



Ubika Blockchain & Cryptocurrency 20

June 18, 2018

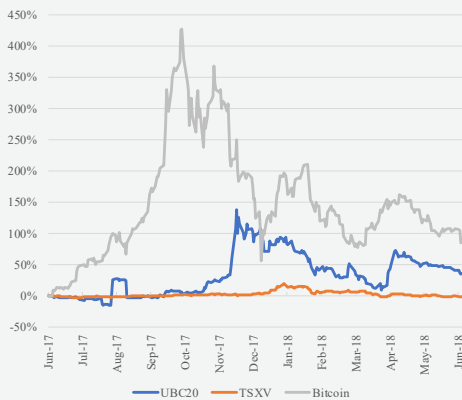
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Ubika Blockchain & Cryptocurrency 20 April 30, 2018 - June 15, 2018

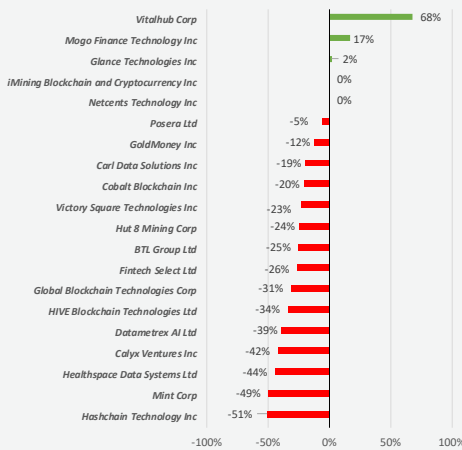
UBC20: -15.5% (37.5% Y/Y)
TSX Venture: -3.7% (-2.8% Y/Y)
Bitcoin: -26.3% (86.3% Y/Y)

Dollar amounts in CAD unless otherwise stated.

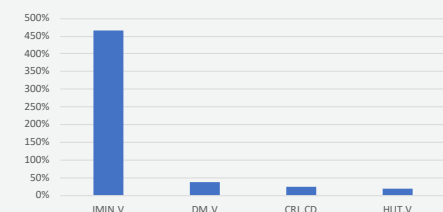
UBC20: Performance Vs. Benchmarks Y/Y



UBC20: Performance Distribution



Top Volume Gainers (m/m)



Note: All figures use price close on June 15, 2018.

Will Cryptocurrencies Ever Rebound?

Starting this week, we will be switching our Blockchain report to a 20-company index, using their price closes as of Friday. We've selected these companies based on their relevance to the field, their performance over the past year, and/or their unique business propositions.

Notable performers for this report include:

1. VitalHub Corp. (TSXV:VHI), which climbed 68% due to strong financial results during its Q1 2018
2. The Mint Corp. (TSXV:MIT), which fell by 58% since its 100% increase from March 23 to April 16

Industry Highlights

- **Russia intends to criminalize cryptocurrency activities.** In April 2018, a St. Petersburg court implemented a law forbidding the distribution of education materials on cryptocurrency. Vladimir Putin stated that regulations on cryptocurrency under the Assets Regulations Bill will commence on July 1, 2018.
- **Chinese E-Commerce giant will issue blockchain asset-backed securities (ABS).** China's Securities Regulatory Commission (CSRC) announced that JD.com, partnering with Huatai Securities and Xingye Bank, will issue the ABS. The partnership intends to reinforce asset security with the use of blockchain technology.
- **Apple Inc. bans crypto-mining apps on its mobile products.** Stricter guidelines have been published by Apple on wallets, mining, exchanges, as well as ICOs that can be used on their products. The most notable is the complete ban of crypto-mining apps. For instance, in 2014, Apple removed an app called "Blockchain" that was made for bitcoin trading and storage. As such, Apple's history with trying to regulate cryptocurrency and this ban raises concerns on the expansion of crypto mining.
- **Coinbase has launched a new Index Fund.** The Index Fund created on June 14, includes five of the largest cryptocurrencies: Bitcoin, Bitcoin Cash, Ethereum, Litecoin and Ethereum Classic. The weight of the assets will be based on their market capitalization. However, the minimum investment requirement for the Coinbase Index is US\$250,000 and has 2% annual management fee.

