

Smoke Whitepaper. V 2.3

Prepared by: Jonathan Hunter, Smoke Founder Approved by: Joe Ashburner, CMO / Co-Founder

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Introduction.

Smoke. Network is a pioneering social media application for the cannabis community designed to **reward users for their participation on a blockchain-based social network.** The rewards are self-funding and the blockchain and all data is decentralized and owned by its users. It features an incentivized, distributed open source blockchain inspired by Dan Larimer's ideas on an Autonomous Mutual Aid Society [BYTEMASTER 2015] and is powered by a Delegated Proof of Stake consensus protocol.

Rewards are issued to users who make a meaningful contribution to the community through posting original content and through curating and upvoting high-quality content.

Unlike other popular social networks, Smoke. Network is not controlled by a central authority. There is no single person that can modify the rules or governance of the application, or censor any users from accessing the application. The network is instead owned by all users and token holders in a distributed manner. This creates an incentive for all users to help grow the network together and rewards the users that provide the most value for their contributions.

The first DApp built on the Smoke Network blockchain is Smoke.io, the Smoke.Network Minimal Viable Product (MVP). It was built to showcase basic features of the network and allows users to post images and articles, share stories, as well us up-vote, follow and curate content created by others on an immutable uncensorable blockchain and gain rewards for their efforts. The ability to review strains and local dispensaries will be rolled out at a later date, along with grow journal features and native mobile Apps.



Background.

The Exploding Legal Cannabis Market

Research from industry experts points toward a 60% year over year compound growth for the legal cannabis industry as a whole [FORBES 2017] from the current estimated global market size of \$7.7 billion to reach \$31.4 billion by 2021. Smoke Network is positioned to take full advantage of the growing global legalization movement and the impending legalization of recreational cannabis globally.

Based on stats from the United Nations' World Drug Report [UNODC.ORG 2017] there are an **estimated 182 million cannabis users globally**, with 40 million of those users residing in the USA. By cornering a portion of this market, Smoke Network aims to create a vibrant online community centered around cannabis culture that benefits all participants in the network.

The market for cannabis social networks has already been validated by competing websites and apps which have millions of users per month and have IPO'd valuations of as high as \$5 million [CRUNCHBASE 2018]. The growing cannabis industry has created a platform where cannabis culture is being legitimized in popular media and marijuana users are becoming more and more open about their cannabis use and are looking for new communities to engage with, while at the same time marijuana brands are looking for new ways to reach their customers.



Background continued.

An Established Online Cannabis Community

420Smokers.us is an online cannabis brand founded by the creators of Smoke Network at a time when cryptocurrency and decentralized applications were still a relatively new concept and no blockchain existed that could handle enough transactions per second to pull off a decentralized social network. Since then the 420Smokers fan base has grown to over 500 000 passionate cannabis users [FACEBOOK 2017] and blockchain technology has evolved to allow our vision to come to reality. Being well-attuned to the wants and needs of real-world stoners, we feel capable of driving adoption of Smoke. Network beyond the scope of speculators and crypto traders.

The Rise of Steem

In 2016 the Steem blockchain was launched and distributed \$1.3 million dollars to its users [Bitcoin.com 2016] only months after launching. Since then its most popular website front-end has grown to become one of the top 500 highest traffic websites in the US and one of the top 1500 most popular websites in the world [ALEXA 2017] serving millions of pages of content per day. The popularity of the Steem platform has proved the demand for rewards based on social networks on the global market.



Background continued.

Smoke Network is Born

After our first ICO in August 2017, we built an alpha version of the Smoke Network application running on the Steem blockchain which rewards users in Steem for their posts. This demo is still running and received great reviews from the wider community. After this, we set out to improve this design in our beta application. To see our current roadmap click here.

As cannabis gains mainstream acceptance Smoke Network will position itself as the go-to tool for cannabis-related social media, strain reviews, dispensary reviews, grow journals, peer-to-peer cannabis related transactions and high-quality cannabis related content.



Problems with social media and cannabis.

Traditional social media platforms such as Facebook, Instagram and Twitter have a number of problems that plague cannabis related content. These include but are not limited to the following:

Censorship

Cannabis-related **content** is often censored and/or removed without warning on popular social media platforms. Many users have reported having Facebook pages with tens of thousand followers being shut down without warning [VICE 2017] simply for posting Cannabis related content. Even legal cannabis businesses are often targeted [CNBC 2017] with some even having their pages shut down multiple times in the same year [CNET 2018]. This creates an environment where cannabis users and businesses are constantly at risk of losing their social influence [ADWEEK 2018] due to interference from anticannabis advocates. Cannabis content can often be flagged and users can lose their groups consisting of thousands of passionate followers.

The 'Walled Garden'

Because social media companies interests are only aligned with shareholders, not users, this creates an environment where companies are incentivized to keep users on their platform for as long as possible. Often this comes at the cost of the users' well-being [NYPOST.COM 2017]. This 'walled garden' approach aims to keep users in a continuous feedback loop where they spend endless hours on the platform without gaining anything valuable only to be served a countless number of intrusive ads. Popular social media sites are designed to keep users on their site as long as possible to maximize ad impressions and profits - regardless of the users' needs.



Problems with social media and cannabis continued.

No Rewards for Users

Despite the endless hours of effort users put into producing content for popular social media sites, users do not get rewarded for the content they produce regardless of how popular or influential it is. Instead, large companies such as Facebook rake in billions of dollars in profits every year [ADWEEK 2017] in advertising revenue that they keep for themselves. Smoke Network will allow every-day cannabis users and enthusiasts to earn cryptocurrency through their passion and reward users for producing high-quality content which is valuable to the cannabis community. Any contribution or third-party products built on these networks have to find alternative means of revenue to monetize their content and applications such as through ads controlled by the networks [FACEBOOK 2017].

Fake News

The profit-driven algorithms that run popular social media site are easily exploitable by fake news stories, a phenomenon that even some of Facebook's earliest supporters are speaking out against [BUSINESS INSIDER 2017]. This kind of viral spreading of misinformation has even led to the deaths of innocent people in India and other countries [THEVERGE 2017].



Problems with social media and cannabis continued.

Privacy Concerns and No Ownership of Data

Since the advent of social media, many users have expressed criticism over a lack of privacy on social media [QUARTZ.COM 2017]. Popular social media sites willingly collect information on their users in order to show them relevant advertisements that they believe will generate them profit, regardless of the users' wellbeing or personal happiness. This 'data mining' [GUARDIAN.COM 2017] is also done via dozens of additional third-party apps that are able to connect with social networks and extract users information for their own benefit without any consideration for the user. In addition, centralized social networks 'own' the data that users post on their networks and users themselves have no control over how it is used. [FORBES 2016]



Benefits of smoke network.

Smoke Network offers several benefits over traditional social networks:

Censorship Resistant

Smoke Network is a decentralized and virtually immutable blockchain based social network that offers cannabis users **full resistance to censorship by governments and institutions**. This creates an environment where cannabis content producers can safely post high-quality content and build a loyal base of followers without the risk of losing their hard work on the whims of a bureaucratic organization. Because Smoke.Network runs on a decentralized delegated proof of stake blockchain, anyone is free to post and view any content they wish, without censorship. Front-end DApps running on the blockchain such as Smoke.io have some control over the content they display, but they have no control over the actual data. This data is stored safely on the blockchain and can never be lost as long as there are active participants running the network.



Benefits of smoke network continued.

A Social Network That Pays Its Users

On Smoke Network, users are **rewarded in SMOKE**, a cryptocurrency **exchangeable for other cryptocurrencies** such as Bitcoin or Ethereum, based on the number and quality of upvotes that their content receives on the network. Our profile-scoring algorithm weights reward for users based on the amount of SMOKE that they own on the network and the authority of the users' account. Inflation is used to control the rate of new SMOKE per annum and all new SMOKE created is allocated to users. This creates a **system where users are continually incentivized to curate and post quality content in return for monetary rewards paid out by the network.**

Private and Decentralized

Smoke Network's pseudo-anonymous structure means that users who value their privacy have no reason to input any personal information. One can interact with the chain via a pseudonym and have all the benefits of a user that has given up some or all of their personal information away from their published content. With the sensitive and often taboo regard many people hold for cannabis despite its growing legalization, many users may be afraid to post cannabis-related content on traditional social media networks such as Facebook for fear of being 'called out' by an employer or family member. Using Smoke. Network eliminates this risk entirely for such users.



Benefits of smoke network continued.

Community Curation vs Algorithmic Curation

The manual community curation aspect of Smoke Network combined with the ability to downvote posts means that fake news and inaccurate information is less likely to spread. Most popular social media sites have algorithms that actively promote any content, even if it is fake, as they are not smart enough to tell the difference between real and fake information. These algorithms help to spread misinformation and maximize user engagement regardless of the cost. On Smoke Network, users are actively involved in the content curation process and are even paid for their time discovering new content through curation rewards. This means the chance of misinformation spreading or going viral is much lower thanks to the human element.

