

# CAP White Paper

2018 Autumn

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## **1. Mission Statement**

Capiket Group, in response to requests from “Health Cooperation Association”, the organization promoting soundness in adult contents industry Japan, has been launched with the aim of supporting the purpose and activities and providing funds and cooperating with management, by volunteers who agree with the concept of improving the health of the adult industry and opening the market all over the world.

CAP, as the key token financially support the activities, committed to improving the health of the adult industry, opening up the market, improving the content quality, and bringing constructive innovation to the industry, and returning profits to investors by improving the token value by expanding the economic zone.

The Capiket Group will promote and manages the CAP and provides funds gathered by the ICO to activities of “Health Cooperation Association”.

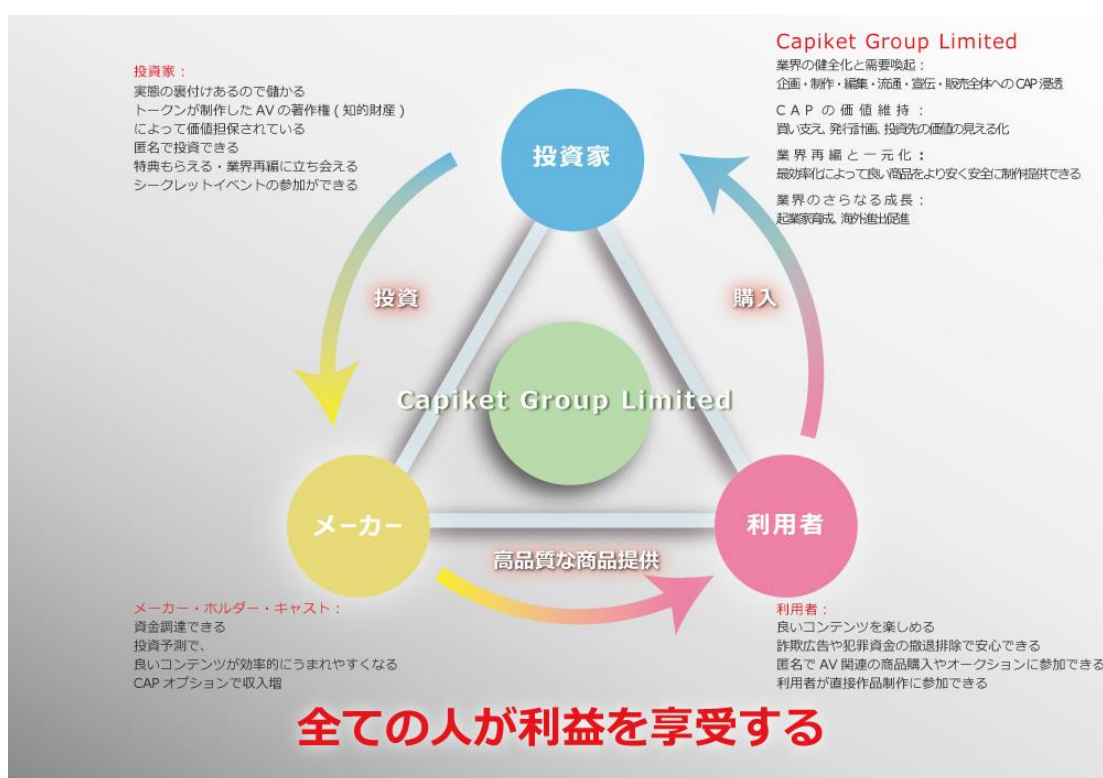
“Health Cooperation Association” will utilize the funds provided to conduct structural reform of the industry in order to make the adult content industry healthier, and accept adult contents production with a new scheme through Japanese production companies to cause innovation in the industry.

And the copyright of the adult contents will belong to the Capiket Group, so that they will become the security of the token value. Then, CAP will be distributed among companies and services that agree with the activities of “Health Cooperation Association”.