Bitcoin (BTC) Update

On Sunday, June 10, Bitcoin hit a two-month low of \$8,714 whilst trading between a narrow range of \$9,900-\$9,200 two weeks prior. The considerable drop was likely driven by the hack of Coinrail, a major South Korean exchange, which was



revealed on that day. The raised concern of cryptocurrency exchanges might have plummeted the price, however, it can be argued that this drop below \$9K was inevitable, since Bitcoin has been consolidating for the two weeks prior. Bitcoin lost much of its total crypto market share in the crypto boom, and since our last report it has further dropped to levels unseen since the big rise in Ethereum. The lingering interest from the boom has given alt-coins the highest market share they have ever had, with no indication that the trend will reverse. Many crypto enthusiasts anticipate a reversal in Bitcoin's fortunes, however the excitement is dying with the consistent disappointment. Bitcoin has declined by 30% since our last report, and currently holds a market cap of US\$1112 Billion.

Figure 1: Bitcoin Price Chart



Source: www.coinmarketcap.com

Ethereum (ETH) Update

Ethereum has fallen below the psychologically-significant US\$500 mark on Tuesday, June 12. After the preceding Sunday, with the major fall in Bitcoin, the cryptocurrency's market cap dropped substantially by US\$50 billion. Ethereum has declined 26% since our last report date and currently has a market cap of US\$50 billion.

Figure 2: Ethereum Price Chart



Source: www.coinmarketcap.com

Notable Performers:

VitalHub Corp. (TSXV:VHI)

VitalHub Corp. is a Canada-based blockchain company focusing on creating Software as a Service (SaaS) based applications for the healthcare industry. The Company's stock price has increased 68% since our previous report due to strong financial results during its Q1 2018.

VitalHub creates SaaS-based healthcare applications utilizing web, mobile, and blockchain technology. The Company's platform includes an Electronic Medical Records (EMR) system, which aggregates and retrieves patient data from multiple clinical information systems. VitalHub's regulatory solutions eliminate the need for middlemen organizations, which reduce costs and improve efficiency, privacy and security of healthcare databases. The Company operates a Software-as-a-Service (SaaS) model, offering renewable software licences (termed or annual), in addition to maintenance and consulting services.

VitalHub's technology is focused primarily on the mental health and long-term care space, however it has the vision to expand its product across a continuum of care. The growing demand for healthcare services has led to a higher necessity for technology solutions, which are essential to make the system more streamlined and accurate. Blockchain technology is implemented in the healthcare ecosystem by automating hospitals' complex assessment of the patients to determine their optimal treatment and categorization.

VitalHub's SaaS-based products have high margins and the Company capitalized on its strategic acquisitions by cross-selling its product into the acquired companies' install bases. VitalHub's strength is its ability to acquire synergistic software companies focused on healthcare, resulting in increasing and sustainable growth and profitability. To date, VitalHub has acquired B Sharp Technologies, an offshore development team, and H.I. Next Inc., developer of an electronic health record software system in 85 organizations, as well as Clarity Healthcare Solutions, a software and consulting services company specializing in patient solutions. The Company intends to continue its M&A hedge strategy to buy assessment-based assets, as well as to increase recurring revenue.

Importantly, the offshore development team, located in Sri Lanka and acquired through B Sharp Technologies, has had a positive impact on the Company's bottom line, as it cut down its R&D costs by 30%.

Figure 3: Post M&A - Estimated P&L

| | | % Revenue | % OPEX | | % Revenue | \$ |
|---------|--------------|-----------|--------|-------------------|-----------|---------------|
| Revenue | \$ 6,457,968 | 100% | | Optimized S&M | 100% | \$ 10,000,000 |
| OPEX | \$ 6,940,504 | 107% | 100% | Consolidated G&A | 65% | \$ 6,500,000 |
| S&M | \$ 1,057,846 | 16% | 15% | | 15% | \$ 1,500,000 |
| G&A | \$ 1,259,312 | 20% | 18% | Reduced R&D Spend | 35% | \$ 3,500,000 |
| R&D | \$ 4,623,346 | 72% | 67% | | 35% | \$ 3,500,000 |
| Loss | \$ (482,536) | -7% | | | | |