Smart Rewards System

Our profile-scoring algorithm is designed to combat spam and abuse on the network by large holders of SMOKE. It takes into account the authority of a users account when deciding the payout of an upvote, not just the amount of SMOKE the user holds, to ensure that the quality of the network as a whole is not compromised by large holders of SMOKE who may be promoting or producing low-quality content or selling upvotes.



SMOKE coins.

SMOKE is a cryptocurrency that powers the SMOKE blockchain. Every day a set amount of new SMOKE is created by the network (inflation).

Content curators are users who upvote content. Early upvotes on content that then goes on to become popular will allocate a larger portion of the curation pool to that upvoter.

SMOKE has two forms:

- 1. **Vested SMOKE ie. Smoke Power** Vested SMOKE is SMOKE that can be used on the network to enhancing the power of your upvotes and downvotes as well receive 15% new coins per year as proof of stake earnings.
- 2. **Liquid SMOKE** Liquid SMOKE is 'regular' SMOKE which can be transferred to other users on the network or to exchange wallets but does not influence your voting power on the network.

Inflation is split as follows:

- 75% go to the reward pool, which is split between authors and curators.
- 15% of the new tokens are awarded to holders of SMOKE Power.
- The remaining 10% pays for the witnesses to power the blockchain.
- Reward payouts paid out as 100% vested Smoke Power which takes 13 full weeks to power down in equal weekly Liquid SMOKE payouts.

In addition to using Smoke Power for increasing their influence on the network, Smoke Power can also be used to **purchase Advertising on Smoke Network**. More details on our advertising modules and technical information on our blockchain are explained later on in this document.



Smoke roadmap.

Smoke Network plans to offer a number of products that will provide an attractive alternative for cannabis users compared to traditional social media and cannabis websites.

Our current development progress in Q1 2018 includes a live test-net with an MVP version of our first social networking DApp, Smoke.io for testing purposes only. Users can post images, reviews and blog posts as well as upvote and downvote contributions, follow friends and explore content and users just like they will be able to on the main-net network. All data will be lost on main-net launch.

Following the initial test-net application, we will begin building advanced features including strain and dispensary review platforms, grow journal features, and more into the Smoke.io DApp followed by a native mobile App.

Once our main-net and the final Smoke.io DApp is launched in Q3 2018, contributors will be able to start posting content and earning real SMOKE on the network. Users will also gain access to their ICO, Airdrop, and ICO Referral Smoke which will be sent to your live Smoke.io Wallet linked to your Smoke.io social media account. More information regarding our distribution events will be posted closer to the time.

Users will be able to send their SMOKE to other users or to external SMOKE wallets on exchanges with an **estimated timeline for exchange listings for mid to late Q3 2018.**

Users will also be able to earn interest on vested SMOKE in their wallet as 15% of the rewards pool every day is distributed to holders of SMOKE Power.

To see the full Smoke Network roadmap and past achievements please view our full Roadmap on our website.



Phase 1: Social Networking

The core of Smoke Network will be it's social media features.

- Users can post stories on the network stored on the blockchain
- Content types: Articles, Images, Trip Reports
- Users can view the amount of SMOKE a post has earned through upvotes / likes next to each post
- Users can upvote or downvote posts
- Users are rewarded in SMOKE when their posts are upvoted
- Users are rewarded in SMOKE when posts they have upvoted become popular (content curation rewards)
- Rewards are given per upvote based on:
 - 1. The number of SMOKE the up-voting user holds
 - 2. The users influence on the network calculated as a measure of their popularity on the network
- Homepage with custom feed and filters
- Explore page for discovering new content
- Wallet for managing funds and SMOKE transactions
- My Profile for editing basic profile information
- Settings for managing user settings

Please Note: Our test-net application is now live and available to the community for testing purposes only. Please see page 22 for more details.

Our mainnet launch including a live version of the final Smoke Network blockchain and Smoke.io DApp will be available to the public in Q3 2018.



Phase 2 - Strain Reviews & Advertising Mechanism

The second feature implemented on the Smoke Network blockchain will be our strain review database.

- Include Advertising mechanism for auctions based advertising purchased in SMOKE
- Add additional content type 'Strain Review'
- List of strains stored on the blockchain added manually by Smoke Network
- The user can select a strain to review that exists in the database
- Users with X amount of SMOKE can suggest new strains for inclusion
- Advanced search feature + landing page with popular strains
- Individual strain page for each strain
- Users can score strains from 1 to 10 along with a required written review
- Strain reviews can be upvoted by users like normal posts
- Users will receive rewards from upvotes on strain reviews in the same way as normal posts

Anticipated Smoke Ads system and strain review database launch along with strain review post types:

Q4 2018



Phase 3 - Dispensary Reviews

The third feature to be implemented on the Smoke Network blockchain will be focused on legal marijuana dispensary reviews.

- Add additional content type 'Dispensary Review'
- Include 'Claim Business' function for dispensaries to claim a business page and upgrade by purchasing enough SMOKE Power.
- List of dispensaries stored on the blockchain added manually by Smoke Network
- Users with X amount of SMOKE can suggest new dispensaries for inclusion
- Advanced geo search feature + landing page with popular dispensaries near you
- Individual dispensary page for each dispensary
- Users can score dispensaries from 1 to 10 along with a required written review
- Dispensary reviews can be upvoted by users like normal posts
- Users will receive rewards from upvotes on dispensary reviews in the same way as normal posts

Anticipated main-net dispensary review database launch along with dispensary reviews post type:

• Q1 2019



Phase 4 - Community Development

In the fourth stage of Smoke Networks development, we will be shifting more focus to promoting the growth of our community and attracting developers who to create useful cannabis related DApps running on the Smoke Network blockchain.

- Smoke Conference event for the Smoke community
- Community driven development resources
- Community drive development competitions to inspire Smoke Network DApps
- Partnerships with other leading blockchain companies to integrate SMOKE and the Smoke Network blockchain into other blockchain ecosystems
- Continued improvements to our core Social Media Web App
- Foundation funded community driven cannabis related DApps for the cannabis industry running on the Smoke Network blockchain

Anticipated Smoke Native Community Conference event:

Q2 2019



Phase 5 - Native Mobile App & User Growth

The fifth stage of Smoke Networks development will include a native mobile App for iOS and Android devices to give the community another way to share and create content on the Smoke Network blockchain. This stage will also aim to showcase the Smoke Network blockchain to a wider audience of mobile users who may not be familiar with the Smoke.io DApp and grow our active user base.

- Native mobile App for iOS and Android devices interfacing with the Smoke Network blockchain
- All Social Networking features from our Smoke.io Web DApp including customized homepage feeds, getting rewarded for posting and curating content, strain and dispensary reviews, and a Mobile SMOKE Wallet
- Continued improvements to our core Social Media Web App and Mobile Apps

Anticipated Smoke Native Mobile App beta release:

Q3 2019

Anticipated Smoke Native Mobile App final release:

Q4 2019

For more information on our future plans please see our full Roadmap on our website and subscribe to our mailing list for regular development updates.



Smoke.io.

Test-net MVP Features

Our first front-end Minimum Viable Application (MVP) launched on the Smoke test-net blockchain, the Smoke.io test-net is a working social media application running on our own native graphene blockchain. Social media features include the ability to browse, upvote, and get paid for contributions on the network into an on-site wallet.

Features of the test-net include a streamlined user sign up page, a custom homepage feed, an explore page for finding and curating new content on the fly, a wallet page for managing SMOKE earned and processing withdrawals and deposits, a profile page for viewing and editing profile information, as well as a basic settings page to customise your experience on the network. All posts have an amount of SMOKE listed next to them to show how much SMOKE that post has earned on the test-net blockchain through upvotes.

Test-net MVP Pages

- HOME
- EXPLORE
- WALLET
- MY PROFILE
- SETTINGS
- SINGLE POST



Smoke.io continued.

Live Test-net

The Smoke Network test-net was launched in April 2018 and is now live and operational for testing and development purposes. *

Please visit http://testnet.smoke.io/ to sign up and create an account or visit our Help Center for more test-net related information.

To find out more about becoming a witness please contact us via our website.

* Please note: The test-net is a beta version of our graphene blockchain running an MVP version of the first Smoke Network DApp, Smoke.io. No SMOKE, Users, or other account settings will be transferred to the final Smoke Network main-net.



Technology.

Delegated Proof of Stake Consensus Model

Smoke.Network operates on a standalone Delegated Proof of Stake (DPoS) blockchain based on a fork of the latest version of the open source software. Invented by Dan Larimer, the hugely successful founder of both Bitshares and the upcoming EOS platform, DPoS has a number of distinct advantages over competing consensus models such as Proof of Work (PoW) employed by market leaders such as Bitcoin and Ethereum. Bitcoin miners running its PoW algorithm use massive amounts of electricity [NYTIMES 2018] and build large infrastructure to supply the proof of work needed to claim new Bitcoins. This work is largely going to waste.

