



Crowd Machine Compute Token ("CMCT") Public Sale Structure

This document provides an overview of the Crowd Machine token sales structure.

Due to strong demand for participation in the Crowd Machine token sale, Crowd Machine has revised its token sale approach to remove the previously set sales cap and fixed token price. The new approach allows the market to establish both the price and the cap. It also provides generous incentives for participation in the sale.

Crowd Machine SEZC
March 28, 2018 (Update)



1 Preface

We listened intently to the thousands of voices forming part of our growing community and have revised our token sale structure, the particulars of which are enclosed. We appreciate your comments, reviews and participation which is essential to our mission of decentralizing the centralized software application stack.

As you are aware, a large majority of token sales (or ICOs) are for projects (that is, seeking funding to deliver on the *promise of products*), whereas Crowd Machine is a revenue-generating, venture backed business, with an existing highly disruptive *product* battled tested in the enterprise sector.

Our belief is that in order to help the decentralization movement and the promise of blockchain and cryptocurrencies, applications in the space must be *real*. No matter the current speculation optimism level in the blockchain industry, that promise won't be delivered upon unless the ability to build applications at scale, quickly and cheaply is solved. Our product is capable of doing this today, and in alignment with our ethos, we took the decision to open up Crowd Machine to the world by tokenizing our business model.

We're creating a world where programming, as you know, is a thing of the past. We're democratizing application development and enabling everyone, whether a programmer or not, to participate in creating applications. We're removing the need to host applications with centralized hosting providers and enabling the community to offer their devices' spare capacity to a decentralized cloud where they will be rewarded for their participation. We're blockchain agnostic, allowing our community to create decentralized apps that leverage the utility of any blockchain.

We're disrupting multi-trillion dollar markets and creating new economies on a global scale.

The economics behind the utility of the Crowd Machine Compute Tokens (CMCT) and the disruption it will bring to the software industry is unique. Therefore, we designed a token sale that incorporates a method of price discovery appropriate for the context.

We will allow you to set the CMCT price.

Briefly, CMCTs will have a fixed supply of two billion tokens in total. The market will determine the price over several periods where fixed amounts of tokens will be distributed. CMCTs will be allocated pro rata based on a participant's contribution to the total paid-in contribution by all participants for a period. Early bird participants will get a generous bonus.

We'll be releasing further exciting information for our bounty hunters to align their incentives with our chosen token sale structure. We are also in the process of updating our digital assets to address this token structure revision and will provide our whitelist participants guidance on the next steps.



2 Eligible Participants

To participate in Crowd Machine's public token sale, participants must meet all the following criteria:

- (a) Must make a purchase of 0.1 ETH or more;
- (b) Must not be from an Excluded Country; and
- (c) Must successfully complete all required identity checks and be assessed as being compliant with Crowd Machine's Know Your Customer (KYC) and Anti-Money Laundering (AML) policies.

During the Pre-Sale Period (1 April to 20 April 2018), United States residents must successfully prove Accredited Investor Status under US securities law. US residents who meet this criteria and wish to purchase tokens during the Pre-Sale Period should contact presales@crowdmachine.com.

This restriction does not apply for the Daily Public Sales Periods which commence on 28 April 2018.

Excluded Countries are: North Korea, Cuba, Iran, Lebanon, Syria, Libya, Sudan and Somalia.



3 Sale Periods, Token Amounts, and Apportionments

3.1 Sale Periods

The Public Sale of Crowd Machine Compute Tokens ('CMCTs'), which are ERC20 standard tokens, consists of a 20 day 'Pre Sale Period' followed by a series of 390 'Daily Public Sale Periods'. The combined sale period runs for a total of 417 days, including a 7-day no sale break.

The Public Sale opens at 00:00 UTC on 1 April 2018 and closes at 20:00 UTC on 20 April 2018. Then, after a 7-day no sale period, the Public Sale re-opens at 0:00 UTC on 28 April 2018 and closes at 20:00 UTC on 22 May 2019.