The Creeds in which we care are “First duty, Last profit” and “Creation of Value”.

Markets and companies to be invested must continue to keep pace with their immediate earnings. It is fate of business. However depending on who is interested, the development of that company and market will vary widely.

We will accurately reflect the benefits of the economic zone connected by CAP to investors, producers, casts and users, and give top priority to the development of a fairly beneficial environment, and achieve the following five goals.



## 1.1 CAP's 5 goals

### 1) Market opening of adult contents industry

Despite occupying 10% of the world economy, we will reorganize the adult market, which has not been subject to general investment until now, into a market where investors can safely invest.

### 2) Reorganization and Soundness of adult contents industry.

We will restructure the old industries and maximize the growth rate of the industry by ensuring the stability of earnings through high profitability and soundness.

3)

For the growth and revitalization of the adult industry, we establish the environment of sound inflow and management structure, that is, finance adjustment function of the adult content industry.

4) Establishment of adult content economic zone

By optimizing the funds efficiency by smartizing the funds and goods distribution in the industry, we will secure the overwhelming growth rate of the economic zone, and at the same time, to establish a profit sharing relationship for both the content provider and the content user but not make them fight with each other.

5) Retuning profit based on token value

We will build a mechanism that can equally benefit from the increase in its value by embodying all profits as a token value (economic value), and to secure a permanent rise in token value, re-investing all of the management resources (cash) to the market, so that the token owners, investors in the economic zone can enjoy a permanent rise in the token value.

The market knows that it is worth a user who does not appear directly in the amount on the Internet. So, by innovating the adult industry with CAP, we will aim to greatly improve the satisfaction of this user, maximize the value, and increase the profit of all people supporting the industry, and construct a mechanism to share profits rather than competing for profits.

## **1.2 Concept of asset value**

There are three main assets in the world.

- 1) Real Estate
- 2) Movable Property
- 3) Intellectual Property

Real estate is an asset such as land, resources, buildings, etc. Although the value never goes to zero, the maintenance and maintenance expenses are high, taxes are high and liquidity is low, so the timing of cashing is difficult.

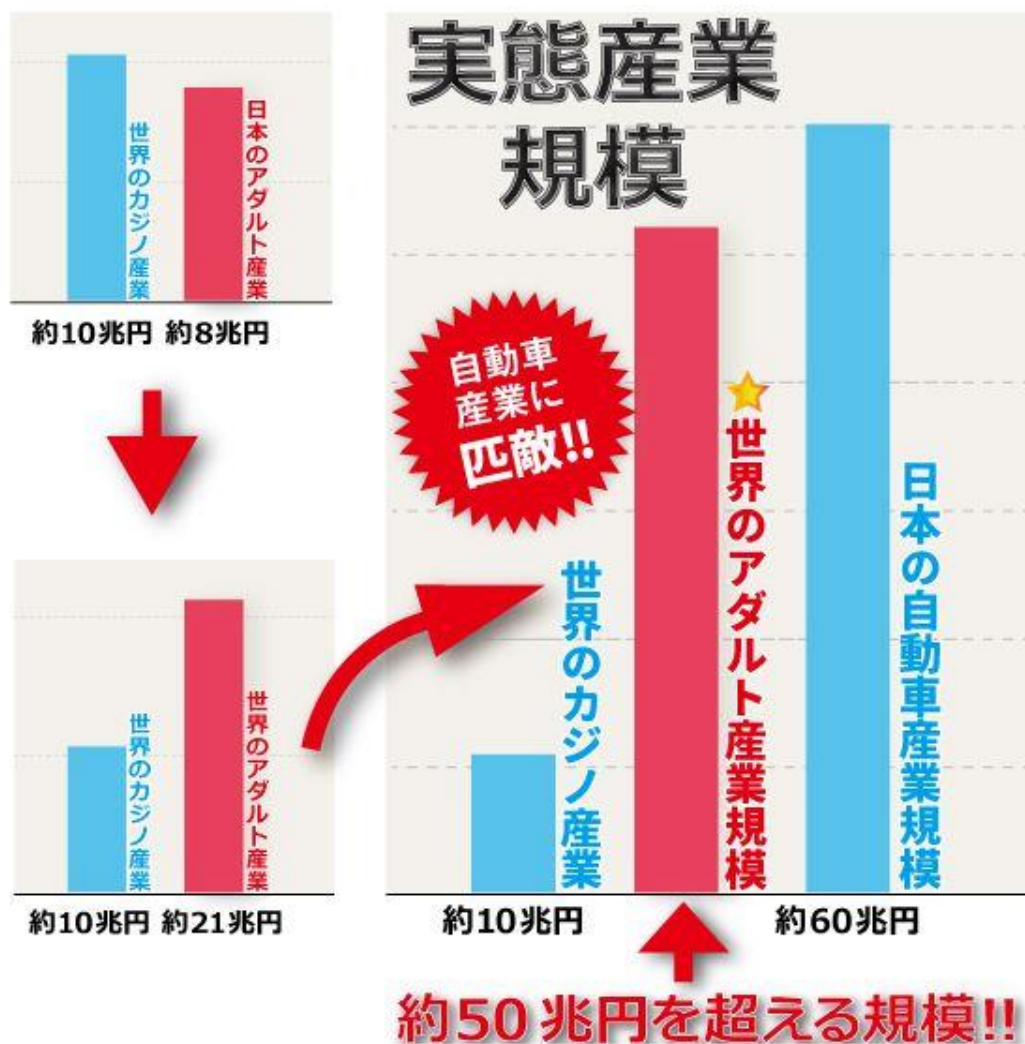
Although movable property is a practical and extremely large asset on the demand side, maintenance costs and taxes are applied as well as real estate, and it is not suitable for investing as an asset with severe depreciation.