Please Note: Our project was originally intended to be built on the EOS platform but we pivoted to our own blockchain in order to bring our product to market sooner. Future integrations with EOS are however possible due to our platforms shared graphene blockchain technology.

DPoS provides a combination of speed and scalability that current PoW chains such as Ethereum lack without the large environmental impact and high computing costs and **with zero transaction fees**. We believe this technology, already implemented successfully on Bitshares and Steem, and in the upcoming launch of the new EOS platform, will provide our users with the fastest and most robust blockchain possible for their needs.

We will be building on top of trusted technology already powering popular sites such as Steem and Bitshares which currently handle hundreds of transactions every second and serve millions of users every month. In comparison, Bitcoin and Ethereum can both only handle less than 10 transactions per second due to the additional computing requirements imposed by PoW.



Dans Larimer's Original Mutual Aid Society Model

In Dan's original Mutual Aid Society model [BYTEMASTER 2015], which formed the inspiration for the Steem platform, the consensus model for voting rewards on content is achieved via stake-weighted voting and game theory. This was the original basis for the Steem network and is designed in such a way that every positive action rewards the entire community. However, various issues cropped up which eventually created manipulation on the network [STEEMIT 2016].

No system is perfect and at Smoke Network we have taken notes from the real work application of Dan Larimer's model in order to create a system that is robust and is designed to negate as many negative aspects as possible from this governance model.

"Hundreds of thousands of individuals have been arrested and prosecuted for mere possession of cannabis. While many of these individuals need it for medical reasons, most of the people involved had their lives negatively impacted despite never harming anyone."- Dan Larimer, Mutual Aid Society, Bytemaster Blog 2015



Smoke Network Fork Updates

We have come up with the core factors below which are in active development on our private test-net to build and improve upon the Steem code base to provide a more robust system that is geared towards rewarding behavior with a net positive impact on a community network.

Before reading through the proposed updates it is advised that you familiarize yourself with the Steem whitepaper [STEEM 2017]. Here are some ideas to review that are core variables on the network:

- Initial distribution short term and long term
- Inflation rate
- Reward curve
- Reward percentages (Author, curator, witness)
- Time to vote on posts
- Time posts are eligible for rewards
- Curator reward distribution



The core changes implemented for the Smoke Network codebase are as follows:

• Innovative User Authority model for rewards*. The original n^2 rewards curve created an incentive to be the first to find and upvote high-quality content. Due to abuse, Steem moved to a linear rewards curve which, unintentionally, created a new set of problems. Because users with less stake have less to lose they have a higher incentive to cheat the rewards pool. Large stakeholders are also incentivized to sell votes rather than curate as rewards are now more predictable. In conclusion, we believe a unique reward system must be used to negate this. To combat abuse on the network we are pioneering a new algorithm for rewards based on User Authority first introduced by @scipio as a concept for the Steem blockchain. On the network, a user's influence (the number and authority of their followers) combined with their SMOKE Power on the network gives their voting weight. User Authority will ensure that even users with minimum SMOKE Power but a large influence on the network can mitigate the behavior of selfish stakeholders. A minimum amount of UA is needed to downvote as well in order to mitigate flag abuse:

downvotable(user) bool = (UA(user) >= UA(threshold)) ? true : false Implement UA to curate monetary rewards (author / curation): upvote_reward = UA * SP

* Full credit to Steem user @scipio for introducing this idea.



Post rewards reset every 24 hours. This is a feature unique to Smoke Network that would allow for 'evergreen' or continually earning content. These further incentives users to create and maintain high-quality content on the network for continued rewards.

Removing the Steem Dollar mechanism. This is a key feature in Dan's original concept that users of the Steem network have been able to manipulate to their advantage (At time of writing 1 Steem dollar = \$4.15), indicating the currency peg has been broken). One loophole to this mechanism that is currently unfolding on the Steem blockchain is that evil whales sell their votes and delegate stake in exchange for liquid Steem Dollars. By cornering the Steem Dollar market they can manipulate the price of SBD to suit their agendas without needing to divest to take large portions of capital out of the Steem ecosystem. By removing the Steem Dollar mechanism, we give these whales fewer methods of cashing out of the system and more incentive to keep their investments afloat by not abusing the system. By removing Steem dollar and rewarding in SP only, we incentivize users to hold rather than selling out of the system - as large payouts will have a significant effect on the market price of SMOKE and in most cases incur slippage.

- SMOKE (S) is liquid currency tradable and transferable in and out of the network
- SMOKE Power (SP) is a 'vested' form of SMOKE which cannot be transferred for a set period of time - this mechanism is designed to ensure users are committed to the network on a long-term basis to prevent abuse and market manipulation



Rewards are split 50% post author / 50% curator. By making this change we incentivize holders to find and curate new and valuable content. Curators with enough rewards should be incentivized to curate rather than sell votes to anyone. Of all SMOKE created daily by the network:

- 75% go to the reward pool, which is split between authors and curators.
- 15% of the new tokens are awarded to holders of SMOKE Power.
- The remaining 10% pays for the witnesses to power the blockchain.
- Reward payouts paid out as 100% vested Smoke Power.

New Genesis Block with 42,000,000 pre-mined SMOKE. Smoke. Network has its own distribution model so the chain will start fresh with a genesis block consisting of 42,000,000 SMOKE tokens. From this point the chain will have an inflation rate of 9.5% per year, reducing by 0.5% per annum until the rewards drop to 5% per annum.

Cell-phone confirmation for new accounts. Accounts can only be created by the smoke-foundation account via sign-ups that are authorized via SMS to help prevent spam accounts. 1 phone number = 1 account.

New accounts are given a small amount of Smoke Power to incentivize signups. This feature is designed to aid viral growth on the platform as new users are seeded some SMOKE Power in order to begin contributing and curating content. The SMOKE power is sent from the smoke-network foundation funds.



Marketing.

Market Research - USA

According to the National Survey of Drug Use and health in 2015, it is estimated that over 8.4% of people [SAMHSA.GOV], almost 1 out of every 10, in the USA had smoked or consumed marijuana in the past month in the USA in 2015. This was estimated to equate to over 22 million active monthly marijuana smokers in the USA alone [DRUGABUSE.GOV 2018], with over 45% of total respondents having tried marijuana at least once in their lifetime.

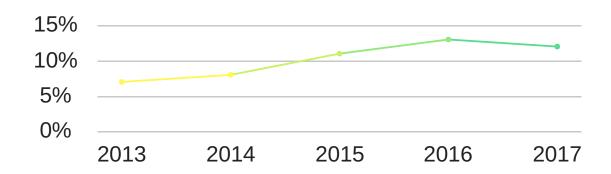
In the same year according to the UN World Drug Report 2017, it was estimated that the annual prevalence of cannabis use increased (by 34 percent) to 13.5 percent of the population aged 12 years and older over the period 2007-2015 [UNODC.ORG 2017].

More recent polls from 2017 point toward over 12% of consumers [GALLUP 2017] in the USA admitting to being active marijuana users, the highest since 1969, with the highest prevalence in users 18-29 years old and users 30-49 years old. This equates to over \$35 million active marijuana users in the USA alone.



One in Eight Americans Say They Smoke Marijuanua

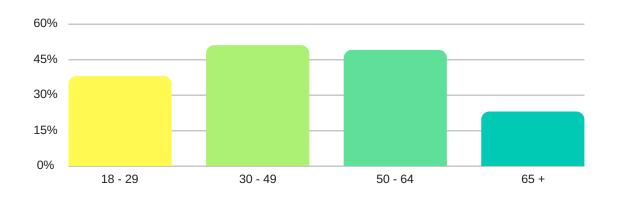
Keeping in mind that all of your answers in this survey where confidential, do you yourself, smoke marijuana?



GALLUP - 2017

Marijuana Usage and Experimentation in the U.S. by Subgroup

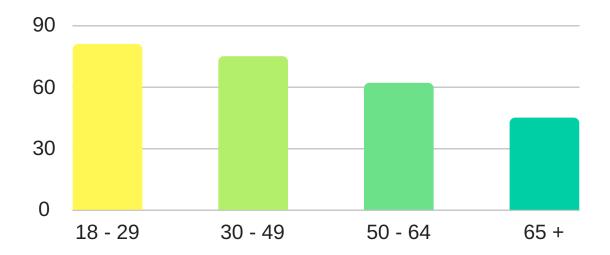
Age group of users that have tried cannabis:





Social Media penetration in the USA is estimated at over 64% [STATISTA.COM] according to the Statista Digital Market Outlook 2017. Some independent surveys have yielded results as high as a 67% social media market penetration [PEWINTERNET.ORG] across the US. Not surprisingly, the correlation of social media users by age group is and the usage of marijuana by age group is high.

