K3Tele.com

The Last Mile solution for Africa with successful launch, fast growth, and 75% EBITDA margins.

Providing modern triple play services without the need for cable infrastructure

FOREWORD

The objective of this whitepaper is to raise 30M USD of capital via a K3 security token and a royalty share offer. The funds will be used to expand K3's services into four additional African countries in which the investors will economically participate.

Our primary communication goal is for the reader to understand:

1) The enormous opportunity for K3 Telecom in Africa
2) How K3 is solving Africa's 'Last Mile' fixed broadband problem from a technology as well as from an execution perspective
3) How K3 is creating shareholder and stakeholder value
4) The expected financial returns for the investors

To accomplish the above, the white paper is organized into three sections

1) Two-page executive summary
2) Whitepaper main section
3) FAQ – Answers to the most commonly asked questions

The information in this whitepaper, including the historical performance presented about Liberia and Sierra Leone have has been reviewed and verified by [Big 4 Accounting Firm], which is the independent auditor for operations that falls under this set up.

Legal documents and the circular offering have been prepared by [Name of legal council]

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EXECUTIVE SUMMARY

Africa's broadband penetatrion is less than 1%. In other words, 99% of the people in Africa dont have access to fast internet and modern TV. K3 is solving that problem for a market with 1 billion people yearning to catch up with the global and digital economy.

K3 is provider of THE "Last Mile" fixed broadband solution for Africa, delivering modern triple play services with up to 1,000 Mbps download speeds per user, HD TV services and IP telephony to African homes and businesses via the air. We are currently growing over 15% month over month in just one city, Monrovia; with expected EBITDA margin of greater than 75% at scale, a break even point of only 700 customers, and immediate product market fit in one of the poorest countries world wide, Liberia.

Our expansion to Sierra Leone is fully funded and services are expected to launch in December 2018.

With then two proven successful show cases, it is now time to scale our business into more and bigger African cities with more substantial growth capital.

A short video of K3's operations in Liberia can be found here: https://www.youtube.com/watch?v=26pUDhQVmDs

A QUICK FORWARD FOR NON-TECHNICAL READERS:

There are two types of networks in today's telecom industry that enable mass market connectivity: (1) Mobile (i.e. GSM) network and (2) fixed network i.e. "cable". K3 is an internet service provider that operates in the fixed network domain which is the connectivity you receive at fixed locations such as your home, business, and in hotels. Due to their specific technologies and applications, both networks are essential in today's world; the mobile network is needed for connectivity on the go; the fixed broadband network is needed for large, fast and reliable data transfer (think about connectivity in offices, governments, and at home to surf the internet, work, and watch Netflix, television, and use smart TV features). Currently, there are only two ways to get these type of "cable" services:

1) Thru a physical cable network which connects every house to the internet source via a physical cable. In abesence of any cable infrastructure though, this is very expensive, time consuming, and often not possible

2) Thru the K3 Last Mile solution which sends the signal thru the air. Low Capex, quickly scalable, low Opex

SITUATION IN AFRICA: 99% of the people in Africa don't have fixed broadband internet, and they don't have TV that works when it rains. With a population of over 1 billion people, Africa is a market of massive opportunity for the one able to provide modern fixed broadband with modern 3play services (high speed internet, TV, IP telephony).

http://worldpopulationreview.com/continents/sub-saharan-africa-population/

PROBLEM

The reason for such lack of fixed broadband internet is the missing cable infrastructure in Africa that brings the connectivity from the source of the cable to the end user. Furthermore, such infrastructure is not expected to reach the mass market in the foreseeable future. It simply costs too much and takes too long to build such cable network; and African governments do not have the budget to spend billions of dollars on such investment. While most large cities in Africa have a fiber optic source via sub-marine optic fiber cables that bring broadband capabilities across the continents, they simply have no means to bring that connectivity to the end users. That situation is commonly referred to as the 'Last Mile' problem. Current solutions and work-arounds to solve for that problem are just not sufficient. Internet speeds are slow, connectivity is unreliable, and in many areas, available plans are extremely expensive. Furthermore, satellite-based television is not working when it rains, and customer service of local ISPs is lacking western standards.

SOLUTION

K3 Telecom AG is a Swiss based Internet Service Provider (ISP) that solves this Last Mile problem via its innovative and patented K3 Solution. K3 provides high-speed broadband Internet, HD Television, VoIP Telephony services to homes and businesses at the same performance as 'cable', by sending the signal through the air. Our product performance and service quality are currently setting new standards in Africa. We enable customers to receive modern triple play services with internet download speeds of up to 1,000Mbps per user and provide cable television that works reliably in all weather conditions.

PROOF

K3 launched about one year ago in Monrovia, Liberia, and proved very quickly a business model that yields substantial user acceptance and economics.

Despite Liberia being one of the most challenging environments to operate in (a country with the 4th lowest GDP per capita world-wide), K3 has demonstrated

- Immediate product-market-fit and a loyal customer base
- Very strong ARPU of $144 (Average monthly Revenue Per User)
- Fast user growth, predominantly word-of-mouth
- >15% month over month growth for the past eight months
- At scale: Gross margins of 90% and EBITDA margins of 75%
- Very low opex with a breakeven point of only 700 customers

A fully funded expansion to Sierra Leone is currently under way with expected service launch in December 2018.

OPPORTUNITY

K3 is in front of an enormous opportunity and in a position to transform a largely untapped multibillion-dollar industry. Furthermore, our target market, Africa, has one of the fastest growing economies in the world with a population of over a billion people and a fast-rising need for broadband services. To outline the magnitude of this opportunity: K3 launching in a city with 5,000,000 people and reaching 100,000 households will yield an annual EBITA of ~100M USD in just that one city.

Based on our success stories, especially in light of the challenging environment in Liberia and Sierra Leone, it is certain K3 has the right technology, at the right time, with the right team to capture a substantial share of the market and establish itself as a major player in the telecom industry. Via our customer service centric focus, K3's goal is to build a large and loyal customer base in four new cities across four African countries within the next two years: Ghana, Guinea, Republic of Kongo, and Tanzania. The first location in each country will then serve as a platform to expand horizontally and vertically within those countries to maximize returns for all shareholders and optimize the impact K3 has on the local economies and communities.