The minimum participation amount during the Public Sale is 0.1 ETH.

3.2 Maximum CMCTs

CMCTs will have a fixed supply of two billion (2,000,000,000) tokens and be divisible to 8 decimal places.

3.3 Total CMCT Apportionment

The total CMCTs will be divided into five lots as follows:

Lot 1 - Pre-Sale Period (<i>Private Sale and the first 20 days of the Public Sale</i>)	125,000,000 CMCT
Lot 2 - Bonus Allocation Provision	Calculated after the Pre-Sale Period (<i>refer to section 5</i>), and then again after the first 7 Daily Public Sale Periods but with a maximum possible allocation of 500,000,000 CMCT
Lot 3 - Daily Public Sale Period Allocations	975,000,000 CMCT
Lot 4 - Community and Loyalty Incentives	100,000,000 CMCT
Lot 5 - Company Inventory Reserve	300,000,000 CMCT

Table 1: CMCT Apportionment



4 Participation Details

	Open	Close	Days	Period	Cap	Bonus Tokens	Allocated Token Quantity	Price
Pre-Sale Period	PRIVATE SALE						125,000,000	Initial Market Price*
	PUBLIC SALE							
	1 Apr 2018	10 Apr 2018	10	Day 1 to Day 10	-	0.5x (50% bonus) for non-US residents only		
	11 Apr 2018	20 Apr 2018	10	Day 11 to Day 20	-	-		
	21 Apr 2018	27 Apr 2018	7	Day 21 to Day 27	7-day no sale period to conduct an audit of proceeds <i>CMCTs released to pre-sale participants during this period</i>			
Daily Public Sale Periods	from 28 Apr 2018 00:00 UTC daily	20:00 UTC daily to 4 May 2019	7	daily from Day 28 to Day 34	-	0.5x (50% bonus) for US residents only	daily: 2,500,000 + (First Left Over Bonus Tokens ÷ 390)	Daily Market Price
	from 5 May 2018 00:00 UTC daily	20:00 UTC daily to 21 May 2019	382	daily from Day 35 to Day 416	-	-	2,500,000 + (First Left Over Bonus Tokens ÷ 390) + (Second Left Over Bonus Tokens ÷ 383)	Daily Market Price
	22 May 2019 00:00 UTC	22 May 2019 20:00 UTC	1	Day 417	-	-	2,500,000 + (First Left Over Bonus Tokens ÷ 390) + (Second Left Over Bonus Tokens ÷ 383)	Daily Market Price

*Table 2: CMCT Token Sale Schedule
(refer to section 2 for participation eligibility criteria)*

* Bonus Tokens are not taken into account when calculating the Initial Market Price. Bonus Tokens are provided to eligible participants in addition to their pro-rata share of Allocated Tokens.

Public Sale participants, other than US residents, that contribute from 1 April to 10 April 2018 (i.e., the first 10 days of the opening of the public participation in the Pre-Sale Period) will be awarded a bonus of 0.5 times the amount of CMCTs they purchased (50% bonus).

After the Pre-Sale Period, a series of 390 consecutive Daily Public Sale Periods will take place. Each Daily Public Sale Period will open at 00:00 UTC and close at 20:00 UTC.

During the first 7 Daily Public Sale Periods, US residents that contribute from 28 April to 4 May 2018 will be awarded a bonus of 0.5 times the amount of CMCTs they purchased (50% bonus).



Left Over Bonus Tokens

The First Left Over Bonus Tokens are calculated as 491,250,000 (of the Lot 2 – Bonus Allocation Provision tokens) less the allocations for all Pre-Sale Period related CMCT bonus tokens and any tokens due to advisors.

The Second Left Over Bonus Tokens are calculated as 8,750,000 (the remainder of the Lot 2 - Bonus Allocation Provision tokens) less the CMCT bonus tokens allocated to US resident participants during the first 7 Daily Sale Periods.