% of U.S. adults who use at least one social media site, by age in 2018



PEW RESEARCH CENTER - 2018

Combining these two datasets, we are left with a roughly estimated market size of **22 750 000** (**twenty million seven hundred and fifty thousand**) users in the USA who are active on social media and use cannabis based on leading industry analysis and available survey data in the USA alone.



Market Research - Globally

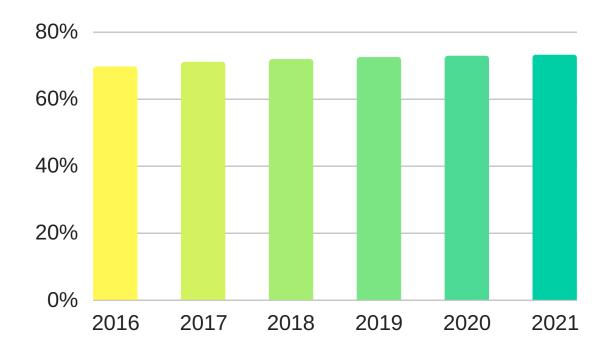
It is estimated that the global base of cannabis users who had consumed cannabis in the past year in 2015 was as high as 178 million according to the UN World Drug Report 2017 [UNODC.ORG 2017], making up roughly 3.8 percent of the global population. North America had a 7.5 percent usage prevalence for the same year while Europe showed an annual prevalence of marijuana usage of 13.3 percent for people aged 15-34 years.

According to Emarketer, the global population in 2017 saw a 71 percent yearly penetration of users accessing social media sites [EMARKETER.COM 2017] with an estimated 73% penetration by 2021

Combining these two data sets we are left with an approximate global market size of users who use marijuana and are also active on social media of 126,380,000 (one hundred and twenty-six million three hundred and eighty thousand) users.



Social Network Users and Penetration Worldwide, 2016 - 2021 billion, % change and % of internet users



NOTE: internet users who use social network via any device at least once per month

eMarketer - June 2017



User Personas

We have identified the core Smoke. Network user personas, a rough hypothesized outline of potential network participants, which are listed below. These personas were calculated based on user research within our own 420 Smokers community [FACEBOOK 2018] along with first-hand experience in the global cannabis industry.

- Regular cannabis users who are looking for high-quality cannabis content. Cannabis users who are passionate about cannabis and enjoy consuming and sharing high-quality cannabis related content.
- High-quality cannabis content producers. These are users who want to
 produce high-quality content for a network that rewards them for their input.
 Popular cannabis related content includes images, product or strain reviews,
 grow journals, dispensary reviews, detailed editorial guides, as well as video
 and other media.
- Cannabis brands looking to promote their products organically.
 Cannabis brands including seed banks, dispensaries and smoking peripheral manufacturers are all likely to find value in participating organically in the network to create a following for their brands in the multibillion dollar cannabis industry without the risk of censorship.



User Personas Continued

• Those who purchase SMOKE expecting the network to grow. These are users who purchase SMOKE expecting the network to grow to a point whereby they can sell their SMOKE to another user. These users are incentivized to contribute and remain active on the network by earning content curation rewards through using their voting power to curate high-quality content. This simultaneously grows each users pool of smoke while at the same time growing the popularity of the Smoke Network as a whole.

Some users may fall into more than one (or all) of the above categories. We believe we can tap into each of these markets and build a community where the outcome is net positive for all participants.



Primary Marketing Avenues

Smoke Network will be marketed through a number of digital and real-world channels in order to help build a thriving community together.

- Airdrop event and viral marketing strategies: Our Airdrop event is the first viral marketing technique used for our network. After our Airdrop event, we will continue to run viral promotions and giveaways with exciting prizes to grow the community organically from the ground up.
- Search Engine Optimization and Website Acquisitions: By employing advanced SEO optimization and marketing strategies SMOKE will seek to gain an early foothold in the online cannabis media space on Google. This strategy will be aided both by the acquisition of existing cannabis related websites and through our already established online 420Smokers.us brand.
- Social Media Marketing and Advertising: Social Media advertising is another important avenue for us to market our network to users on existing social media platforms. This will be done through partnerships and promotions with leading cannabis social media channels as well as through our 420Smokers.us brand fan page which already has over 500 000 fans.
- Online PR and media outreach: Through high performing, PR techniques
 will continue to increase our coverage from major tech, cryptocurrency, and
 cannabis news outlets to introduce our community to new users and tell the
 world our story.
- Event Sponsorship and Conferences: To increase our real-world brand awareness, we will be hosting Smoke community events as well as sponsoring and speaking at relevant cryptocurrency and cannabis events globally.



Projected Market Share

2018

Based on all available data and marketing materials our **goal is to have over 50 000 registers users by the end of 2018*.** Though this is only a very small fraction of our total market size, we believe it is a realistic target for us to aim for as we aim to build Smoke Network out together with the community.

Our current community of Smoke subscribers is over 20 000 strong and we are confident that by effectively marketing our platform using the techniques listed above we will be able to meet or exceed this goal.

2019

Our **goal** is to have over 250 000 registers users by the end of 2019*. This will be achieved from a combination of organic search engine traffic, viral marketing, social media marketing, PR, event sponsorship and organic community growth.

Leveraging years of experience in the digital marketing and competing against huge brands, our team is confident we will be able to effectively compete in the highly competitive digital marketing landscape of today.



Projected Market Share

2020 - 2021

Our **goal by the end of 2021 is to have 1 000 000 registered user.** By continuing our focus on our core digital marketing strategies and bringing in new community incentives to help spark organic viral growth we hope to attain a year over year growth rate of 100% through from 2020 - 2021.

We are also confident in the future cryptocurrency space and renewed interest by the public in blockchain DApps as well as the rising global cannabis legalization movement may aid us immensely in achieving these goals in years to come.

A dedicated marketing team will be funded initially through our ICO sale funds and then through our Smoke foundation account which will be funded by paying Advertisers on the network.

For more info on our marketing budget please see page



Conclusion

While these are only estimates and the challenges of capturing even a small percentage of this market is real, we hope this section gives an idea of the scale of cannabis users on social media who may be interested in trying out our network.

With even the earliest backers of social media giants such as Facebook actively voicing their frustrations with the shortcomings of their creations [NYPOST.COM 2017], we strongly believe Smoke Network will provide enough advantages over traditional social media that active marijuana users will be open to trying our product.

Many users may also be attracted to the network long term due to the potential for real-world rewards, network growth and the censorship-resistant nature of the platform compared to the self-serving social media monopolies of today.



Business.

Registered Business

Smoke Holdings IBC is a registered business in Belize. To confirm our registration feel free to visit the International Business Companies Registry and search for 'Smoke Holdings Ltd'.

Our company will secure a registered USD-based bank account at a leading global bank to fund operations requiring fiat currency, although our funds will remain invested in SMOKE unless otherwise required.

Legal Concerns Related to ICO

We are **blocking both US and Chinese investors from our ICO** via IP firewalls due to regulatory concerns and to ensure our project runs into no legal hassle.

Our legal counsel has assured us that such a move would make us eligible for a Regulation S exemption in the US as we are not offering our ICO to US citizens in any way.

In addition, we are building the Smoke Network software as open source code and are a software company and will be listing on non-US exchanges to avoid regulatory issues from the SEC and other organizations.

We also strongly believe that SMOKE has strong utility value on Smoke Network DApps (Vested Smoke Power gives control on the network as well as allows users to purchase ads using liquid SMOKE) and for that reason alone cannot be seen as a simple security. The distributed nature of Smoke Network also means that no single entity has full control of the network in any way which makes ownership by a single party virtually impossible.



Revenue Model

Smoke aims to monetize the Smoke.io DApp through non-intrusive promotional Ads which are paid for and displayed via an auction system handled entirely by code on the blockchain.

This will help to give legitimate marijuana businesses who have been given the cold shoulder by major social networks such as Facebook [FACEBOOK.COM 2018], Instagram [LAWSTREETMEDIA.COM 2017] and Twitter [TWITTER.COM 2018] a platform to advertise to potential customers and invest in their social media account, without the risk of it being shut down.

Any user or business will be able to pay for and run ads on the network using their SMOKE. These funds will go into the SMOKE foundation account which is used for bounties, seed SMOKE for new accounts, and network running costs.



Advertising Revenue

Revenue paid for all Ads will go to a Smoke Network foundation account. This SMOKE will be used for **continued development**, **marketing**, **and running costs as well as contributions to community-driven projects** to help expand the network and to ensure the sustainability of our project.