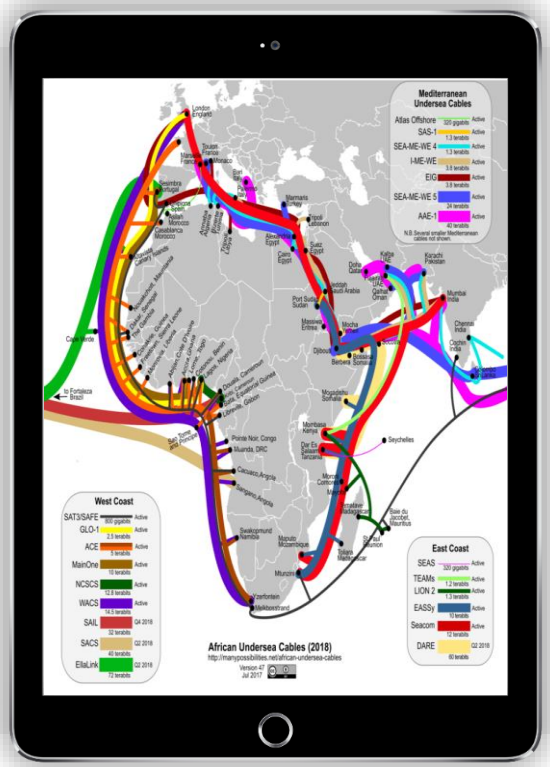
We recognize that speed to market is of high importance. Thus, to catalyze the growth, K3 is raising 30M USD via a K3 security token. Investors are offered two options for the capital:

1) Equity with a projected ROI of 20x return over 6 years
2) A preferred top line royalty share with a projected 100% ROI in less than three 3 years

MAIN SECTION

Lack of cable infrastructure is responsible for Africa's less than 1% fixed broadband penetration

Figure 1: Illustration undersea cables bringing broadband internet to Africa.



Submarine fiber optic cable with its terrestrial extensions bring broadband internet capabilities to 34 countries in Africa. However, these African countries struggle building out the Last Mile cable infrastructure, which is the connectivity from the source in each city to the end customer, due to its substantial investment requirements of 100s of millions of dollars and long construction timeline. This leads to an inability to distribute the broadband connectivity to households, businesses, and governments.

The inherent **"Last Mile"** problem causes devastating connectivity issues with **less than 1% fixed broadband penetration in Africa** and being far behind the global average.

Figure 2: Global fixed broadband internet subscription rate in 2017, by region

This leaves 99% of the African citizens without access to reliable and fast fixed broadband internet and cable services causing them to have to fall back on sub-optimal, unreliable, and often expensive work-around solutions, and a 56-year-old satellite technology for TV which doesn't work when it rains.

Technology overview: K3 is THE SOUTION to bring modern triple play services to Africa at a fraction of the capital expenditure compared to cable.

K3 ***Lastmile solution*** is a patented wireless technology for broadband data transfer over great distances with the throughput and **performance equaling that of the cable network**; the only technology worldwide that can completely replace any wire connection.

Our solution is particularly well positioned for areas where classical wired telecommunication infrastructure is old, has not enough capacity or does not exist. For that reason, it is the perfect match for Africa where building cable infrastructure is challenging and not expected to reach mass market in any foreseeable time.

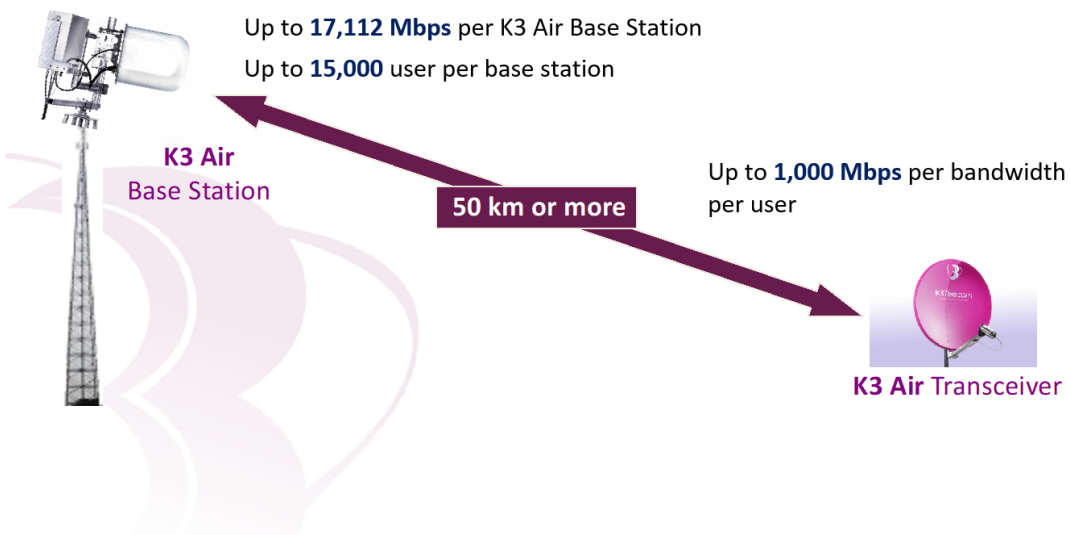
K3 is able to provide all the triple play content/services which residential and business users are looking for today; at a very cost-effective and easily scalable way to ___?

1. **Ultra-High-speed Broadband Internet (1,000 Mbps per end user);**
2. **Digital TV (200+ SD and HD digital TV channels, Pay per View Content, VoD);**
3. **IP fixed land line content (Full premium functionality: Caller ID, Call Transfer)**

MAIN ADVANTAGES

- **Has exactly the same capabilities (internet speeds, digital TV, VoIP telephony) as standard cable network.**
- **Low cost of system implementation** and network start-up costs: (up to 90% lower Capex compared to standard cable network) as well as low operational costs due to not having to maintain cables, amplifiers and similar equipment.
- Time factor: Where standard wire or cable network require a lot of time to plan and construct, K3 *Lastmile solution* **can be operational and reach thousands of customers in less than one year**. (There are no costly and time-consuming road and construction work needed to lay the cables in the ground, nor building permits.)