5 Token Price Discovery

The economics behind the utility of the CMCT and the potential disruption it can bring to the current software industry is unique. Therefore, we designed a Private and Public Sale that incorporate a method of price discovery appropriate for the context.

5.1 Price and Token Discovery

All contributions made during the Private Sale and the Public Sale other than in ETH will be assessed in ETH (unit of account) for price and token discovery calculations. Industry recognized ETH exchange rates will be used for this purpose at the appropriate times.

Initial Market Price and Public Pre-Sale Period Bonuses

CMCTs allocated for the first 20 days of the Public Sale will be distributed pro rata based on a participant's contribution to the total ETH paid-in by all participants (private and public) for the Pre-Sale Period.

The tokens (A) received by a participant are calculated as follows:

$$A = B \times \frac{C}{D} + E$$

where:

- B = ETH contributed by a Pre-Sale Period participant (private and public)
- C = the number of tokens allocated for the Pre-Sale Period
- D = the total ETH contributed by all participants (public and private) during the Pre-Sale Period
- E = the Bonus for early participation in the Pre-Sale Period, where applicable

The Initial Market Price (IMP) is calculated as follows:

$$\text{IMP} = \frac{D}{C}$$

Example:

Contribution by a Public Sale participant on 5 April 2018 (Day 5 of the Pre-Sale Period):	2.5 ETH
Total ETH received at the close of the Pre-Sale Period:	125,000 ETH
Total CMCTs allocated for the Pre-Sale Period:	125,000,000 CMCT
Bonus allocation to Public Sale participants (first 10 days of the Pre-Sale Period):	0.5x (or 50% bonus)

The Public Sale participant receives 2,500 CMCTs (i.e., 2.5 ETH x [125,000,000 CMCTs ÷ 125,000 ETH]) plus a bonus of 1,250 CMCTs (i.e., 2,500 CMCTs x 0.5) giving a total of 3,750 CMCTs. If the Public Sale participant had contributed after the 10th day of the Pre-Sale Period, no bonus is given.

The market price of CMCTs purchased during the Pre-Sale Period (i.e., the Initial Market Price for this example only) would be 0.001 ETH/CMCT (i.e., 125,000 ETH ÷ 125,000,000 CMCTs).

Example 1 – Initial Discovery



Daily Market Prices

CMCTs allocated after the Pre-Sale Period will be distributed pro rata based on a participant's contribution *in the relevant Daily Public Sale Period* to the *total ETH* paid-in by all participants for that period.

The tokens (A) received by a participant:

$$A = B \times \frac{C}{D}$$

where:

B = ETH contributed by participant in the applicable Daily Public Sale Period

C = the number of tokens allocated for the applicable Daily Public Sale Period (plus the Left Over Bonus)

D = the total ETH contributed by all participants during the applicable Daily Public Sale Period

The Daily Market Price (DMP) for each Daily Public Sale Period is calculated as follows:

$$\text{DMP} = \frac{D}{C}$$

Example:

Contribution by a participant in the 300th Daily Public Sale Period:	2.5 ETH
Total ETH contributed by all participants during the 300th Daily Public Sale Period:	25,000 ETH
Total CMCTs allocated for the 300th Daily Public Sale Period:	2,500,000 CMCT
Total Left Over Bonus applied to the 300th Daily Public Sale Period:	1,000,000 CMCT

The participant receives 350 CMCTs (i.e., $2.5 \times [(2,500,000 + 1,000,000 \text{ CMCT}) \div 25,000 \text{ ETH}]$). The Daily Market Price of the CMCTs purchased for Day 300 is 0.00714 ETH/CMCT (i.e., $25,000 \text{ ETH} \div 3,500,000 \text{ CMCTs}$).