Advertisers will bid against each other in an auction system where Advertisers bid for ad slots at set intervals:

Ad Sizes / Positions

- Main Post Pages 300 x 250 In-feed Ad (every 10 posts)
- Strain Reviews Text Strain Review database 'Buy Seeds' link
- Dispensary 300 x 250 In-feed Ads (every 10 dispensaries listed)

Ad Targeting Options

- Geo IP based (country specific)
- Geo Location Specific (only valid for users who have opted into locationbased advertising with a valid address)



Ad Payment Metrics

- All ads will run for one-week intervals to simplify billing requirements early on
- Each slot will display ads in the order of highest bidder based on their highest price bid with the highest paying advertisers taking preference.

Example: There is 1 ad spot after every 10 posts in a users feed.
User A bids 10 SMOKE to promote his content, bids B sends 5 SMOKE and user C bids 3 SMOKE.

User A's post will appear in all Smoke.io users feeds as their 11th post, User B's post will appear as the 21'st post in the users feed and User C's post will appear as the 31's post in the users feed.

These ads will stay in this position for 7 days or until another user sends more SMOKE to outbid the current ad spot holder and take over their slot.



In-Feed Ads

Smoke.io will feature user-submitted In-Feed ads that display in all of the user's content feeds on-site. These will be featured prominently but will be limited to avoid frustrating users. Ads will only be served on a first-come-first-serve basis.

In-Content Ads

These Ads will display in long-form content (articles) and will again be controlled via the network and displayed based on a bidding system and auctioned to the highest bidder.

Strain Database Ads

To take advantage of the huge network of global seed banks mentioned previously, Smoke.io will employ strain database specific ads for each marijuana strain page. Seed banks will be able to bid for the ability to advertise a link to buy seeds directly from the strain information page for each strain on the network.

Dispensary Database Ads

With the growing number of legal businesses selling marijuana Smoke.io will employ geo-based advertising opportunities to dispensaries on the front-end. This will allow dispensaries to target potential users in their areas and circumvent the marginalization they experience on traditional social media platforms by not being allowed to advertise at all on popular platforms.



Target Market for Advertising Revenue

Businesses who stand to gain from marijuana advertising on the network include but are not limited to the following:

- **Dispensaries** Marijuana is now legal recreationally in 9 US states [WIKIPEDIA 2018] and in at least three countries globally [WIKIPEDIA 2018] with medical marijuana legal in 29 states in the USA and over 23 countries globally. Some experts anticipate that the global legal retail marijuana market will hit \$31 billion by 2021 from an estimated 7\$ billion in 2017 fueled by a 60% compound annual growth rate [FORBES 2017]. Another expert study has slightly more modest projections, anticipating a market size of \$24.5 billion by 2021 fueled by an annual 28% growth rate [BUSINESS INSIDER 2017] from a current estimated \$9.7 billion in 2017. With so much money on the table and a limited market for advertising online, there is already a strong demand for advertising avenues for local dispensaries [BOSTONGLOBE.COM 2017]. This demand is like to get bigger over time as the legal marijuana market expands rapidly.
- Marijuana Peripheral Retailers Online retailers selling marijuana
 peripherals have limited access to advertising opportunities due to the
 restrictions imposed by regular media. Popular examples include online
 retailers such as Grasscity who are ranked in the top 4000 websites in the US
 [ALEXA 2018], serving millions of customers per month.



Seed banks - Online seed banks offer high-quality marijuana seeds based on careful breeding and genetic engineering which can go for \$10 a seed or more. A study by the UNODC as far back as 2012 found over 122 online seed banks operating online selling seeds with prices ranging from \$1.50 to \$18.32 [ISSDP.ORG 2012]. Some popular online seed banks rank in the top 50 000 websites globally [ALEXA 2018] serving hundreds of thousands of customers per month.

Budget Forecast

 Please Note: The running costs below cover the bare minimum costs for keeping the Smoke Network blockchain running and operational and do not cover allocation of ICO Funds. ICO Fund allocations are covered later in this document. All forecasts are estimates only.

2018

- Revenue: In-Feed Ads \$10,000, <u>Total = \$10,000 (Est. 25 advertisers.</u>
 50,000 users)
- Running Costs: Code Maintenance \$10,000, Community Management \$5,000, Total = \$15,000

2019

- Revenue: In-Feed Ads \$35,000, Strain DB Ads \$7,500. Dispensary DB Ads \$7,500, Total = \$50,000 (400% YoY Growth, Est. 100 advertisers, Est. 250,000 users)
- Costs: Code Maintenance \$15,000, Community Management \$7,500,
 Total = \$22,500



2020

- Revenue: In-Feed Ads \$100,000, Strain DB Ads \$50,000. Dispensary
 DB Ads \$50,000, Total = \$200,000 (300% YoY Growth, Est. 300 advertisers, Est. 500,000 users)
- Costs: Code Maintenance \$30,000, Community Management \$20,000,
 Total = \$50,000

2021

- Revenue: In-Feed Ads \$250,000, Strain DB Ads \$125,000. Dispensary
 DB Ads \$125,000, Total = \$400,000 (100% YoY Growth, Est. 500 advertisers, Est. 1,000,000 users)
- Costs: Code Maintenance \$50,000, Community Management \$30,000, Total = \$50,000

We anticipate modest revenues for the first two years of operation, though still enough to fund basic operations outside of ICO funding. Our year-over-year growth is anticipated to start off very high before decreasing as we corner more and more of our target market. As our YoY growth decreases, we will begin aggressive marketing using available revenue in order to ensure a YoY growth rate of at least 50% is maintained post 2021. Furthermore, we anticipate our basic network maintenance costs (outside of new feature development / R&D) will remain relatively low and will provide high profit margins, allowing us sufficient budget to spend on marketing campaigns in order to fuel continued expansion.



Competing With Existing Centralized Websites And Apps

Smoke Network front-end applications running on the Smoke Network blockchain will be competing with a number of traditional centralized cannabis websites and apps and social media websites. These products have already been validated by the large demand for cannabis social networks within the cannabis community and the huge popularity of social media globally.

We aim to improve substantially on offerings from current leading cannabis apps and social networks and attract a large segment of the global cannabis community to participate in our network through.

What makes Smoke Network unique in the cannabis community is **the ability for users to easily earn from producing high-quality cannabis content** and be rewarded for engaging with the network.

We believe the ability to earn for doing something they love will inspire the community to help spread the word about Smoke Networks vision and the community we are building.



Unique Selling Points

- Users Get Paid for Content Users can earn cryptocurrency on the network by posting unique marijuana-related content. This is our number one selling points to help spark viral growth compared to centralized social media outlets. No other marijuana based social network, application, or blockchain project to date offers this feature.
- Immune to Censorship Blockchain technology means that the content of
 users and businesses are stored safely on the blockchain at all times. No
 outside party, government, or organization can interfere with the network,
 which is a sad reality for many marijuana-related social media business pages
 around the world.
- **Superior User Experience** The Smoke team are dedicated to providing a superior user experience to competitors in every way possible both through innovative features and high-quality, user-friendly designs.
- Aggressive Marketing We have an experienced marketing team and large marketing budget for aggressive expansion, getting the word out about Smoke Network, and growing the community to a critical mass. We also have a great marketing angle to pitch for viral exposure within the existing online cannabis community.



Putting the User First

Smoke Network was built for a broad array of users including those that do not necessarily understand how cryptocurrencies work. The familiar on-boarding experience borrowed from apps such as Instagram and Medium will go a long way in allowing the user to sign up and use the app freely, without the need for unwanted ads, data mining, or paying a premium fee to use any features.

Users are able to post, review and communicate with their friends in their own self-interest by earning a cryptocurrency they can either cash out instantly or reinvest to gain more potential rewards on the platform.

Through our purpose-built blockchain, expert user experience design, aggressive marketing, incentivized rewards for users and innovative product design from the ground up, we aim to provide a better experience than existing alternatives on a number of levels.



Competing With Existing Cannabis Coins and Cryptocurrencies

At Smoke Network we respect all cannabis cryptocurrencies in the scene and their ideas for a better future with cannabis.

That said, we have been careful to position ourselves as the only decentralized cannabis social network on the market and the only cannabis project aimed at the social networking and media space. We are also the only project in which we believe our Coins have direct utility value on our social network for the average user.

Most cannabis coins on the scene are focused on one or more of the following:

- Facilitating Cannabis Payments Coins whose only purpose is transactions between parties relating to marijuana sales. Notable Examples: Potcoin, Hempcoin, Cannabiscoin
- Cannabis Industry Incubators Coins whose primary purpose is as a cannabis industry incubator and innovator to help existing marijuana businesses. Notable Examples: Paragon
- Cannabis Industry Supply Chain Management Coins whose primary focus is supply chain management for the marijuana industry to reduce logistics costs and improve quality control. Notable Examples: Budbo

To reiterate, we do not compete directly with any existing cannabis related blockchain projects with our products. We believe that our Coins utility value for advertising and content rewards will give it a fundamental reason why our users will want to hold SMOKE over other cryptocurrencies.