Source: VitalHub's presentation

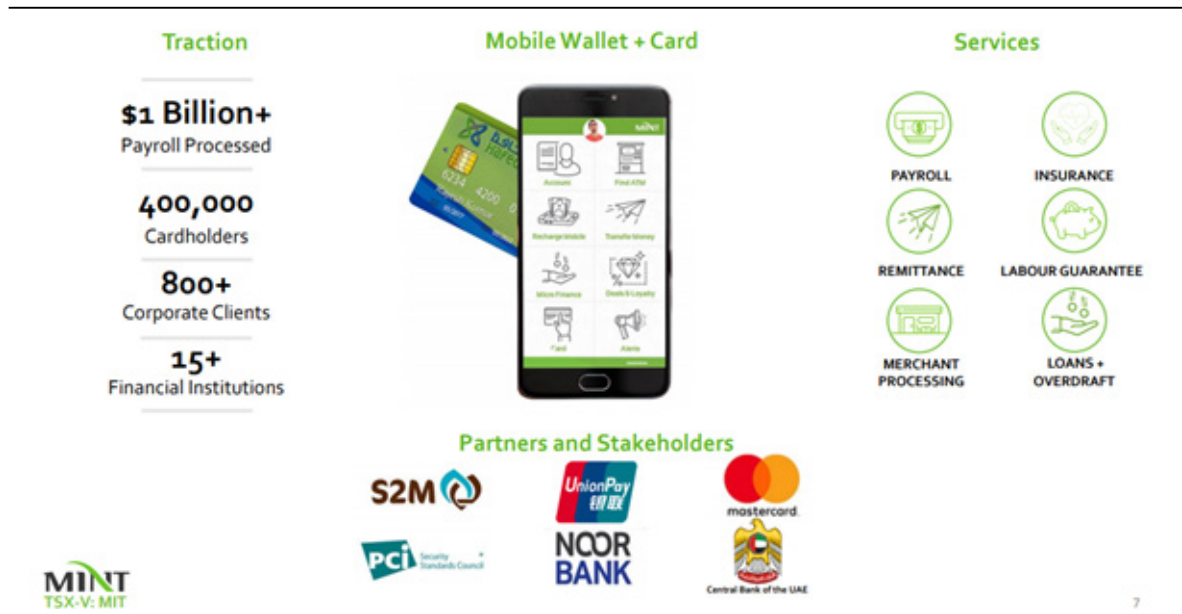
On May 29, the Company released its Q1/2018 financial results that demonstrated for the first time the consolidated impact and synergy of all the Company’s acquisitions. VitalHub’s revenues were \$2.9M which is an increase of 256% Q/Q and a 2172% Y/Y. The Company also achieved profitability at net income of \$6,350 as compared to the net loss of \$0.4M Q/Q. After such a strong quarter showing evidence of their successful M&A strategy the stock increase by 129% to its peak on June 11.

The Mint Corporation (TSXV:MIT)

The Mint Corporation is a Canada-based financial technology company that provides payroll, insurance, and employee deposit services to workers not qualified for traditional bank accounts in the UAE and India. The Company’s stock fell by 58% since its 100% increase from March 23 to April 16.

The Company’s primary business is its automated payroll system, provided to employers through its partnership with Abu Dhabi Islamic Bank (ADIB). The UAE requires employers to pay their employees electronically, in accordance with the Wages Protection System (WPS) legislation. The Company is recognized as a third-party service provider through WPS. Employees receive a Mastercard or UnionPay payroll card, and can conduct all traditional banking functions through its mobile app. Mint provides banking services to ~400,000 expatriate workers and processes roughly \$141,750,524 in transactions per month. Below are metrics from Mint’s services.

Figure 4: Summary of Mint’s operations in the U.A.E.



Source: Mint’s presentation

The Company is in the process of bringing a number of other UAE-based operations to market. Mint aims to re-launch a microfinance program in partnership with ADIB and is looking into acquiring a UAE-based bank in connection with the program. The Company’s Electronic Payment division is working on implementing payment gateway systems. The Company plans to deploy point of sale (POS) terminals to merchants upon completion of development. Recently, Mint has incorporated a gift-card program into its prepaid card through the partnership with UnionPay.

On March 22, the Company announced plans to launch its mobile wallet in April after the integration of the insight obtained with the completion of the pilot test. In the next two weeks the stock increased by 44%.

On April 5, the Company announced that its global expansion will include India. Mint received the option to acquire 75% of an Indian mobile payment business called vPay. The Indian market for the digital payments is estimated at US\$200 billion and is expected to reach US\$1 trillion by 2023. vPay already has roughly 400 corporate clients and has achieved significant growth rates of 700% in processing volume over the past year. The stock increase by 28% to its peak on April 16.

On April 14, the Company said it has entered into a licensing agreement with Interac Corp., a Canadian debit network. This partnership will grant Mint the exclusive rights to use Interac's contactless POS solution in the U.A.E. This will allow for the Company to provide a wider range of mobile payment solutions and acquire a larger mobile payment market in the U.A.E.

On May 15, the Company announced that it has obtained preliminary approval for an Insurance Brokerage license to offer insurance products to its customers in the U.A.E. in addition to their payment services. The stock fell by 24% since then.

On May 31, the Company said it has closed a debt-to-equity conversion, reducing its debt load to \$20M from \$59M. This significantly strengthens the Company's balance sheet and was achieved by issuing 17.3M shares and 11.7M warrants exercisable at \$0.10 for a total of \$29M. Since then the stock is down by 5%.

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