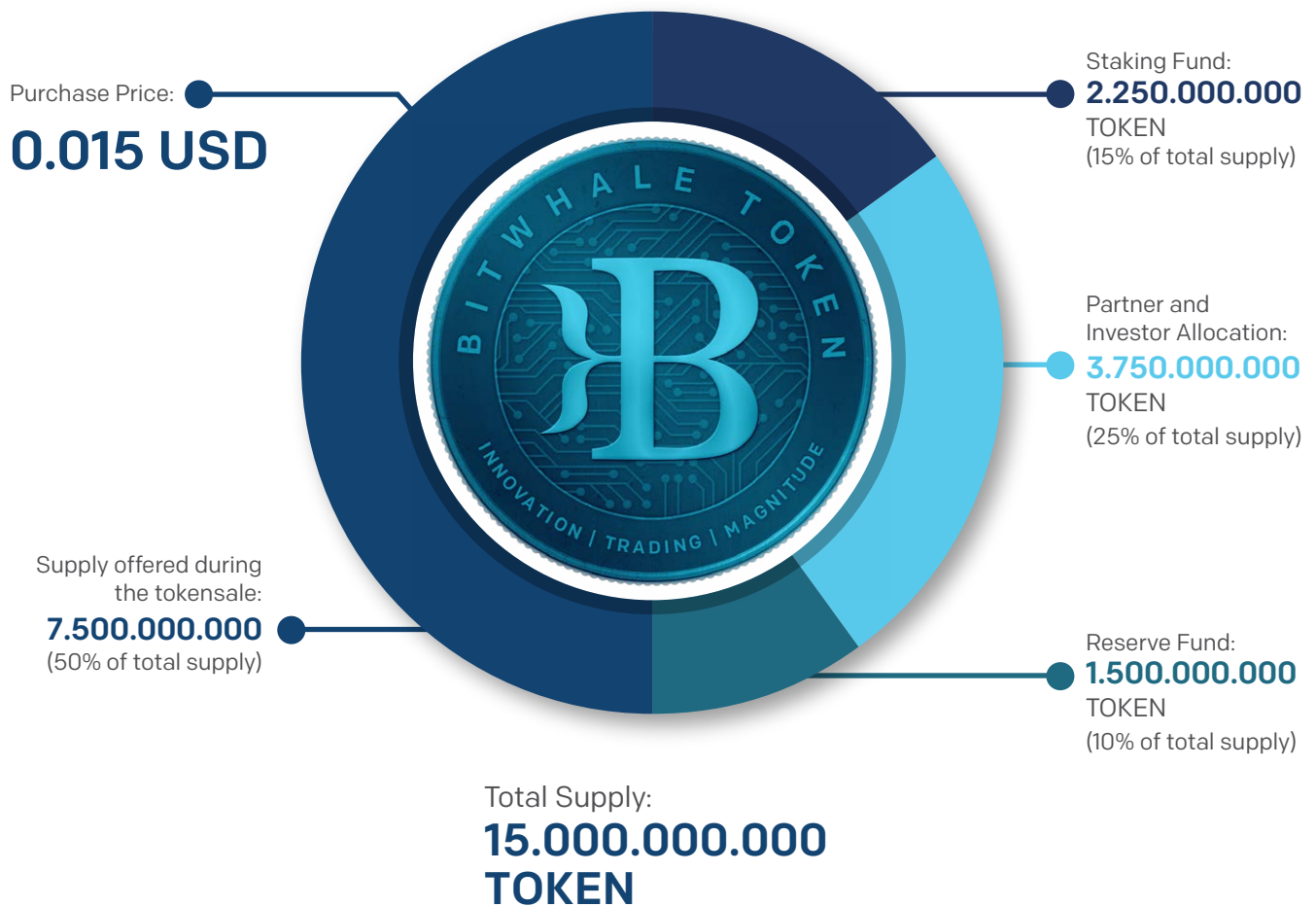
- ▶ We are observing the marketing in real-time, all transactions (in and outgoing) in our transaction monitoring dashboard,
- ▶ Sanction screening will be performed on our incoming and outgoing fiat transactions;
- ▶ We use monitoring tools and assessment of historic data to detect money laundering and terrorist financing.
- ▶ We have real-time market analysing algorithms to detect market manipulation and other illicit trading strategies.
- ▶ Our Compliance team uses tools with artificial intelligence to detect fraudulent identification documents.