Example 3 – Daily Public Sale Period Discovery

5.2 Time of Receipt and Contributions

For the Public Sale, ETH or BTC contributed that is not confirmed on the blockchain by the close of the relevant sale period will be applied to the next sale period. Time of receipt is ascertained from Etherscan.io for ETH, and Blockchain.info for BTC, using the relevant transaction ID.



BTC Contributions

Participants contributing in BTC will have their contributions assessed in ETH at the open rate for the beginning of the minute interval during which the receipt of the BTC was timestamped. If the minute time is not available, then the average of the high and low values for the hour interval in which the contribution was received will be used.

Example:

Contribution sent by a participant on 5 April 2018:	10 BTC
Transaction confirmed on the blockchain:	Apr-05-2018 03:42:40 AM +UTC
Open BTC/ETH exchange rate at Apr-05-2018 13:42:00:	13.194701 ETH
Open BTC/ETH exchange rate at Apr-05-2018 13:43:00:	13.155125 ETH
The participant's contribution is therefore 131.94701 ETH (i.e., 10 x 13.194701).	

Example 5 – Participant BTC contribution

5.3 Contributions in Future Periods

Public Sale participants may contribute in advance for each of the future Daily Public Sale Periods. For example, on 1 April 2018, a participant may contribute for Day 417 (the last sale period) at 00:00 UTC, or for any other period or periods between 1 April 2018 and 22 May 2019.



6 Token Distribution

Pre-Sale Period participants

Pre-Sale Period participants (private and public) must successfully complete a KYC and AML compliance check in order to purchase CMCTs. In addition, Pre-Sale Period participants (private and public) that are US residents must prove accredited investor status in accordance with US securities law.

Pre-Sale Period participants will receive CMCTs within 7 days of the close of the Pre-Sale Period.

During this 7-day period, Crowd Machine will conduct an ISRS4400 audit of the paid-in contributions.

Daily Public Sale Period participants

Participants that contribute during any Daily Public Sale Period must also successfully complete a KYC and AML compliance check in order to purchase CMCTs. CMCTs will be distributed within 4 hours of the close of the relevant Daily Public Sale Period (i.e., between 20:00 UTC and 23:59 UTC).

A quarterly ISRS4400 audit of the paid-in contributions will be performed.

Further Particulars

All CMCT purchases are final and, to the full extent permitted by the relevant laws, non-refundable.

Participants should allow a minimum of 7 days for the KYC and/or AML check in the event a manual KYC and/or AML checking process is required (for example, to allow time for investigating false positives or requesting further documentation).



7 Community and Loyalty Incentive CMCTs

Community and Loyalty Incentives will be awarded during and after the Private and Public Sale Periods.

100,000,000 (one hundred million) CMCTs shall be allocated for the following pools:

1.	Incentive for Engagement Program Pool	25,000,000 CMCTs
2.	Team Bonus Pool	50,000,000 CMCTs
3.	Direct Sales Incentives (Retail and Wholesale) Pool	25,000,000 CMCTs

CMCTs shall be held in separate wallet(s) for each pool.

7.1 Incentive for Engagement Program Pool

There are currently several programs to promote Crowd Machine and incentivize Crowd Machine users.

Token allocations from this pool are subject to all of the following terms:

- (a) The maximum distribution to a single individual or entity within a 14-day period is the lesser of 80,000 CMCTs, and CMCTs to the value of US\$20,000;
- (b) The maximum total distributions from this pool within a 14-day period is the lesser of 1,000,000 CMCTs, and CMCTs to the value of US\$250,000;
- (c) Each allocation must be for an approved activity, which includes:
 - (i) Crowd Machine Bounty Program participants;
 - (ii) CMCT Airdrops, if any;
 - (iii) "Developer" Enticements to engage developers to try Crowd Machine;
 - (iv) Humanity Programs for "developer" training in under developed countries;
 - (v) Ambassador Programs (after the Public Sale Period) to promote Crowd Machine and maintain an engaged community;
 - (vi) Crowd Machine Meet-Up attendance rewards of small CMCT amounts (1 to 10 CMCTs) for attendees; and
 - (vii) Loyalty/Partner Programs allocations, for recognized loyalty programs (such as United Mileage) or third-party token sale partner projects which boost the utility of Crowd Machine as a tool for building applications for those projects.