Intellectual property is a property in a broad sense, it is a property such as art, patents, copyright, etc., maintenance and administration expenses are hardly required, aging depreciation is also limited, depending on the operation, it is very great value, but generally it is very difficult to obtain.

However, since CAP is issued under the copyright which is intellectual property, the more the number of copyrighted products goes, the more its asset value becomes compoundly larger.

## 2. Challenges Adult Industry faces

### 2.1 Definition and current condition of adult market



The adult content market is a huge and very attractive market. Although the overall adult industry is shrinking by a few percent each year, in the adult content market, the number of Paid video distribution users shows 3.8 times growth in the past 5 years since 2013, which is an industry that will lead the future of the adult market.

There are also interesting data on the economic effects of the adult industry.

Since the average propensity to consume (ratio of consumption to occupy disposable income) of salaried workers who work outside the adult industry is 68.9% and the average propensity to consume of women working in the adult industry reaches 82.2%, the contribution of their income to the economy is very high.

There are plenty of places where general market expects adult industry workers. For example, department stores are putting emphasis on attracting adult industry workers.

These facts also show that, if you deepened the understanding without having a very slight side-view prejudice that the adult industry is the source of criminal organizations, the adult industry size in Japan exceeds 7 trillion yen which is not comparable by the consumption activities of trading companies and general contractors' employees, but which is comparable to 7 trillion yen for public servants in Japan, the world's largest public servant organization. You can understand that adult industry is an industry that makes a great contribution to Japan.

While there are still many people who discriminate against the adult industry by prejudice, those who can gather information on their own and think with their own heads will find that the adult market is very attractive.

The current WEB adult market is roughly divided into eight business categories.

- 1) Adult content production
- 2) Adult content holder
- 3) Adult Media (Videos, Images, Books)
- 4) Adult video sharing (video sharing / distribution)
- 5) Adult distribution (live distribution / live chat)
- 6) Dating site

7) Sexual introduction site

8) Adult game

While each has more or less relation, it forms a WEB adult market as an independent business style. Because each business type has a huge market and there are also fine industries among them, now they are developing businesses apart.