- Capacity: On just one K3 *Lastmile solution* Base Station we can connect thousands of end users, all within signal range coverage of up to **50 km** away from the K3 Base Station without performance loss.
- Operates on its own frequency that doesn't compete with the expensive mobile frequencies
- **It is the only wireless technology with such capacity and range in the world**



Standards used in our K3 *Lastmile solution* system are well known and world certified, like DOCSIS, EuroDOCSIS, TDMA and similar. The solution standard is certified and tested accordingly to various international telecommunication industry standards (ETSI, CISPR and IEC standards) and is in compliance with RF standards depending on selected frequencies.

The K3 equipment can operate on frequencies ranging from 2GHz to 42 GHz can thus obtain much more price competitive frequency licenses compared to the high demand mobile frequencies.

The **K3 *Lastmile solution*** system consists of two major outdoor components that communicate with each other:

- **K3 Base Station Antenna**
- **K3 Transceiver**

K3 BASE STATION ANTENNA

The K3 receiving-transmitting sectors are placed on any elevated object (tall building or tower) in strategic locations to maximize signal coverage. It has a typical horizontal coverage of 90° and vertical coverage of 11°. To achieve full 360° coverage, typically four sector antennas are needed. All K3 *Lastmile solution* outdoor units are robust products built to perform in difficult climatic environments and withstand even the harshest weather conditions.

Standards used with the K3 *Lastmile solution* system have their origin in digital TV broadcast and coaxial cable networks. Multiple digital modulations in different digital standards are supported (OFDM, TDM, TDMA, ATDMA, SCDMA...). It supports upcoming DOCSIS standard 3.1.

Transmitting of up to 1000 (2x 500) MHz in downstream (from base station to end user) capacity.

Receiving of up to 500 MHz in upstream (from multiple end users to base station) capacity.

K3 TRANSCEIVER

The **K3 Transceiver** unit, or head, is the counter part of the base station and is located at the end user/customer premises. The K3 Transceiver enables a bi-directional (upstream and downstream) microwave link (not dangerous for people), which offers a broadband connection between the end user and the K3 Base station. It enables simultaneous delivery of all Triple play services, users are looking for today

FIGURE 7: K3 TRANSCEIVER UNIT

One transceiver can establish up to 50 end-user connections (i.e. K3 can use one dish to connect 50 customers in one apartment complex and monitor and control each user individually)

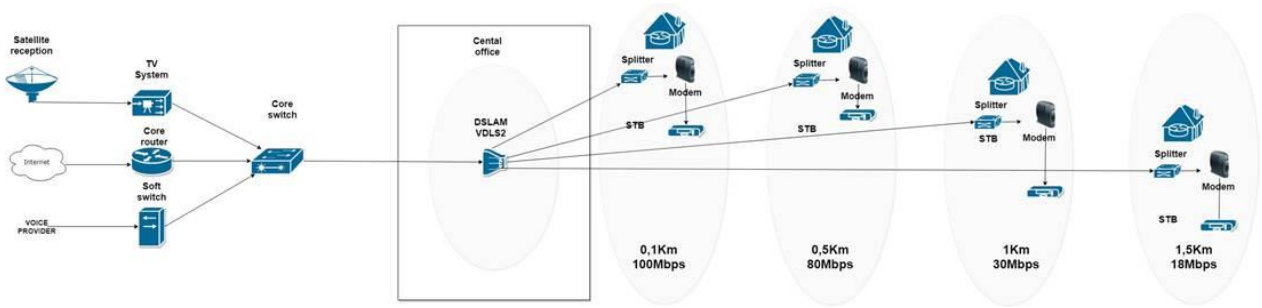
Receiving of up to 500 MHz in downstream (from base station to end user) capacity.

Transmitting of up to 35 MHz in upstream (from end users to base station) capacity.

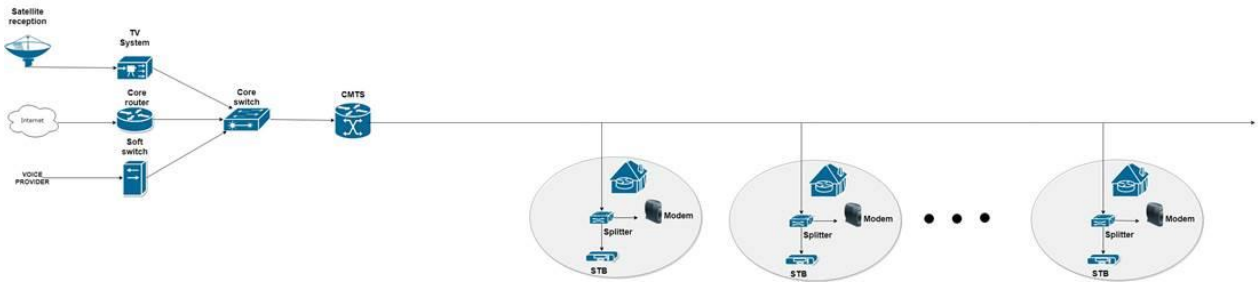
SET UP COMPARISON TO CABLE NETWORK

It is important to note that the K3 system replaces only the cable from the CMTS (i.e. the source of the connectivity) to the end user's location by sending that connectivity wirelessly through the air. All other elements in the system are the same and standard in the industry: TV head end, Internet source, and Voice Provider on one end, and on the user side the equipment (modem/router/wifi and STB) that he or she would use in any cable network environment. All such equipment are from standard 3rd party providers, other than the K3 Sector and Transceiver.

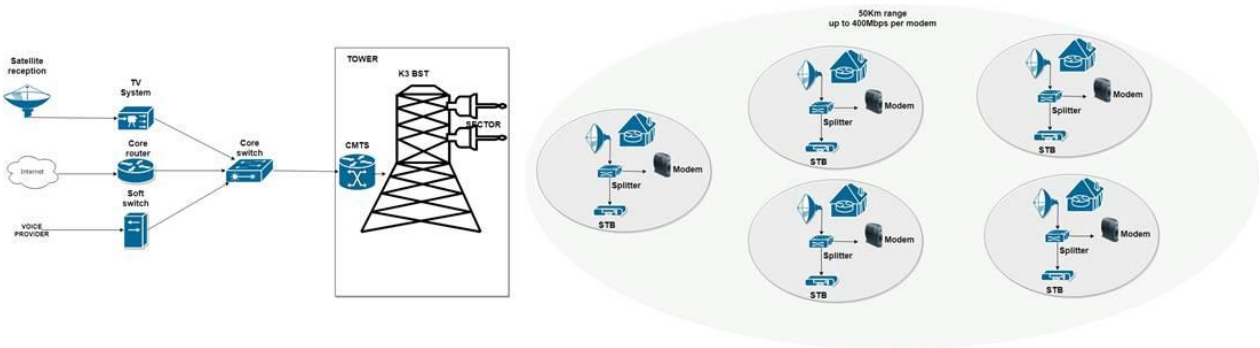
XDSL



Cable network – DOCSIS



K3 system with DOCSIS



A TYPICAL CPE - CUSTOMERS PREMISES EQUIPMENT CONNECTION SCHEME IS SHOWN BELOW:

Again, any standard 3rd party equipment for any cable environment can be used after the K3 Transceiver. i.e. the user can use any router and any modem used for the DOCSIS (modern cable) system and connect its devices.