7.2 Team Bonus Pool

A successful Crowd Machine token sale involves many parties who contribute their time and effort as part of the Crowd Machine team. These team members are located the world over, work long hours, and must keep up a cadence of work beyond the Public Sale Period to collectively be successful.

Allocation of CMCTs from this pool are subject to all of the following terms:

- (a) All CMCTs allocated to a particular team member or third-party organization are subject to quarterly lock-up periods over a period of 24 months. For example, where an agreement is made with a broker dealer for the apportionment of a number of CMCTs, this shall be divided equally in 8 periods and distributed every 3 months;
- (b) The earliest the first distribution from this pool can occur is 7 days after the Pre-Sale Period.

The maximum distributions from this pool are limited to:

- (i) 20,000,000 CMCTs - Executive Team Members;
- (ii) 30,000,000 CMCTs - Service Providers.

7.3 Direct Sales (Retail and Wholesale) Pool

CMCTs are utility tokens. As such, to incentivize software providers and third parties to market same with their customers, they may act as a Wholesale CMCT or Retail CMCT provider. These will likely require an incentive bonus in the form of discounted CMCTs (that is, a full price token diluted with free bonus tokens).

Allocations from this pool are subject to all of the following terms:

- (a) No discounted CMCTs will be offered unless the recipient has executed a contract for the utilization of Crowd Machine for at least one test customer project, and is a reputable software provider with a demonstrable customer base;
- (b) The calculated discount will not be greater than 20% off the market value of CMCT;
- (c) The maximum distribution of free CMCTs to a single entity within a 14-day period is the lesser of 80,000 CMCTs, and CMCTs to the value of US\$20,000;
- (d) The maximum total of free CMCT distributions from this pool within a 14-day period is the lessor of 1,000,000 CMCTs, and CMCTs to the value of US\$250,000.

These Direct Sales incentives may be distributed 7 days after the Pre-Sale Period.



8 The Crowd Machine

The Crowd Machine ecosystem consists of:

- (a) a Software Platform – which already exists and comprises the following tools:
 - The Crowd App Studio
 - Crowd Share
 - The Crowd Virtual Machine
- (b) a centralized cloud hosting, and a decentralized cloud hosting network (i.e., the Crowd Computer) being built by Crowd Machine, Inc.

8.1 Software Platform: Crowd App Studio, Crowd Share and Crowd Virtual Machine

The software tools, already in production and used by Fortune 500 companies, enable non-coders to become app “developers” by using the Crowd App Studio to build highly complex, mission critical blockchain and decentralized apps, without writing a single line of code.

App “developers” can list their app components in Crowd Share (a GitHub like repository), which facilitates their use by other developers in an unlimited number of apps. When that specific component is run, the original “developer” of the component receives compensation proportionate to the value of the paid transaction.

The Crowd Virtual Machine executes the software. It is currently hosted on Amazon AWS, a centralized cloud provider. It may also be hosted in other centralized environments.

The software tools were developed by Metavine Labs in Silicon Valley, a related entity to Crowd Machine.

In 2018, future upgrades to these tools will include the following:

- the ability to create smart contracts without coding;
- automated generation of smart contracts for all blockchains;
- automated best-pricing optimization across blockchains from any app deployed on the Crowd Virtual Machine;
- automated machine learning applied to any app deployed on the Crowd Virtual Machine.

The goal is to onboard a large community of people that will build the future of decentralization through software. An expected large repository of app and app components will be made available for hosting on a decentralized infrastructure. The speed, flexibility and affordability at which the Crowd App Studio allows anyone to build apps will make it significantly difficult for developers using alternative solutions to remain commercially competitive.