SWOT and Risk Analysis

The SWOT analysis is a strategic planning technique in order to validate a business or project by identifying its strengths, weaknesses, opportunities and potential threats.

Internal Factors

Strengths:

- Novel and unique approach to social networking (users are paid for content)
- Solves real-world issue of cannabis censorship on social media
- Small starting community allows for flexible product development
- · Graphene-based blockchain allows for extreme scalability
- Concept validated by existing decentralized social network (Steem)

Weaknesses:

- SMOKE price may be largely dependent on global cryptocurrency market
- Potential for abuse on the network by 'bad actors'
- Relying on the community to provide high quality content
- Large marketing budget required to compete with traditional social media organizations



External Factors

Opportunities:

- No centralized competitors offering a similar service (no user rewards)
- Rapidly expanding global cannabis market
- Rising cryptocurrency related markets
- Blockchain technology advancing rapidly and gaining widespread acceptance
- Expansion into other marijuana-related markets as the network grows

Threats:

- Users may be resistant to shying away from traditional social media
- Instability of global cryptocurrency market may affect network negatively
- Network effect requires the community to reach critical mass within marijuana community to reach full potential
- Competition from other blockchain based social networks



SWOT Analysis

The following strategies developed from careful SWOT analysis will help us mitigate risks and ensure the longevity of the network during its development.

S-O Strategies:

Strategies drawing on the networks internal Strengths to take full advantage of external network Opportunities:

- Use first to market advantage as a rewards based social network in the marijuana niche to attract a large base of interested marijuana users and cryptocurrency enthusiasts globally
- Use graphene blockchain technology to ensure network scalability for rapid expansion
- Use existing decentralized social networks (Steem) to learn from, analyze and help improve the network
- Use early adopter advantage to gain momentum and build a sustainable product with the potential to scale and expand into different cannabis markets



O-T Strategies:

Strategies to overcome potential external Threats via external Opportunities:

- Utilize current bull market in cryptocurrencies to entrench market position and mitigate potential dangers to the network in the event of a cryptocurrency market crash
- Rally the cannabis community by drawing on the current wave of global legalization to attract new users to a decentralized friendly cannabis social network

W-O Strategies:

Strategies to overcome Weaknesses by pursuing Opportunities:

- Use global cannabis legalization movement to help spur early-stage network participation
- Get enough active users invested long-term in the network that it cushions the blow of a temporary market crash



S-T Strategies:

Strategies to overcome potential Threats via core network Strengths:

- Use Smoke Networks advantages over traditional social media as a core marketing message to attract new users from existing social media platforms
- Use a small starting community to run user tests and optimize the networks user experience before marketing project to a larger user base

W-T Strategies:

Strategies to prevent internal Weaknesses from allowing external Threats to jeopardize the network:

- Use and develop advanced anti-spam tools to prevent abuse on the network and ensure users are retained on the platform to help reach a critical mass of users
- Manage market budget effectively to spark viral growth and inspire users to 'defect' from existing social networks



Ways to contribute.

Smoke Cryptocurrency (SMOKE)

Smoke Tokens are the primary token of the Smoke. Network. To invest in the network users will be able to buy Smoke (SMOKE), a native cryptocurrency used to power the working blockchain, via our ICO or on an exchange. Users can 'vest' their smoke (invest it back into the network for a set period of time) to receive Vested Smoke (SP) which can be used for increasing content curation rewards. Users can also send their SMOKE out to an exchange for trading.

Content Contributions

The Smoke Network platform is open to all users and a small amount of Vested Smoke (SP) is assigned to all new users accounts for use on the network. This allows new users who are skilled content producers to produce high-quality content for the cannabis community and begin earning rewards immediately. In addition, anti-spam features will ensure that regular contributors are on equal footing with large SMOKE holders who may seek to manipulate the network.

Content Curation

Due to the way the Smoke Network is set up, even content consumers who do not produce valuable content can contribute meaningfully to the network through curating high-quality content via upvotes. If content that a user was one of the first to upvote becomes popular on the network, they stand to gain a large portion of the curation rewards set out in the rewards pool. Through upvoting high-quality content, over time content curators stand to earn a significant stake in the network for their contribution.



Ways to contribute continued.

Feature Development

We are constantly looking to improve on Smoke Network and are always on the hunt for talented developers to build additional applications and services to help grow and improve on the platform. We will be offering community development resources in upcoming months to help developers create apps and tools on the Smoke Network blockchain and we welcome developers within the community who have ideas for DApps on the Smoke Network blockchain to contact us.

Capital Contributions

Capital contributions to the Smoke. Network will come from those buying SMOKE on peer-to-peer exchanges or through the ICO event. On Smoke Network, capital contributions will allow users a larger influence on the network with regards to control over the distribution of the daily rewards pool. This effectively allows the contributor more power over the future growth of the network. Those who purchase SMOKE profit from the community's growth and have more potential to be rewarded in SMOKE for positively influencing the network. In the same way, contributors will suffer when the community is compromised or their actions have a net negative influence on the network.



Allocation of funds.

Below we have listed sections with an **estimate outline** of fund allocation covering **the first three years of Smoke Networks development** for if we hit **Max Cap** and **the first two years of development** if we hit **Min Cap.** Fund allocation covers on-going product development, extensive marketing campaigns, on-going business functions and network logistics, as well as legal costs

Going against social media giants such as Facebook as well as centralized marijuana companies, careful expenditure of our budget will be a core part of making a real impact in the global social media market and providing more value to our users than established competitors.

Our Min Cap would leave us with a total of \$250 000 while our Max Cap would leave us with \$1.9 million.

We have plans for both outcomes but certain features and timelines will need to be adjusted to account for a smaller running budget.

Regardless of either scenario the Smoke.io DApp and Smoke Network will launch and all SMOKE purchased will be available for use on the network with all core features as planned.

For our Min Cap scenario, we will only have a limited budget to fund additional features and the scope of certain areas of future development will need to be funded through advertising revenue or community effort at a later date.



Building out our core social media applications is a two-fold challenge. On one hand, there is core blockchain development. As described in our development section above, the numerous improvements and features we have planned for our blockchain will require careful planning and execution for the long term.

On the other hand, we have product design and development for the user-facing website and mobile application for Smoke.io, the first DApp to run on the Smoke Network blockchain., as well as a host of marketing, business, legal and other related costs.

Building a social network means competing indirectly with some of the most powerful companies in the world in terms of user experience design, user interface design and product feature development. Careful user testing and continuous iterative improvements on our products as well as aligned incentives will be the only thing keeping users on our platform versus more established alternatives.

Future planned features on the network include a strain review database, and dispensary review database, native mobile applications, and continuous improvements on our core social networking features. We use our small initial size to innovative and adjust to our users needs to craft an amazing user experience for cannabis users. Our development team will expand to meet the needs of the project as it grows including hiring outside consultants and graphene blockchain experts.



Product Development - 2018 - 2020 - Max Cap - 35% (\$665,000 Total / \$221,666 per year)

•	Initial On-Chain Development (Continued Core	10%
	Development, Q3 Launch)	
•	Product Design and UX Prototyping (Web, Mobile, User	10%
	Testing)	
•	Complete Frontend Development (Custom React.js Web	15%
	Interface)	15%
•	Strain Review Database Development (Q4 2018 Launch)	10%
•	Dispensary Reviews Development (Q1 2019 Launch)	20%
•	New Product Features + On-Going Maintenance	20%

In our Max Cap scenario, we will have sufficient budget to complete all aspects of our networks development according to our original timeline with 35% of our total cap assigned to development. Funds will be split between core backend blockchain development, product design and UX design for our initial Smoke.io launch, as well as separate project budgets for our future planned features to be integrated into the Smoke blockchain and Smoke.io App. Also included is a budget for ongoing product development and network maintenance.



Product Development - 2018 / 2019 - Min Cap - 50% - (\$125,000 Total / \$64,500 per year)

•	Initial On-Chain Development (Core Development, Q3 Launch)	50%
•	Product Design and UX Prototyping (Web, Mobile, User	10%
	Testing)	
•	Frontend Development (Custom React.js Web Interface)	10%
•	New Product Features + On-Going Maintenance	30%

In our Min Cap scenario, we will be forced to focus the majority of our budget on completing core social media features. As such our development budget will make up 50% of our Fund Allocation vs 35% at Max Cap. Funds will be split between core backend blockchain development, product design and UX design for our main Smoke.io launch. Additional features such as the Smoke Network Strain and Dispensary databases will need to be funded through advertising revenue and/or community effort at a later date.