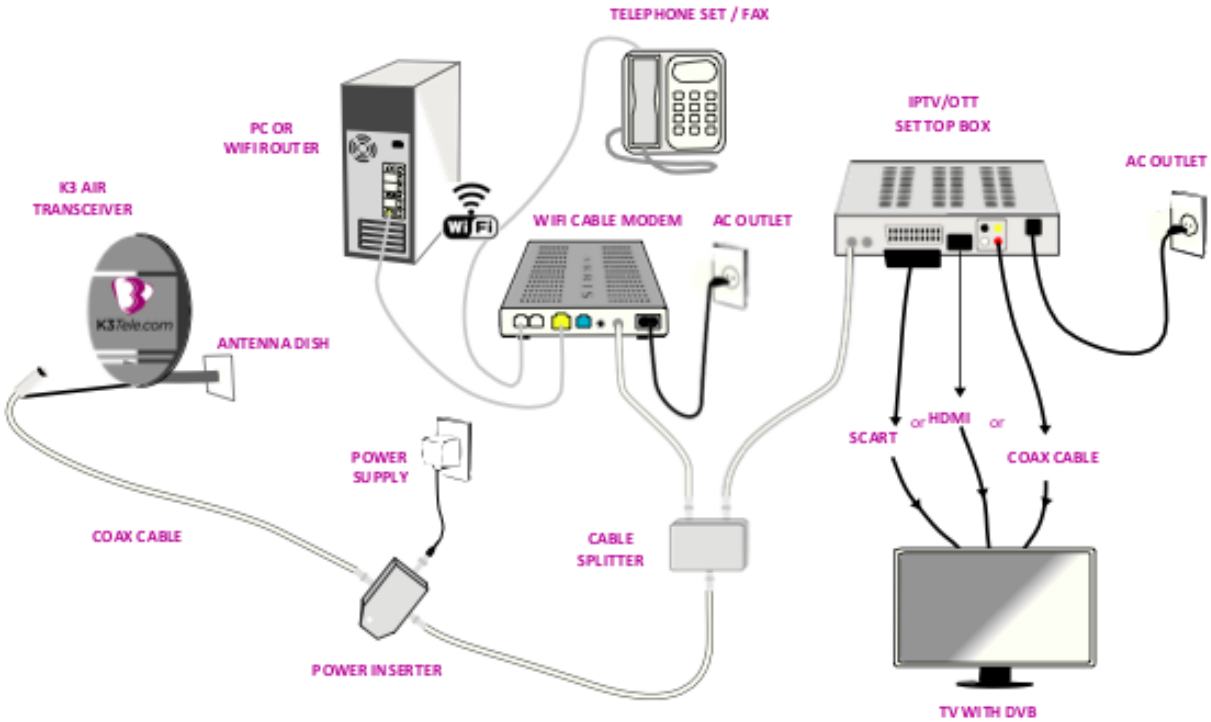


FIGURE 8: TYPICAL CPE CONNECTION SCHEME

LITTLE COMPETITION IN A MASSIVE AND LARGELY GREENFIELD ENVIRONMENT

German business executive and resident of Freetown, Sierra Leone for 10 years

*"I am living in Freetown and pay **$150/month for slow internet**, **plus I pay $125/month for satellite TV that doesn't work when it rains**."*

The above quote unfortunately illustrates reality in many areas in Africa. Even in large cities where one would expect adequate internet connectivity, users experience unreliable and slow performances.

Without true broadband capabilities, residential users are not able to have access to modern connectivity for surfing or watching Netflix or internet TV; and the growth of the economy and businesses is stunted, with limited ability to catch up with digital trends in a global economy.

While several workaround's and sub-optimal technologies have emerged in an attempt to serve the mass market needs for reliable and fast connectivity in the absence of cable infrastructure, we have not come across any solution yet that compares to our technology performance, other than phyiscal cable infrastrcuture. Nevertheless, we outlined the existing solutions below to define their characteristics:

In general, there are four types of competitive fixed broadband solutions and workarounds.

1) WiFi on 2.4 and 5.0 GHz which is the free frequency band and which is meant to be open to the public. This frequency however is unstable because of interference with other devices on the same frequency. Once you have too many of these devices in one region (WiFi hotspot, routers etc…) , none of them work any longer. Also, this solution has no TV option, and the operators are usually small private companies or individuals not providing any professional services.

1) Microwave Point to Point technology. While this solution is capable of fast data transfer, it has two shortfalls: 1) true broadband speeds with large bandwidth becomes very expensive in Capex for the user and 2) the business model is not easily scalable as it requires one transmitter to be installed on a tower for each new customer i.e. if one is looking to connect 200 customers, you need 200 corresponding transmitters installed somehwere on a tower. (in comparison, K3 can connect up to 15,000 users to one base station with 4 sectors)

1) Fiber optic cable – While there are small pockets of cable infrastrcuture in larger African cities, their coverage is very limited and not expected to reach mass market due to reasons already explained. Furthemore, these pockets of cable networks are often operated by providers with low service standards. Lastly, a large portion of these cables are over-ground, installed on electricity poles which are subject to service interruption similar to electricty in Africa. This is a substantial risk especially for businesses which are dependent on reliable connectivity.