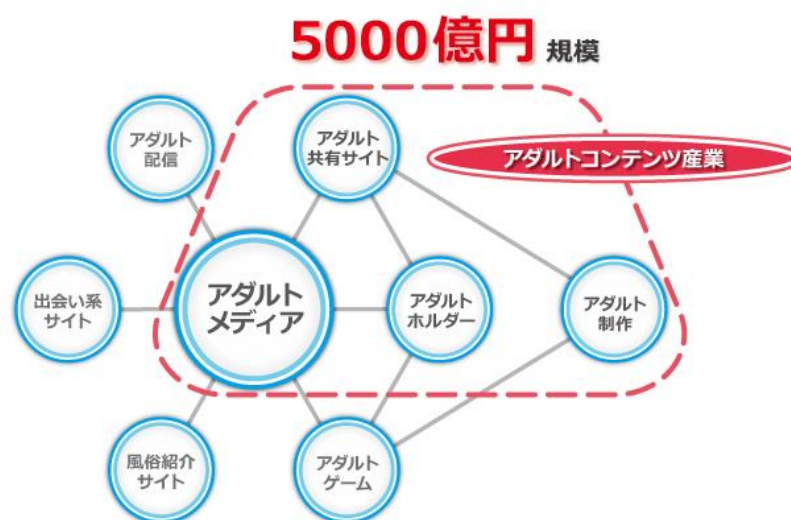
In the categories, especially the following four categories are called the adult content industry.

1) Adult content production

2) Adult content holder

3) Adult Media (Videos, Images, Books)

4) Adult video sharing (video sharing / distribution)





## **2.2 Structural problem of WEB adult industry**

Despite the attractive market, the WEB adult industry was also in an unusual situation that investors do not have the chance to invest.

So why did not it become a target for investment?

There are three main reasons.

1) Industry vested interests are negative to new capital inflows.

Despite many players in the adult content industry are small businesses, the vested interested parties have tried various resistance from the caution against the general investors entering into the profitable market which has secured only by a limited number of people until now.

In response to tangible and intangible pressure from the anticipated resistance forces, we will strongly promote soundness by responding to investment items disclosure, business progress report and transparent management of token management.

2) Investors also have misunderstandings, prejudice and discrimination on the adult market.

Many entrepreneurs enter the adult media business like every day in the WEB adult market where barriers to entry are low.

Under such circumstances, the selection of the website was very quick, and the core site leading the moral formation and industry reorganization trend could not grow up.

Therefore, prejudice by female human rights groups that discriminate women working in the adult industry, "one-click fraud advertisement", "phishing advertisement", "viral infected fraud advertisement" etc. has been widespread, and it is also a fact that the image as if the market itself is bad.

In order to protect the market from such criminal acts and dispel the negative image, it is necessary to promote healthy adult market.

### 3) Risks arising from the influx of criminal funds and involvement of criminal organizations

In the adult content industry, as various people and companies are involved, such as photographer staff, makeup, video editing, package design, blurring processing, etc., it is possible for people and companies related to criminal organizations to enter.

So investing in the adult industry was thought to be at risk of encouraging criminal organizations and lending money to money laundering.

We believe that by first restructuring (unifying) this adult content industry, we must secure a sound production environment where criminal organizations do not enter.

From the above, the WEB adult market was not able to receive loans from public financial institutions, and there was also almost no mechanism for general investors to receive capital.

As a result, small companies and individual business owners are unable to procure reorganization costs, only negative vested interests innovation and new entrants are strengthened. In the end, the key contents declines and the self-purification function itself also declines to negative circulation. It is the stark current situation of the adult content industry.

### **3. Solution provided by CAP**

#### **3.1 We have the power to change the adult market**

"Fund"

The ICO gives us enough opportunities to eliminate prejudice against adults and immobilized values.