On our investor due diligence we focus on a risk-based approach. If someone has a higher risk than usual, we will deploy measures to deal with the risks. These measures include obtaining proof of source of funds declaration or refusing access to BITWHALE.

Token Sale

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7.0 Token Economics

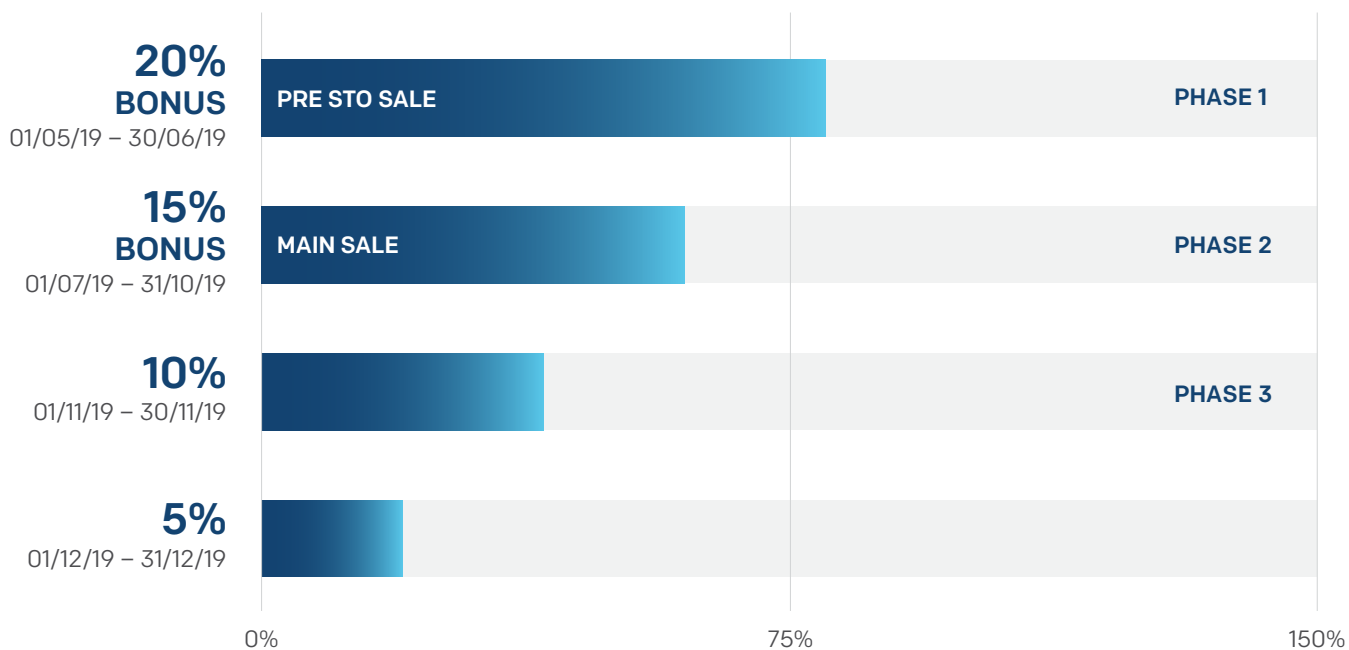


7.0.1 Best practice STO

The BITWHALE STO is conceptualised with the goal to be one of best-practice examples. This will be achieved through adherence to the following principles:

- ▶ Hard-cap on fundraising
- ▶ All contributors will go through the KYC process, in accordance with compliance requirements
- ▶ Allocation to the team and advisers is vested over a 2 year period with a 6 month lock-up
- ▶ Funds raised will be held in protected wallets with a multiple approval process
- ▶ Quarterly performance updates will be provided to contributors and the wider community
- ▶ Salaries paid to founders and employees do and will not exceed average market rates

7.0.2 Bonus Structure:



7.1 Roadmap



*Approval time may vary due to extensive due diligence processes by the authorities

7.2 Equity allocation

A percentage of the Equity of the BITWHALE Group of entities will be allocated to BITWHALE Tokenholders (BWT).

7.3 Voting and profit share process

A percentage of the trading fees will be generated as dividends for the Tokenholder (BWT).

7.4 Buy- back Program

Once the Token is listed on the BITWHALE Exchange, the exchange will purchase the token (BWT) from the market with a percentage of its quarterly profits.