The above tools are expected to disrupt the multi-trillion dollar software industry.

8.2 The Crowd Computer network

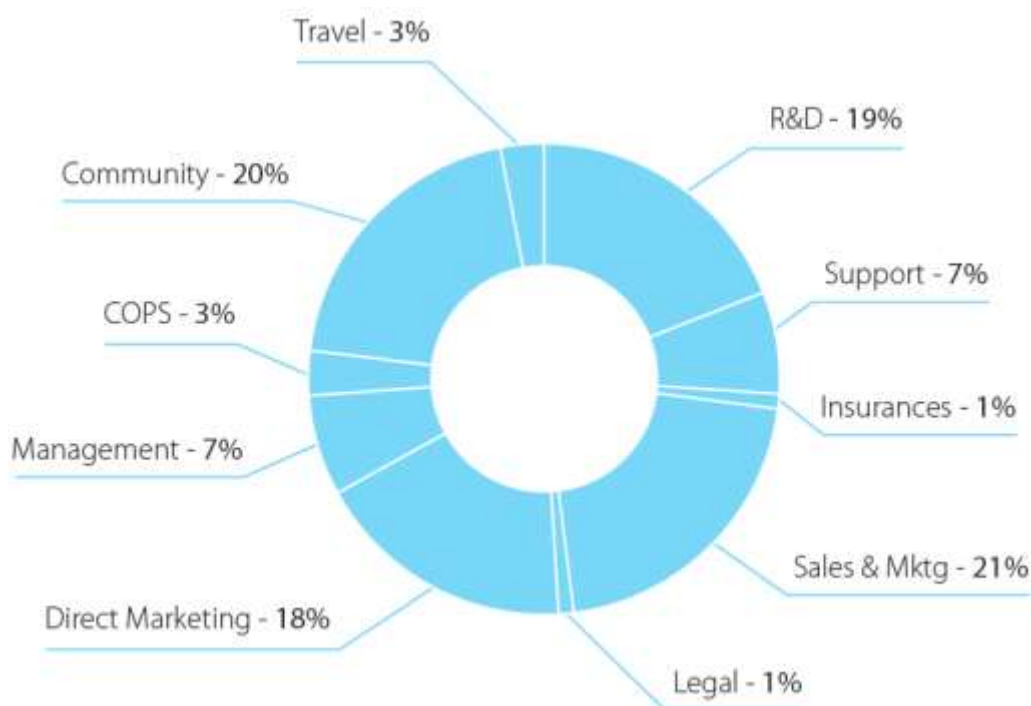
The Crowd Computer is intended to be a decentralized network to extend Crowd Machine’s current hosting functionalities in executing apps built using the Crowd App Studio. The Crowd Computer can operate as an alternative to centralized infrastructure providers such as Amazon AWS and Microsoft Azure.



9 Use of Proceeds

Sales receipts through the public token sale process will be used as follows:

- Sustaining engineering and feature enhancement of the Crowd App Studio, Crowd Share and Crowd Virtual Machine software products
- Development of a global developer community
- Sales and marketing
- Product and community support
- Other normal business functions



9.1 Sales & Marketing

Approximately 39% of sales receipts will be allocated towards sales and marketing related activities. Establishing a recognized brand to engender global community participation as an app developer is paramount to the success of the project. As detailed in section 6 (Community and Loyalty Incentive CMCTs), tokens will also be utilized in conjunction with allocated funds to promote the project and product consumption.

Crowd Machine has begun engaging a global partner channel to create Crowd Machine centers of excellence. These partners are being trained in the use of the product set and will be responsible for providing educational services as well as localized sales and support. They will also be required to hold regular meetups in their respective territories and promote the Crowd Machine brand.

Crowd Machine will work alongside partners to establish localized marketing programs and provide field sales assistance where required.