Marketing - 2018 - 2020 - Max Cap - 25% (\$475,000 Total / \$158,333 per year)

•	Display Advertising (Ad Networks)	5%
•	Video Advertising (YouTube, other)	15%
•	Social Media Marketing (Instagram, Facebook, Twitter)	10%
•	Website SEO (Off-site, On-site, Content Marketing)	35%
•	PR Outreach (Copywriting, Paid PR Campaigns)	5%
•	Viral Marketing (Influencer marketing, Online sweepstakes)	15%
•	Event Sponsorships - (Cannabis Cup, Hemp Fest, +))	15%

Being a newcomer in the global social media landscape and an unknown brand in the cannabis community, aggressive marketing will be a crucial part of our network's early success combined with the power of our passionate community.

With an extensive background in internet marketing, at Max Cap, the Smoke team will be able to focus on a combination of large-scale and well-optimized search engine optimization campaigns, viral and influencer marketing, social media campaigns and online video advertising with a total of 25% of all ICO funds allocated.

•

We will also have the budget to explore more traditional avenues of advertising including TV commercials in countries where cannabis is already legal and event sponsorships for high profile cannabis culture events such as the Cannabis Cup.



Marketing - 2018 - 2019 - Min Cap - 25% (\$62,500 Total / \$31,250 per year)

•	Social Media Marketing (Instagram, Facebook, Twitter)	5%
•	Website SEO (Off-site, On-site, Content Marketing)	70%
•	PR Outreach (Copywriting, Paid PR Campaigns)	10%
•	Viral Marketing (Influencer marketing, Online sweepstakes)	15%

In our Min Cap scenario, we will still allocate 35% of our total ICO funding but would restructure to shift the majority of focus onto Search Engine Optimization which we believe will be the best source of consistent long-term traffic.

Some funds would also be allocated to Social Media Marketing, PR Outreach, and Viral Marketing campaigns.

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Business Functions - 2018- 2020 - Max Cap - 25% (\$475,000 / \$158,333 per year)

•	Exchange listings at leading exchanges (Fees, Integrations)	40%
•	Blockchain network infrastructure (Nodes, Witnesses,	20%
	Networking Monitoring)	
•	Network Security (DDoS protection + testing, On-going security	20%
	audits)	
•	Legacy database management (Emails)	10%
•	Salaries, HR and Talent Acquisition (Management + other)	10%

In our Max Cap scenario, our business functions will include business development **costs associated with getting listed on major exchanges** to ensure the liquidity of Smoke coin, **ongoing networking maintenance** to ensure the Smoke blockchain runs optimally, security hardening as well as legacy email database management for our frontend Smoke.io MVP.

In addition, these costs include HR and talent acquisition costs required for effective growth as we expand our team to scale with our user base.



Business Functions - 2018 / 2019 - Min Cap - 10% (\$25,000 / \$12,500 per year)

•	Exchange listings at leading exchanges (Fees, Integrations)	70%
•	Blockchain network infrastructure (Nodes, Witnesses,	10%
	Networking Monitoring)	

 Network Security (DDoS protection + testing, On-going security audits)

In our Min Cap scenario, our Business Functions budget would be reduced to only 10% of total ICO funds. The majority of this budget we would spend on securing an exchange listing with a small amount leftover for maintaining network security and infrastructure.



Team - 2018 - 2020 - Max Cap - 10% (\$190,000 /\$63,333 per year)

•	C-Level Management (Core team)	30%
•	Consultants (Business, Marketing, Scaling, Other)	10%
•	Editorial Team + Copywriters	2.5%
•	PR Outreach Management Team	12.5%
•	Social Media Management Team	25%
•	SEO Team	15%
•	Accounting Team	2.5%
•	Community Managers (Telegram, Discord, other)	2.5%

In our Max Cap scenario team fund allocations are **estimated to cover costs of the core Smoke marketing and business teams after the launch of the network for three years running**, giving the network enough time reach critical mass and allow the Smoke Network foundation account to begin generating revenue through advertising.

This includes hiring expert consultants to advise on key areas of the network's growth as well as the core teams who will run online marketing campaigns and core business functions including a dedicated SEO team, copywriters, PR professionals, social media management teams, accountants, legal advisers and community managers.



Team - 2018 / 2019 - Min Cap - 10% (\$25,000 / \$12,500 per year)

•	C-Level Management (Core team)	20%
•	PR Outreach Management Team	20%
•	SEO Team	50%
•	Community Managers (Telegram, Discord, other)	10%

In our Min Cap scenario team fund allocations will be drastically reduced causing us to shift a lot more focus to our SEO team in order to get the most traffic possible out of our limited budget.



Legal - 3% - 2018 - 2020 - Max Cap (\$57,000 / \$19,000 per year)

- Business Setup and Administration Fees (Belize IBC + Banking)
 10%
- Bank Account Capital Requirements (Leading Bank, Global, USD based)
- Legal Consultants (International)

At Max Cap our legal fund allocations will go towards business setup and administration fees, fulfilling the capital requirements for opening a bank account at a leading global bank, as well as legal consultants to help mitigate potential issues with global or US-based policy regarding cryptocurrencies, now or in the near future.

Charity - 2% - 2018 - Max Cap (\$38,000)

NORML (National Organization for the Reform of Marijuana 100%
 Laws)

We have decided to contribute a portion of our funds to NORML, a leading global voice for cannabis legalization both abroad and in the US. Donations are used to help lobby for the legalization of cannabis for home and recreational use across the world. NORML has shown an intense dedication to their work over the years and is an integral part of the global cannabis movement.



Legal - 3% - 2018 / 2019 - Min Cap (\$7,500 / \$3250 per year)

• Business Setup and Administration Fees (Belize IBC)

100%

At Min Cap, our legal fund allocation will go entirely to Business Administration and setup fees.

Charity - 2% - 2018 - Min Cap (\$5,000)

 NORML (National Organization for the Reform of Marijuana 100% Laws)

At our Min Cap our NORML donation would be reduced to \$5000.



Distribution.

Distributing New Coins

Cryptocurrency is largely distributed via either proof of work or via an ICO. In these systems users either provide proof of work (PoW) via 'mining' or capital contributions (an ICO) used to sell the tokens to the community.

In order to diversify ownership of the network and limit the potential for any bad players (large holders of SMOKE looking to manipulate the network), we will be distributing SMOKE via a number of avenues to our community, including an Airdrop Event and an ICO Event.

SMOKE ICO Event

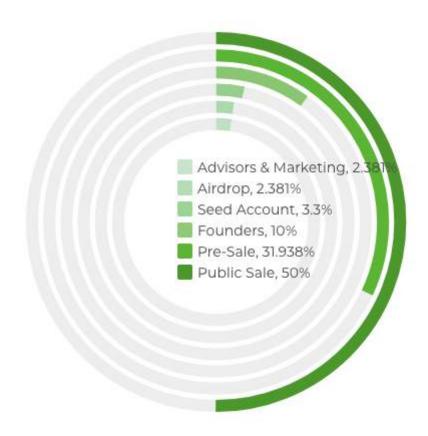
Smoke Network will hold an ICO event starting on the 20th of April 2018 (4/20) until the 25th of May 2018. This will allow community members who are invested in our vision to contribute towards the network and gain a larger share of SMOKE which they can use to participate on the network with.

SMOKE received during the ICO period will give the users additional voting power when the network launches that they can use to help grow the network and reward users for high quality or meaningful contributions and in turn open up avenues to more rewards on the network.



Distribution continued.

SMOKE Coin Details: INITIAL COIN SUPPLY - 42,000,000 SMOKE



Smoke Network is a Delegated Proof of Stake blockchain that uses a "Proof of Brain" social consensus algorithm for token allocation after launch.

- 10% APR inflation narrowing to 1% APR over 20 years.
- 75% of inflation to "Proof of Brain" social consensus algorithm.
- 15% of inflation to stake holders.
- 10% of inflation to block producers.



Distribution continued.

SMOKE ICO Details:

Softcap - \$100,000 | Hardcap - \$1.9m MIN CONTRIBUTION: \$50 | MAX CONTRIBUTION \$50,000

PRE-SALE | 15TH AUGUST - 15TH SEPTEMBER | \$0.005 (14M SMOKE SOLD)
- REACHED GOAL

WEEK 1 | 20TH APRIL - 27TH APRIL | \$0.083 (4,2M SMOKE AVAILABLE | \$348,600 HARDCAP)

WEEK 2 | 27TH APRIL - 4TH MAY | \$0.086 (4,2M SMOKE AVAILABLE | \$361,200 HARDCAP)

WEEK 3 | 4TH MAY - 11TH MAY | \$0.09 (4,2M SMOKE AVAILABLE | \$378,000 HARDCAP)

WEEK 4 | 11TH MAY - 18TH MAY | \$0.095 (4,2M SMOKE AVAILABLE | \$399,000 HARDCAP)

WEEK 5 | 18TH MAY - 25TH MAY | \$0.1 (4,2M SMOKE AVAILABLE | \$420,000 HARDCAP)



Distribution continued.