1) Using mobile technology – This solution has inherent limitations. The mobile technology is simply not made for fixed broadband applciations. For one, mobile bandwidth is much more expensive than fixed network bandwidth and as it is not made for large volumne of data transfer. For instance, the average K3 user in Liberia uses 120GB a month of data which would cost the user ~$1,000 on a mobile plan. Secondly, the performance of mobile network speeds in Africa is still lagging behind global averages. West Africa's 4G penetatrion by 2020 is only expected to reach 9%, with 1/3rd expected to still operate on 2G by 2020

However, most of the above named solutions don't provide TV services and users have to buy satelite TV seperately. As a referece The televion market alone in just Sub-Sahara Africa is expected to be 9 billion USD by 2021. While, most of the internet solutions mentioned above do not offer TV services it is part of our standard triple play packages. As a "cable" TV provider, K3 is primarily competing with Satellite television which has a market penetration of 40% (40% of west African households have satelite TV). Prices for satelite TV range from $20 per month to $150+ per month depending on the region. However, this technology was developed 56 years ago and is not able to produce a clear picture (or no picture) when it rains while K3 works reliably in all weather conditions. Furthermore, one needs either physical cable or K3 in order to experience modern IP television: access to netflix, apple TV, Hulu, smart TV features, interactive channel panels, time shift, TV recording etc.

On a final note regarding competition: The market is massive and large enough, even with competing solutions. But at present, the industry looks as follows:

- Largely greenfield with currently less than 1% fixed broadband penetration
- 10-billion-dollar TV market
- Over one billion people in sub-Sahara Africa
- Fastest growing continent
- World's youngest continent, with 60% of the Africa's population under 25,
- Fast increasing demand for reliable and fast connectivity to support engagement with social, entertainment and internet needs and catch up with global averages

OUR VISION AND STORY: WHERE WE COME FROM AND WHAT WE WANT TO ACHIEVE

We strive to become a global telecommunication provider and transform the telecom industry in Africa by providing modern triple play services with unprecedented customer service quality.

We have fast growing operations in Liberia and soon Sierra Leone, we know what we are doing, we are very capital efficient and operational effective, and we are expanding and changing Africa.

The K3 management team has been working in the ISP sector since 1991 and has since then gained a deep industry experience. In the mid-2000s, we then had identified a problem of cable network having limited coverage and wherever there was no coverage, people were not able to receive triple play services. This triggered the development of the K3 last mile solution and in the process, many other assets and skills to support large telecom companies were built for example: in-house backend solutions, provisioning systems, technical support, installation services, established equipment and production partnerships etc.

While initially focused on building equipment for the developed markets and competing with physical cable, we realized that our true calling and the much more ideal opportunity was to become an operator in the largest market without cable infrastructure: Africa!

We committed ourselves to our inspiring vision to rollout modern triple play services to the African continent, which we are now devoted to with every cell in our bodies.

As one of many examples that testify to our dedication, ambition, and persistence towards our vision: Just as we set up K3 operations in our first location in Monrovia, Liberia; our trajectory was interrupted in Mid-2014 when the deadly Ebola epidemic struck for a period of about two years and quickly took overtook the country. Despite these life threatening and enormously challenging circumstances, our team was working in Liberia in pursuit of realizing the K3 vision and to support the country as it started to re-emerge from this massive social and economic shock.

We are now proud to call Liberia our home, a country that is rising fast from hardship towards economic recovery and prosperity, and K3 is playing a critical part.

But we don't stop with triple play services! Once established as a trusted telecommunication provider in the market place, there are very natural paths towards additional value-add opportunities that can be monetized such as: Data Offsite management and IT services for large business, both which we have started offering already in Liberia with partner companies in our ecosystem under the K3 Umbrella. In the near future, we will also be producing local TV content, offer home security services, and other information related utility tools and services for B2C and B2C customers.

The by far highest hurdle to clear in Africa is getting into the market, finding product market fit, a way to scale the business and building a brand, which we have successfully achieved in Liberia. Now we are simply repeating our recipe for success and expanding horizontally to other countries, and vertically to create additional revenue streams.

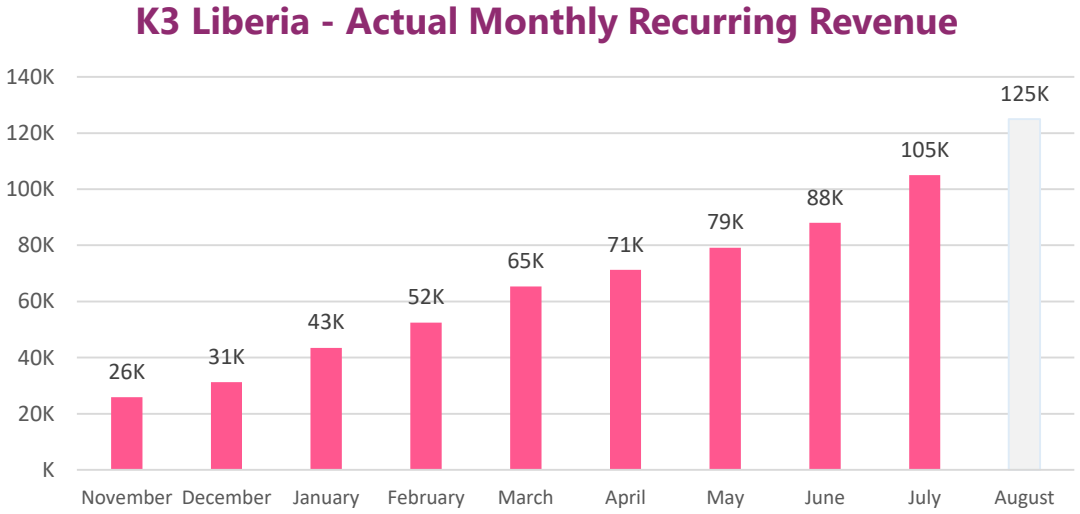
TRAJECTORY AND PROOF OF SUCCESS: 15%+ MONTH OVER MONTH GROWTH IN LIBERIA AT $144 AVERAGE MONTHLY REVENUE PER USER WITH FULLY FUNDED LAUNCH IN SIERRA LEONE ALREADY UNDER WAY.

ECONOMICS MOST BUSINESSES WOULD DREAM ABOUT:

Our gross margins are 90%+. Our break-even point is 700 customers. And we expect an EBITDA margin of ~75%.