"Core site"

For this project, we succeeded in cooperating with the world's leading giant adult site "Erotarest" (97 million unique month) that can be the core of the reorganization of adult market and Japan Healthy Adult Media Industry Association "Health Cooperation Association" (60 million unique month).

If you sum the whole media of erotarest and soundness cooperation meeting, it will be the following scale.

Monthly number of visitors	More than 157 million
Monthly page view	Over 1 billion
Monthly total staying time	20 million hours

For reference, we present objective analytical data of similarweb.

<https://www.similarweb.com/ja/website/movie.eroterest.net>

That huge user is an irreplaceable value for CAP distribution.

We will reorganize and administer the adult contents market in Japan and manage it in one unit, thereby opening up the adult industry as a safe investment destination for the first time in the world.

Normally, the industry spontaneously repeats innovation in accordance with changes in the market and society, but the adult market has not done enough. Companies involved in the adult content industry have a weak or slow industry innovation power because the number of small businesses became hindrance.

Reinvestment in the market has been too segmentalized and individual investment effects are not sufficiently reflected, so the growth of the entire industry is stalled.

In the ordinary market, industry groups lead the industry to cooperate to grow their markets according to the needs of the next generation, but at the present time many adult content producers are full of their own management in the industry, and We did not have the activity to rebuild the market as a whole with a bird's-eye view of the whole (= innovation).

In order to realize that, it is necessary for the upstream and downstream industry operators to work together.

This time, to respond to such needs, the "Health Cooperation Association" which is a cooperative organization of CAP and participated by companies engaged in planning, production, editing, distribution, distribution, promotion, sales, has carried out various activities, and also has achieved certain results.

Additionally, if the profit does not rise, the quality of goods and services goes down, and if the quality of goods and services go down, so sales and profits do not rise. It is necessary to cut off the vicious circle.

What makes it possible is unification of the adult content industry.

- 1) Ultimately eliminate waste
- 2) Maximize investment effect through concentrated investment
- 3) Increase the accuracy of demand evacuation by sharing a series of information from planning to sales

Because you will know the extent of the investment amount gathering at the planning stage, you can easily predict sales, so that you will be able to produce and sell good content with good efficiency. As a result, the total value of the adult industry will increase.

### **3.2 Value that can be offered to investors**

By unifying the adult content industry, payment to various vendors will occur. Since all of this payment will be made with CAP, CAP will be distributed as an investment unit for every adult market. And CAP is distributed in the market pioneered by CAP, and circulation and demand are increased every time when investment is repeated.

Gradually, CAP will be deemed as investment valuation, a kind of indicators of prospects on adult market.

We aim to make the market capitalization of CAP sums up the adult economic zone as the soundness of investment target

Ultimately, by introducing CAP also in the compensation system in the adult industry, we will construct an economic structure that allows for more complex and direct investment.

There is no dividend as CAP does not have any nature equivalent to any securities or securities.

However, instead of devoting it to dividends, we reinvest all the funds in the market, so the value of CAP is further increased. Because all payment of monthly production costs is done by CAP, demand will increase if the business expands.

For example, if all amount paid by CAP is exchanged for the legal currency within that month, no scarcity of token will occur, so no physical price increase will occur. (However, since the number of AV works supporting the token value is increasing, the asset value will certainly increase.)

Since the number of products produced will increase much more in next month than this month, the demand for CAP payment will definitely increase and its price will rise as well.

At that time, if the CAP which was equivalent to 100 yen last month became 110 yen, there will be some people who think that I should take it a little bit. As a result, hold of CAP will happen, and further scarcity will be accelerated.

Despite the increase in the number of products, the number of CAPs issued remains unchanged, so the commodity price will fall relative to the CAP and the CAP will rise. It's a simple structure.

Since almost all of its sales are reinvested, sales will exceed the investment amount before converting all of the initial investment into an asset (copyrighted work).

The simple market principle also works reliably.

It is a deflation between goods and CAP.

The funds gathered by ICO will be changed to Adult videos.

And by the profit rising from that goods Adult videos are also made and distributed.