SMOKE Airdrop Event

To help attract a community of users while also diversifying the distribution of SMOKE, Smoke Network will hold an Airdrop event starting on the 15th of February 2018 until the 1st July 2018. **1,000,000 SMOKE POWER will be allocated to the community over this period.** The goal is to spread awareness to marijuana users who are active on social media and are open to trying out a new social network that rewards them for their content.

Airdropped SMOKE will be distributed during our distribution event scheduled for Q3 2018. Details on how to claim users SMOKE will be sent to their email address on file over this period.

Team, Advisor and Airdrop SMOKE

Please note that all Team, Advisor and Airdrop SMOKE will be allocated in Smoke Power (Vested SMOKE) and not Liquid SMOKE. This means that all team members, advisers, and Airdrop participants will need to wait a minimum of 12 weeks before powering down all of their SMOKE according to the Vesting Schedule in order to be able to send it to other users, external wallets, or exchanges. All smoke purchased in any of our ICO phases will be supplied in Liquid SMOKE.



ICO & airdrop coin distribution events.

After the ICO event takes place, a coin distribution event will take place shortly after the main-net launch during Q3 2018.

All users who participated in the airdrop, early sign-up, or/and ICO will be contacted via email in order to sign up and claim their SMOKE for use on the main-net Smoke Network at launch.

Every user will be given a unique code to sign up onto the network. Once the account has been validated the allocated SMOKE will be issued to the account on account creation.

Users will be required to sign up with their cellphone number to mitigate spam as well as allow account recovery by the Smoke Foundation.

All SMOKE purchased through the Pre-ICO or main ICO will be issued in liquid SMOKE while airdrop and sign up participants SMOKE are issued in SMOKE POWER (Vested SMOKE)

Users who participated in our pre-ICO on the Bitshares DEX will receive a 1 to 1 ratio of SMOKE on main-net launch and will be able to withdraw SMOKE from the Bitshares DEX via a gateway.



ICO & airdrop coin distribution events continued.

To allow for the network to scale up without issues the distribution schedule is as follows:

- Step 1: Emails with instructions sent to all participants Q3 2018.
- Step 2: Participants sign up for an account on the Smoke Network blockchain and enter their code.
- Step 3: Account is verified.
- Step 4: User is sent an email telling them their account is approved.
- Step 5: User can login with their registered details and will have their SMOKE / SMOKE POWER available in their on-site wallet.

Any unclaimed SMOKE will be held indefinitely until claimed by network participants. Please check your email regularly for updates on the network and to ensure our emails are going through to your inbox. We also strongly recommend ensuring you have two-factor authentication enabled on your email account for additional security.



Team.

The core team behind Smoke. Network is made up of **5 full-time employees** consisting of experienced cannabis community engineers, blockchain experts, digital product designers and online marketing professionals based in Germany. In addition, our team **includes over 8 part-time team members including advisors and consultants** to aid in various aspects of Smoke Networks development. Product and application development is handled by experienced blockchain consultants, content creators and seasoned graphene blockchain developers from across the world.

Current Team Structure

- C- Level 3 members
- Marketing 2 members
- Development 4 members
- **Project Advisers** 3 members
- Finance & Corporate Advisers 1 member
- Legal Advisers 1 member (External law firm)

Team Expansion

We are currently on the lookout for talented blockchain and digital marketing experts to join our team. Please contact us via our website if you would like to get involved. **Our planned team structure will vary depending on the ICO outcome scenario.** We have listed an outline of projected team composition for 2019 below for Max Cap and Min Cap scenarios.



Projected Team Structure - 2019 - Max Cap

- C-Level 3 members
- Marketing 5 members
- Development 6 members
- Project Advisers 3 members
- Finance & Corporate Advisers 1 member
- Legal Advisers 1 member (External law firm)

In our Max Cap scenario, we will be expanding on our team rapidly introducing, in particular, more dedicated marketing staff and development staff as per our Fund Allocation section to drive the core pillars of our long-term development and marketing strategy.

Projected Team Structure - 2019 - Min Cap

- C-Level 3 members
- Marketing 4 members
- **Development** 4 members
- Project Advisers 3 members
- Finance & Corporate Advisers 1 member
- Legal Advisers 1 members (External law firm)

In our Min Cap scenario, we will be primarily sticking to existing team members in order to reduce costs with the addition of two new marketing staff in order to drive our platforms search engine visibility and help generate publicity for our project. Vested SMOKE from our team account will also be used to attract new staff in order to reduce cash costs.



Jonathan Hunter - CEO / Founder



Involved in cryptocurrencies since 2013 and investor in multiple local marijuana accessories and grow kit shops, Jonathan has since completely immersed himself in the blockchain and cannabis niche. Through his experience developing and marketing multiple successful Cannabis websites and communities along with direct business experience in the cannabis niche, he has a firm grasp of the needs of cannabis users, investors, and growers to ensure the Smoke Network project is aligned properly with community needs and interests.

Joseph Ashburner - CMO / Co-Founder



Joseph is a seasoned project manager, product developer, and successful business owner. Most recently he founded LaptopNinja, one of the worlds most popular laptop comparison shopping websites. His experience with project management and user experience design as well as aggressive online marketing and search engine optimization will ensure that Smoke Networks products remain ahead of the competition.



Patrick Meier - CSO / Co-Founder



Patrick has half a decades experience in the cannabis niche and is directly responsible for growing the 420Smokers.us community to a thriving fanbase of over 500 000 users along with direct experience managing a network of cannabis social pages spanning upwards of 1 million users. Patrick brings invaluable experience to the team when it comes to online and social media marketing.

Nathan Stern - Security Advisor



Nathan is Chief Security Officer. He successfully participated at the Cyber Security Challenge Germany two times and scored the #1 place with his team. Nathan overseas pentesting and security in general. With a keen eye for bugs and proven to be able to handle pressurized situations, he instills a security ethic that surpasses other cryptocurrency projects.

Josh Stuart - Engineering Advisor



Currently an engineer and web strategist at Horizon State with over 10 years experience leading teams and building technology in all sectors. Formerly Josh founded and developed an extremely successful ecommerce platform into a multi-million dollar revenue earning business. Josh brings a well executed approach and project guidance to the team.



Tuan Pham Anh - Blockchain Developer



Tuan is Co-Founder and lead developer for Peerity, a social connection and activity platform that connects communities and organizations together with the goal of providing tools for communities to thrive. Taking on a role as one of our core blockchain developers, Tuan's successful track record and blockchain development skills are a force to be reckoned with.

Nicu Robert G - Front-End Developer

In the last 8 years, Nicu has developed a wide range of responsive websites and applications using PHP, mySql, Javascript (jQuery, AJAX), xHTML and CSS(3) including the creation of many successful blockchain based application frontends from the ground up.

Jo-Ann Coetzee - Outreach Manager



Jo-Ann is head of outreach. She has successfully launched numerous SEO and in-bound marketing campaigns. Her expertize in email outreach is second only to her marketing approach, with an uncanny ability to close almost every deal.



Damien Clayton - Community Manager



Damien is an HR professional and customer relations guru who has been charged with taking over Smoke Networks community management. With experience as a grow shop owner coupled with years of professional experience in HR and marketing, Damien has a solid understanding of ins and outs of how to nurture the budding Smoke Network community.



Advisers.

John Hesterman - AWS Account Manager



John is an account manager currently working for Amazon AWS with extensive experience in project management and cloud computing. His experience as an operations manager and and consultant have proded valuable insights for the Smoke team since day one.

Kief Preston - Cannabis Chef

Kief Prestion is a bestselling Amazon author and cannabis chef. He is also the host of our weekly Smoke Radio show on YouTube. His natural talent for product amazing cannabis content and winning attitude made him an easy choice for the Smoke advisory board.

Marek Lorinc - Stox Executive Director



With over 20 years working in the finance and banking sector, Marek brings a strong knowledge of corporate structuring, financial consulting and business administration to the project. More recently in the blockchain sector Marek currently serves on the board of directors for Stox, the leading Ethereum based blockchain predictions platform which raised over \$33 million in 2017.



Advisers continued.

Harrison Jordan - Leafly Writer



Harrison is a lawyer who specializes in cannabis and regularly has his work published on Leafly. His knowledge of cannabis law and experience as a published author on established industry websites makes him an obvious fit as an adviser and moderator of high quality cannabis content on the Smoke Network platform.



Conclusion.

Smoke. Network is based on the profound potential of blockchain technology to transform the way we interact online. Building on the technology laid out by Bitcoin and Dan Larimer's vision for a mutual aid society, it allows for content creators to earn real-world rewards for their contribution to the network.

This model has several benefits over traditional social media applications which are centralized and based on profits for a select few, as opposed to the whole network. Although not without its hurdles, we strongly believe Smoke Network has the power to transform the online cannabis space through a dedicated team, a pioneering blockchain technology (DPoS) and a strong global community of cannabis users ready to embrace the freedom and principles outlined by the use of blockchain technology.



Pitch Deck



Website



Test-net