We officially launched in Monrovia, Liberia in March 2017 after Ebola. Despite Liberia being one of the most challenging markets and environments to operate in, we have validated a business model that allows us to harness significant recurring yields while positioning K3 as a perfect acquisition target in the future:

- Our product and service have achieved substantial product-market-fit with very satisfied customers
- Fast user growth, despite little marketing and sales efforts.
- Recurring revenue growth of 15%+ Month over Month over the past eight months in just one city
- Very strong ARPU of $144 (Average Monthly revenue per user)



Legend: Pink – Actual recurring revenue
Grey: Expected

We expect to close the year 2018 at a 2M+ USD annualized revenue run rate, having created cash flow positive economics shortly after service launch. Our running operating costs in Liberia for the past 12 months have been 1.0M USD. We expect the growth in Monrovia, a 1 million people city, to continue with a possible annual revenue ceiling of 15M – 25M USD, producing an EBITDA of over 20M USD.

Our average monthly revenue per user (ARPU) in Liberia is $144/month as of July 2018 which is a testament to our premium product and service quality. This metric is a blend of ~2/3rd residential users and ~1/3rd business users. All K3 users in Liberia receive unlimited data plans, TV, and VoIP phone. Our plan offerings depend on download speed and start at $88/month and go up to $3,000/month for dedicated and ultra-fast capabilities for businesses. (Website here: http://www.k3liberia.com/)

Furthermore, K3 continues to improve its product and service offerings. As an example, K3 has just started rolling out its own in-house developed OTT (Over-the-Top) Services in July 2018 which allows our customers to now also time shift TV shows, view any TV content from the previous week at any time, access a large video on demand library, and experience a modern entertainment platform.

During our first year of operations in Liberia, K3 has also received ample positive news coverage and PR within Monrovia due to the benefits K3 provides to Liberia

- Empowering economic growth for the country
- Employing and training local workforce, including internship programs for students
- Providing Liberians with true broadband capabilities and modern triple play services
- Setting new standards for customer service quality


Hot pepper
Motto: We Too Belong
Wednesday March 21, 2018 Monrovia, Liberia
K3 Telecom Liberia Celebrates First Year Of Successful Operation
more on p10
In People's Building:


K3 Telecom Empowers Liberians
In respond to promises it made to Liberia, the K3Telcom. Liberia Incorporated has begun empowering Liberians in the field of Internet usage. Making the disclosure yesterday at program marking the one-year anniversary of the company, Uros Makar, CEO K3 Telecom AG Switzerland, said the company would start its new internship program of taking at lease 10 Liberians on scholarship.
He said the selected people would acquire new skills in technical, commercial and financial fields. The training program he said will last for two months, after which it can be renewed depending on the success of the program. He said successful trainees would have a better chance in empowerment and a better and brighter future ahead of them with their newly developed skills. The company he said the company will also extend
its broadband service to other parts of Montesrrado County as of this year. Currently the company's cover includes, OAU Village, New Kru Town, Bushrod Island, Caldwell, Chocolate City, Ducor Hill and Sinkor. Mohammed Nasrallah, The Chief Executive Officer (CEO) of the company said, "In the coming weeks ad months, the K3 Telecom Liberia network will be further upgrading
This, Too, Is L
Browsing has never been so fun

K3 operations in Monrovia:

Behind the scenes in Monrovia:

Behind the scenes at hour headquarters:

WE ARE EXPANDING INTO FOUR NEW COUNTRIES WITHIN AFRICA

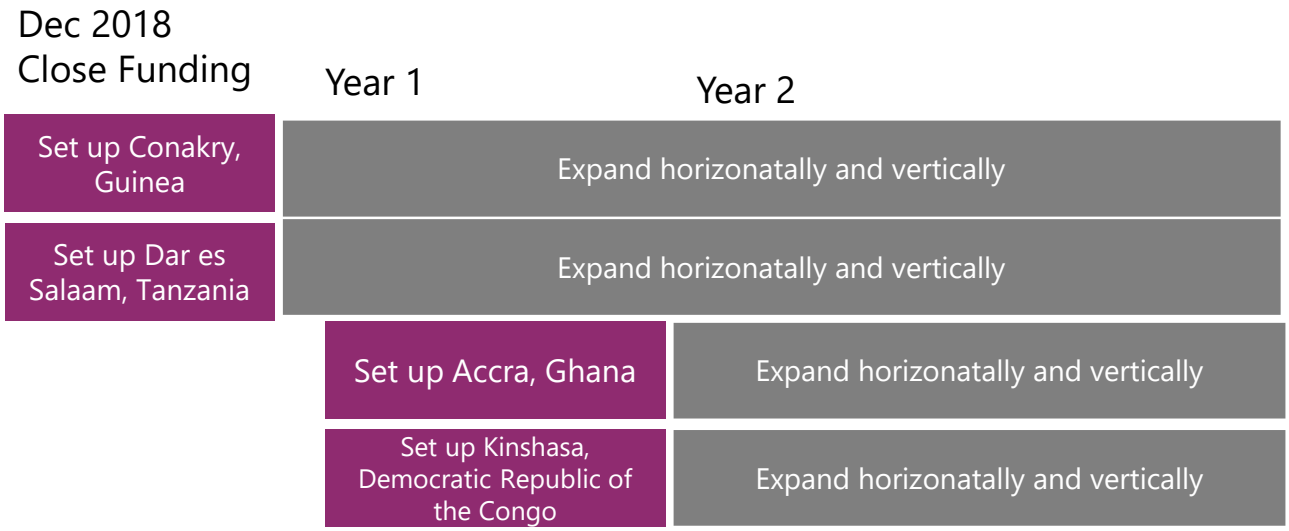
K3 proved in Liberia (and Sierra Leone already under way), two of the toughest playing fields in Africa, that

- we have the technology to solve Africa's Last Mile problem
- we have a team that knows how to execute and run a fast growing telecom company under the most challenging conditions
- the business model will yield substantial free cash flows

We are therefore now expanding into the following countries in Africa

1) Guinea (12 million people)
2) Tanzania (56 million people)
3) Ghana (28 million people)
4) Democratic Republic of the Congo (78 million people)

Figure: Target timeline



Note: Order of launch and timeline might change

UNIT ECONOMICS EXAMPLE FOR ONE CITY

Example: Dar es Salaam, Tanzania has 6M people and an enourmous need for fixed broadband services whith hardly any cable infrastrcuture. If K3 captures 100,000 customers (households and businesses) at a conservative monthly ARPU of $100 which has a lowest plan offering of $50; (Liberia ARPU: $144), then one can expect 90M USD annual EBITDA, 72M free cash flow, and a 500M+ Entity Value.