7.5 Bounty Program

BITWHALE will allocate 115.000.000 (1.5% of the total supply) for bounty, such as bug bounty, marketing bounty, communication management and development bounties.

7.6 Buying procedure

Purchases can be done via BTC and ETH, with the possibility to withdraw the tokens (BWT) after a successful KYC approval process (Passport/ID Card and Proof of Address)

7.7 Staking

Because we understand that the crypto market is currently lacking an immense level of trust, we want to earn yours from the very beginning. The vision of BITWHALE is to become the biggest bank for crypto enthusiasts and in order to get there, we have to think and act like one. Therefore we will reward early token holders not only with our buyback promise, but also with the fact, that the BITWHALE token is subject to staking. Staking is a process that gives token holders additional tokens for holding the BITWHALE token in their wallets. Simultaneously we do not only care about our customers, but also want to save the environment we live in. This means that we will donate a small percentage of the STO funds and additionally support charity organisations with a percentage of all trading fees.

We will reward early token-holders with a staking program where 15% of total supply of the tokens will be allocated to the users that keep their tokens on the STO Dashboard for a maximum of 2 years after the start of the STO.

The Team

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Our team consists of specialists in each required department. We are aware of the immense level of trust that customers put into any exchange when depositing funds. We care about good principles of governing our companies.

We are aware of harming behaviours from third parties, those including attacks to our IT infrastructure and social engineering attacks against our staff members. We have therefore decided not to disclose certain information about internal stakeholders, those in charge of the administration, IT security and signers of company fund wallets.



KEVIN MAGANGA
Company Director



PETER WATHUO
Company Director



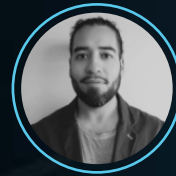
BRIAN CONDANZA
STO Expert



GAURAV ARENG CHAKRAVERTI
STO Expert



DAVID MOREMA
Legal Advisor



JUAN PABLO FERNÁNDEZ AGÜERO
STO Expert



Social Corporate Responsibility

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BITWHALE realises that it cannot operate in isolation to the community and that good governance and social involvement go far beyond the work performed only within the company. This BITWHALE movement is aimed at encouraging the community to be more aware of their impact of business, especially on the environment. CSR addresses various topics including human rights, corporate governance, health, environmental effects and economic development.

Good governance policies and high moral standards

Corporate responsibility is a simple way for BITWHALE to take responsibility for the social and environmental impacts of its business operations. Through future partnerships with charity organisations it provides for a opportunity to demonstrate good corporate citizenship and to not only exclusively follow corporate goals but also goals that protect all stakeholders, including the environment and community.



Sources

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Glossary

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▶ **Airdrop**

A Blockchain project giving away tokens or coins for free. A simple condition may need to be met, such as having a certain existing balance in your wallet or registering before a deadline. Teams may elect to do this to raise awareness of a project, or ensure that a cryptocurrency is not consolidated among too few people.

▶ **Bitcoin**

The first successful and widely used implementation of a blockchain, originally proposed by Satoshi Nakamoto. It's a peer-to-peer payment system and store of value. Bitcoin can refer to both the tradable asset as well as the underlying protocol and technology.

▶ **Block**

A collection of transactions that have happened during a certain amount of time (10 minutes for Bitcoin). The transactions are bundled in a block and added to the Blockchain.

▶ **Block Explorer**

A tool to see detailed information of transactions, accounts, and other activity on a Blockchain. Depending on the cryptocurrency, sweeping data or limited data is available.

▶ **Blockchain**

A decentralized, unchangeable record of all transactions that have ever happened for a cryptocurrency. It bundles transactions in order on blocks and stores them permanently.

▶ **Bug Bounty**

A reward offered to those who help find and fix vulnerabilities in computer software. This often applies specifically to security-related bugs.

▶ **Cold Storage**

The offline safekeeping of private keys which allow for access to cryptocurrency funds. Typically this is done through hardware wallets, USB drives, and paper wallets.

▶ **Decentralized Exchange**

A peer-to-peer exchange that allows users to buy and sell cryptocurrency and other assets without the control or fees of a central authority. Unlike central services like Coinbase.

▶ **Equity Tokens**

A token that represents an ownership interest in a company. Equity tokens work similar to traditional stocks and may include voting rights. Equity tokens are also used to represent ownership rights in company debt. They are designed to improve transparency and liquidity (the ability to buy and sell the equity when investors need it)

▶ **ERC-20**

A type of token standard for Ethereum which ensures the tokens perform in a predictable way. This allows the tokens to be easily exchangeable and able to work immediately with decentralized applications that also use the ERC-20 standard. Most tokens released through ICOs are compliant with the ERC-20 standard.