9.2 Community Engagement

Crowd Machine understands the value that community represents in the successful adoption of its technology. 20% of proceeds from the sale process are directly attributed to global community development. Furthermore, token incentives have been allocated to promote community development. A portion of the Sales & Marketing budget is also indirectly allocated toward community development through brand programs and partner relationships.

Community initiatives will include:

(1) *The Crowd Consortium*

The Crowd Consortium will consist of enterprises, governments, blockchain projects, ventures and businesses with an accent on exploring opportunities, and shaping the mechanics of the coming commercialization of decentralized applications.

The Crowd Consortium will:

- hold regular briefings about the technology and blockchain;
- develop standards and roadmaps, governance systems for enterprises and ventures;
- run Events and networking sessions;
- form a Legislative and industry Steering Committees and interact with the relevant bodies for the transition to the utilization of decentralized applications; and
- form groups that contribute to research for the development of decentralization, intellectual property protection in a decentralized world.

(2) *The Crowd Academy*

The Crowd Academy will consist of an amalgamation of universities and schools of learning to help students be trained in the use of the Crowd Machine technology. Crowd Machine is developing extensive online subject material and a Crowd Machine accreditation process. All learning materials will be provided free to academic groups and the community.

(3) *Crowd Machine's Community Group*

Crowd Machine will establish an internal group to manage all community related efforts. The group will be responsible for the development of a global community of Crowd Machine users. They will be responsible for ongoing social media campaigns, bounty and engagement programs, educational and general community promotional events (for example meetups).



10 Company Inventory CMCT Reserve - Business Sustainability

Apps developed using Crowd Machine's Crowd App Studio are comprised of executable processes called statements. To incentivize crowd sharing of computing resources, Company Inventory CMCTs will be used as credits to pay for computing cycles on centralized and the proposed decentralized cloud hosting service (i.e., the Crowd Computer).

As the number of statements executed at any given time may be very large, the number of Company Inventory CMCTs must be comparably large to avoid the potential problem of having to divide the CMCT tokens beyond their original smallest unit – which may otherwise cause the most divisible unit of a CMCT to be worth far more than any single statement.

These CMCTs will only be sold directly to app developers (i.e., users who are paying for decentralized cloud services on the Crowd Computer). They will never be sold directly on any secondary exchange. They will only be sold at the then current market price. Over time, with a successful platform, these revenues (fees from the network), will only be a fraction of same.

This could lead to CMCTs not being available when demanded.

At that time, Crowd Machine may allow wholesalers of vouchers to sell CMCTs to meet that demand. Crowd Machine's goal, however, is to open source all of the components of Crowd Machine.

In this way, the Crowd Community will be empowered to develop and support the maintenance of Crowd Machine. When this occurs, Crowd Machine is expected to receive fees as royalties from the users of the network and manage the open source program and general direction of the project.



Revisions Addendum

Version	Key modifications
1.0 14 January 2018	-
1.1 25 January 2018	audit type, KYC/AML information expansion & formatting
1.2 31 January 2018	section 5.2 - increased minimum from US\$10,000 to \$US50,000 for Public Sale participants
1.3 11 February 2018	example 3 – updated to reflect increased minimum fiat
	section 4 – corrected Daily Public Sale Period column 5's day references to match those in column 1 and inserted UTC References section
1.4 10 March 2018	section 1 – Pre-Sale Period eligibility updated to reflect changing US securities law interpretation
	section 4.2 – Public Sale contributions must be in ETH or BTC
	section 5.3 – inserted
	other miscellaneous consequential updates including ETH, BTC and USD contribution calculations and explanations
1.5 28 March 2018	section 2 – inserted directions for eligible US resident pre-sale participants
	table 2 – corrected Pre-Sale period open & close times, adjusted public sale bonus token allocations due to US regulatory uncertainty and
	Other consequential updates