Unit economics scenarios of one city

Customers	25,000	50,000	100,000	250,000	500,000
Revenue	30M	60M	120M	300M	600M
EBITDA	23M	45M	90M	225M	450M
Free cash flow	18M	36M	72M	180M	360M
Company Value	135M	270M	540M	1,350M	2,700M

ASSUMPTIONS:

- Lowest package: $50
- ARPU: $100
- EBITDA margin: 75%

FINANCIAL PROJECTION PROXY

Continuing the example of Dar es Salaam, Tanzania, if 100,000 customers are reached in Tanzania, over a span of 5 years at a monthly ARPU of $100, the projects would be as follows:

Period	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6
Total Number Of Users by Period-End	12,500	37,500	62,500	87,500	100,000	100,000
Total Number Of Base Stations	4	9	13	18	20	20
Total Revenues	4,760,000	32,140,000	62,300,000	92,460,000	117,860,000	120,160,000
Total Direct Cost of Sales	3,705,445	9,622,426	13,142,139	16,514,620	16,522,470	13,362,920
Total General & Admin Costs	2,675,359	6,113,051	9,359,414	12,186,254	14,831,321	15,017,040
EBITDA	(1,620,804)	16,404,523	39,798,448	63,759,127	86,506,209	91,780,040
Terminal value at 6x EBITDA		98,427,140	238,790,687	382,554,759	519,037,253	550,680,240

TOKEN ECONOMICS

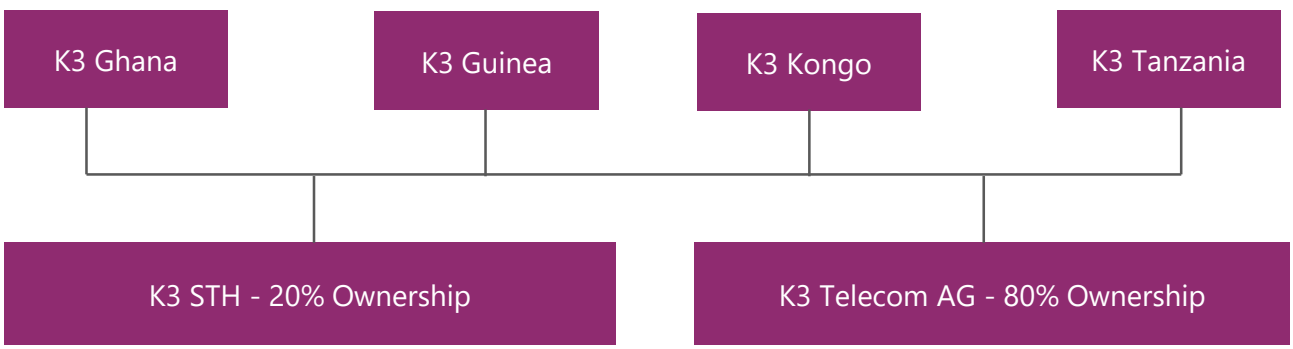
K3 will offer investors two options to participate in the K3 expansion and will close both offerings as soon as the aggregate 30M USD funding goal has been reached

1) Equity stake via a K3 Security Token at $150M valuation
2) Royalty share of 10% of all gross revenues until 200% of the investment has been paid back

K3 SECURITY TOKEN - EQUITY SHARE IN FOUR K3 TELECOM COUNTRIES

Mechanics/Set up

- K3 STH (Security Token Holding), is an entity incorporated in Switzerland, which holds 30,000,000 K3 Security Tokens
- Each token will have an initial par value (sale price) of 1 USD
- K3 Telecom AG will assign a 20% ownership to the 30,000,000 Security Tokens for the following countries: Ghana, Guinea, Republic of Kongo, and Tanzania
- Thus, each token will represent 20% of 1/30,000,000th ownership of each of the four African K3 entities
- Unsold tokens (e.g. when funding goal achieved through royalty shares prior to tokens are sold out) will be burned, increasing each shareholders percentage pro-rata
- Should for any reason K3 Telecom AG be prevented from launching in any of these four countries, K3 will replace that country with an alternate country
- K3 Security Token is targeted to be listed on at least one major security exchange within 12 months of closing.
- Dividends are paid 30 days after end of the quarter
- Security Token participates in any exit transaction pro rata with common shareholders



Note: All local K3 entities will be operated by K3 Telecom AG

TOKEN ECONOMICS FORECAST

With growth in each country per the table below, we expect annual dividends to exeed $1 by year 4, and the token value to be greater than $15.

Country	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Guinea (75K customer in 5 years)		15,000	30,000	45,000	60,000	75,000	75,000	75,000	75,000	75,000	75,000
Tanzania (150K customer in 10 years)		15,000	30,000	45,000	60,000	75,000	90,000	105,000	120,000	135,000	150,000
Ghana (75K customer in 5 years)			15,000	30,000	45,000	60,000	75,000	75,000	75,000	75,000	75,000
Democratic Republic of the Congo (150K customer in 10 years)			15,000	30,000	45,000	60,000	75,000	90,000	105,000	120,000	135,000
Total Customers	-	**30,000**	**90,000**	**150,000**	**210,000**	**270,000**	**315,000**	**345,000**	**375,000**	**405,000**	**435,000**
Revenue @$100 ARPU		36M	108M	180M	252M	324M	378M	414M	450M	486M	522M
EBITDA @ 75% margin		27M	81M	135M	189M	243M	284M	311M	338M	365M	392M
Free cash flow @ 60% margin		22M	65M	108M	151M	194M	227M	248M	270M	292M	313M
Earnings per Security Token		0.18	0.54	0.90	1.26	1.62	1.89	2.07	2.25	2.43	2.61
Dividends per Token		0.14	0.43	0.72	1.01	1.30	1.51	1.66	1.80	1.94	2.09
Expected Token Value @ P/E ratio 12		2.16	6.48	10.80	15.12	19.44	22.68	24.84	27.00	29.16	31.32

ROYALTY SHARE

Investors with Royalty Shares will receive 15% of all gross revenues generated from the four African K3 Telecom entities until 200% of the investment has been paid back.