▶ **Hot Storage**

The online safekeeping of private keys which allow for access to cryptocurrency funds. Typically this is done through open-source online wallets and digital asset exchanges.

▶ **Know Your Customer (KYC)**

Laws and regulations that require banks and other financial companies to keep and report many details of their customers' personal information and transactions.

▶ **Market Capitalization**

The total value of an asset, calculated by multiplying the total number of outstanding shares (or coins) and the price per share (or coin). Represents total size and popularity.

▶ **Peer-to-Peer (P2P)**

A peer-to-peer network that distributes computing tasks among many, private computers (decentralized), instead of using company computers (centralized).

▶ **Satoshi Nakamoto**

The mysterious creator of Bitcoin. Even though Bitcoin was created in 2008, to this day nobody knows his or her true identity. Satoshi could be a woman, a man, or a group.

▶ **Testnet**

An alternative blockchain that is not public and live. It is used to test new code and doesn't transact any real money or value. Allows developers to experiment and learn.

▶ **Transaction Fee**

Payment made to the volunteers who process transactions on a blockchain (miners). Transaction fees can vary by cryptocurrency and also by the desired transaction speed

▶ **Utility Token**

A token that grants owners access to Blockchain products or services for specific projects. These tokens are not intended to be investments or to grant equity ownership in a project, though some investors speculate on a potential future price increase. Utility tokens are also known as utility coins, app coins, and user tokens.

▶ **Wallet**

A digital wallet is where cryptocurrencies like Bitcoin are stored. More specifically, coins are actually stored in the Blockchain itself - to which the wallet merely gives access.

Risk Factors

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The purchase of BITWHALE tokens (hereinafter referred to as the "Token" or "Tokens") may be associated with a high degree of risk. To protect the interests of Token's potential purchasers, BITWHALE team conducted an analysis of such potential risks and outlined the result of this analysis in this chapter of the Whitepaper.

IMPORTANT: THE LIST OF RISK FACTORS DESCRIBED BELOW IS NOT EXHAUSTIVE. IN ADDITION TO THE RISKS DISCLOSED IN THIS WHITEPAPER, THERE MAY BE EXISTING OTHER RISKS WHICH BITWHALE TEAM AT PRESENT CANNOT REASONABLY FORECAST.

These risks can materialize in other forms of risk than those specified here. Prior to acquiring Tokens, each potential Token purchaser is advised to carefully review all the information and assess the risks of such purchase, including but not limited to, the risks set forth in this Whitepaper and to decide upon purchase of Tokens based on such assessment.

Technical and technological risks

Risks of the blockchain. Tokens are released on Ethereum blockchain. In this regard, any malfunction of the Ethereum protocol may lead to a restriction in the use of Tokens, and/or to the fact that Tokens or the platform will function in an unforeseen manner.

Risk of hacker attacks on the platform, smart contracts, or Tokens. Tokens can be expropriated and/or stolen, by hacking Tokens, or otherwise. Hackers or other groups or organizations may attempt to intervene in a smart contract or Tokens in various ways, including, but not limited to, virus attacks, DDOS attacks, concerted attacks, network attacks, and denial of service attacks, and others. In addition, since the Ethereum platform is based on open source software, there is a risk that Ethereum smart contracts may contain intentional or unintentional errors or shortcomings that could adversely affect Tokens or lead to loss of Tokens, or loss of access or control Tokens. In the event of such an error or weakness of the software, there can be no remedy, and tokens owners are not guaranteed any compensation or compensation.

Risk of a hacker attack on the computer of the tokenholder, or loss of passwords / of private keys. Purchased Tokens can be stored by the token holder in her\his digital wallet or safe, for which a password, a digital key or a combination of digital keys is required. Accordingly, the loss of the necessary keys associated with such digital wallet or safe can lead to loss of access to Tokens. In addition, any third party that gets access to such passwords and/or private keys (by way of getting (through hacking, or negligence of token-holder) access to login credentials of token-holders' hosting, wallet, or otherwise), will be able to use Tokens of the token holder. BITWHALE assumes no liability for such losses.