Mechanics:

- 15% of all gross revenues from all four countries will be deposited into an escrow account at the end of the quarter
- 30 days after each quarter end, the accumulated returns are paid to all Royalty Shares shareholders on a pro-rata basis
- Once 200% of the investment has been returned, the royalty agreement expires
- Unpaid balances of royalty shares have precedence over share or token holders in an exit transaction

- For example:
  - Investor A purchases 1,000,000 USD worth of royalty shares and investor B purchases 2,000,000 royalty shares (no other royalty shareholders exist)
  - During Quarter X, 5M USD of gross revenues have been earned across all K3 entities, generating a total of 750,000 of royalties
  - Investor A then receives 250,000 USD and Investor B 500,000 USD after quarter X ends
  - Once Investor A has been paid 2,000,000 USD and investor B has been paid 4,000,000 USD, the royalty agreements are being canceled.

EXIT PLAN

K3 Telecom AG will be entertaining M&A proposals for some or all local K3 entities if the management is convinced it will maximize the return for the shareholders and token holders. We believe proposals for acquisition have a high likelihood as big telecom players seek fast and easy access to new markets and existing customers.

MANAGEMENT TEAM

AUDIT AND LEGAL

K3 will provide to all token holder and royalty holders

- Management prepared quarterly financial statements
- And annual audited financial statements

The independent auditor will be:[Big Four Accounting Firm]

External legal counsel will be: [External Legal Council]

FAQ – ANSWERS TO THE MOST COMMON QUESTIONS

If you have mobile internet access, your fixed broadband service is not needed, right?

Do you have a mobile phone? And do you have cable/broadband Wi-Fi at home? Why is that? Because mobile doesn't replace cable for you. Why would people in Africa be any different? The middle class and upper class in Africa is seeking the same standards as western people are used to. And they need the same modern services to keep up with the global economy.

Our customers in Liberia use an average of 120GB / month. They watch Netflix, YouTube, Apple TV, they upload and download a lot of data, and use fixed broadband to run their businesses. That is much more difficult or not even possible on a mobile network.

I know the technology, it is like WiMax (or other common alternatives) right?

It is not. WiMax can't compete on speed level and it can't broadcast TV. K3 is effectively cable through the air. There is no technology we know of other than K3 that can provide modern triple play services without a physical cable infrastructure with up to 1,000 Mbps per user and digital TV.

What if 5G comes out?

1) 4G / LTE services came out in 2010. However, as of 2016, west Africa has only a 1% 4G penetration, 2/3rd still running on 2G. 5G is still in development state and once it reaches western markets, it will still take years to come to Africa

2) We don't expect mobile, even 5G speeds, to replace fixed broadband. 5G will be faster than 4G but the past 20 years of telecommunication industry has proven that demand for speed and particularly bandwidth has increased at a faster rate than new technologies were able to supply; always making fixed broadband a necessity. In an age of 5G, we will have connected devices everywhere, live data assets constantly being transferred across continents and package sizes and volumes much greater than what we are used to today. It will require the next level of fixed broadband services, not mobile, to service these demands.

What if better technology comes out?

1) We constantly innovate and improve our technology. For example, we increased out base station capacity in spring 2018 from 300Mbps per user to 1,000Mbps per user.
2) We are an ISP provider with a focus on outstanding customer services which means a customer centric vantage point at all times, 24/7 service, fast ticket resolution times, top notch user experience; while delivering the best connectivity to our customers. We simply have a technology advantage right now (and probably in the near future) that helps us capture an enormous market with an un-met need and to scale quickly. However, if better technology ever emerges despite our continuous developments of our K3 Lastmile solution, we will take advantage of that new technology as most ISPs would do and use that new technology instead to serve our customers. By that time though, we will have a business at scale, a large customer base that is used to K3's customer service standards, and a strong brand recognition in the market place.

What if cable providers enter the market?

1) And currently there is 1% penetration; And building cable infrastructure costs hundreds of millions of dollars and takes decades.

2) The market is big enough to share. In fact, it is so big and untapped, we even have a hard time deciding on where to go next simply because nearly large every city in Africa could benefit substantially from K3 services and would find immediate market acceptance.

If you are successful in country X, other players will enter and compete with you, what do you do then?

Other companies don't have access to the K3 technology and if they wanted to enter the market competing on the same level, they will need to spend hundred of millions on physical cable infrastructure.

Is it not a problem obtaining the frequency licenses from the government?

No. We operate on our own frequency, but we don't compete with mobile operators for their frequencies. Our equipment can be programmed to work on 2GHz to 42GHz. These frequencies are not in high demand and we usually can obtain those for nominal fees from the government.

The government gives you the frequency license, can they not just take it away?

No. We execute long term contracts with the government. Also, once you have thousands of middle, upper class, businesses and influential customers, those people would be very upset with their government if their government would prevent them from receiving the modern services they have been receiving and have gotten used to.

I don't believe your average customer in Liberia pays $144/month (Liberia GDP per capita is $900 GDP, rank 225 out of 228 countries)

It is true though. There are unfortunately a lot of people in Liberia who could not afford our services even if they were priced at $5 / month. But there are always 15-20% of people who can and would pay nearly anything to obtain western connectivity and entertainment standards. Those are people who live at western standards, eat $20 lunches, and live in $2,000/month apartments. At this time, we are focusing on capturing that market in addition to the B2B market as we are a premium service provider. In the long term, this strategy might change if it maximized shareholder return.

How do you make sure your customers pay you?

The ones at risk of not paying on time are on pre-pay. Credit worth customers are on post-pay.

How do you get the money out of Africa back to the investors?

We do business in countries where there is no issue wiring money out of the country. In higher risk areas like Tanzania, we use connections and influential individuals and entities in our network who facilitate such transactions.

Why did you choose Liberia as our first location in Africa?

Sometimes, life happens, and you only see the dots connect in hindsight. We almost ended up in Ghana first, but through a personal connection who suggested us to go Liberia influenced our path. We now can proudly say that since we made it in Liberia, once of the most challenging environments in Africa. Only people familiar with this area will understand the magnitude of this achievement.

Unless you know the right people in Africa, it is very hard to do business.

Correct. And ability to incorporate the right people into our day to day operations and as part of our local management is a critical part of our execution strategy and effectiveness.

Can I visit your operations in Liberia?

Please do! We would welcome anyone to come visit us, look behind the scenes, test our services locally, speak with our customers and team members and see and feel the energy K3 is creating in Liberia. We have an enormous local impact and people in Liberia are thankful K3 is changing Monrovia. We would love for you to see this empowering transformation.