Risk of using new technologies, and changes in technology in the future. Tokens and Blockchain are fairly new and relatively untested technologies. Although at the moment they have largely proven their efficiency, reliability and security, there is no guarantee that in future these technologies do not fail in any way. Further, as technological progress develops, flaws can be found in these technologies, which flaws will prevent their functioning in the way that they function at the moment. Finally, there is no guarantee that these technologies will be compatible with any new technologies invented in future. In the event of such incompatibility, use of Tokens and Blockchain can be found unreasonable and stopped.

Risk of incompatibility of the cryptowallet service. An electronic cryptowallet or wallet service provider that token holder has chosen /will choose for obtaining and storing Tokens, must be technically compatible with Tokens. Failure to comply with this condition may lead to the fact that the token holder will not be able to get access to her/his Tokens. Tokenholders must independently determine the fact of the compatibility of the cryptowallet she/he registered, with the Tokens. BITWHALE assumes no responsibility for any errors related to the wrong determination of the above fact. Regulatory Risks.

Risk of regulatory uncertainty: Regulatory status of cryptographic tokens, digital assets and Blockchain technology, is unclear or not defined in many jurisdictions. It cannot be excluded that such technologies, and, in particular, Tokens, will in future become subject to one or more (adopted or new) interpretations of laws (or other regulations), court judgements, or actions by various regulatory bodies around the world, including, but not limited to, the imposition of restrictions on the use or possession of digital tokens, such as Tokens. Such changes can adversely affect Tokens in various ways, including, for example, by determining that Tokens are regulated financial instruments that require registration or compliance with other legal requirements and procedures. BITWHALE may stop distributing Tokens, developing a platform or terminating operations in a particular jurisdiction if the actions of regulatory authorities of the relevant jurisdiction make it illegal or not commercially viable to proceed.

Risk of inability to obtain, maintain or renew licenses and permits: As of the date of Tokens sale, there are no statutory requirements requiring BITWHALE to obtain any licenses and permits necessary for the sale of the Tokens, but the risk that such legislative requirements may be enacted in the future cannot be ruled out. In this event, the possibility of a sale and further use of Tokens will depend on the procedure of issuing such licenses and permits, and on compliance with their terms. We cannot exclude that requirements of the law will be technically or economically unachievable for BITWHALE. BITWHALE may stop distribution of Tokens, develop a platform or terminate operations in a particular jurisdiction in the event of economic, technological or an other inability to obtain the required licenses or permits under such jurisdiction.

Risk of governmental action: The industry of blocking and reversing tokens is new, and simply by virtue of novelty can be subject to increased supervision and regulatory control, including investigations or enforcement actions. There can be no guarantee that the government will not study the activities of the parties. All this can be investigated, which in turn can have a significant negative impact on Tokens and/or platform development.

Risk of failure in development: It cannot be excluded that for various reasons, including but not limited to, for reasons of insolvency of business or technological strategies or business arrangements, technological problems, emergence of new technologies, etc., that the model that BITWHALE developed and described in this Whitepaper, will not achieve the desired functionality, be inoperative, or work in a way different from what developers designed it for. Also, we cannot exclude the risk that for these or different reasons, development and implementation of the model can take longer than BITWHALE predicts at the moment, and when the model is ready, it will appear to be outdated and/or irrelevant.

Risk of insufficient implementation: It cannot be excluded that, for various reasons, including, but not limited to, for reasons of insolvency of marketing strategies, external constraints, or competitors' actions, the model developed by BITWHALE and described in this Whitepaper model may appear to be unpopular and/or unclaimed, lacking use and application.

Risk of dependence on third parties: Even after the launch, the model developed by BITWHALE and described in this Whitepaper will rely, wholly or partially, on third parties, for adoption and implementation of certain functions, as well as for continuing its development, maintenance and support. Though above mentioned third parties are carefully selected by BITWHALE team, there is no insurance or guarantee that these third parties will do their job properly, or otherwise meet users' needs, and this can have a significant adverse impact on the platform.

Risk of loss of cash: The project described in this Whitepaper, the model developed by BITWHALE, the platform being created, as well as any funds collected within the framework of the STO described, are not insured. In case of failure of the project for any reason, loss of functionality of the Token or platform, there is no private or public insurance representative to whom token holders can apply for reimbursement.

Risk of force majeure: In the future, there may be extraordinary circumstances that BITWHALE cannot reasonably anticipate or prevent and that may be subject to restrictions or impediments to the operation of BITWHALE or any entity of the BITWHALE group of companies.