However, the number of issued CAPs does not change.

Although the price of the token rises, copyright buildup is occurring along with it, so the rise in value will also be steadily accumulated.

It is important to have a firmly correlated relationship between values and price.

If just the token is diluted and the price rises, it's like a Mackerel, worthless speculation that someone loses.

CAP is different.

Those who studied the economy at this point probably will notice that the increase in the value of CAP is a blue sky as long as it continues to produce products.

Since it is an important part, I dig down again.

When the amount of money is constant and the quantity of goods increases rapidly, the value of the commodity will decrease relatively.

This is very important.

Since the value of goods usually decreases in units of single currency and the value of currency rises, the product value will decrease by the increase of the production amount, and the profit of the producer will hardly grow.

However, in case of CAP, since the market is formed in the form of "CAP > AV = legal currency, no matter how much AV work is produced, it does not go down as a matter. The Adult videos do not affect the value of the statutory currency relatively, because the amount of legal currency is huge.

In short, the value of CAP will increase relative to the Adult videos, as the value of the legal currency will remain unchanged and the product value will dilute only for CAP.



That is the reason why the price of CAP will go up against the legal currency.

By optimizing the fund efficiency by centralization, it is possible to definitely finish collection in less than one year in the adult contents production industry even if the normal collection span of about a year and a half.

If investment funds become big, the investment amount will make a full turn in about half a year and start self-run by the income from sales.

Since all sales that go up are the same as profits, the value of CAP will increase more and more.

Then, the asset value increases rapidly and steadily, and the CAP increases more and more. This is because, the more you do your best at workplace, the more you will jointly increase the value of the economic zone. You will not have a stall due to sharp profits.

Since the prehistoric occasion the adult industry has never been destroyed on the earth once. On the contrary, it continues to diversify according to the times and continues to expand to this day.

Currently the adult content market in Japan is wasteful, and the demand and supply conflict which is not able to capture the demand of the market is large. By improving it, we can regain not only profit improvement but also healthy growth of the market.

Specifically, by reinforcing the sound production of adult contents production in Japan, reinforcement with maximum efficiency while ensuring high profitability will dramatically increase assets (goods) and increase token value.

And by the sound inflow into the adult market which could not be invested so far, the adult market will be further activated, optimized the fund efficiency will dramatically improve the profit margin.

CAP is fundamentally different from other ICOs and provides a mechanism to maximize earnings and to benefit all participants by creating the value of goods existing already larger and more efficiently.

Growth of the entire market will solidify investor asset growth that supports it.

The fact that investors can directly see the reorganization of the adult market is itself a great appeal.

We are planning to share information and exchange views on the reorganization of the adult content industry in the future by creating communities with CAP holders.

By block chain technology, the main body of CAP token distribution will be investors. We believe that investors make investments while closely monitoring the adult market and how we implement practices and disclose information is the smartest investor-market relationship.

### **3.3 Value that can be offered to producers and cast.**

We will solve the following problems of producers and casts.

- 1) Small-scale companies are forested and innovation does not occur.
- 2) It is not easy to raise funds.
- 3) There is much room for criminal organizations to enter.

For example, suppose that there are company A with monthly sales of 3 million and company B with 30 million. For the same 10% profit rate, Company A has to pay 300,000 sur-plus monthly to recruit new staff, invest in capital investment, and reserve against risk etc.

Considering that the profit is about 100,000 yen, Company A takes 50 months to generate a cost of 5 million yen to switch the set of camera equipment to the latest 4K compatible digital camera. For VR equipment costing initial cost nearly 10 million including high-performance PC for editing, it will be 100 months and there is no longer any choice but to give up.

On the other hand, company B will have a surplus of 3 million yen a month. Because the scale becomes large, various funds efficiency will improve, so even if you deduct from recruitment fee or excess surplus such as risk reserve, surplus money of 2 million yen or more will remain. Then they can purchase a 4K camera in about two months and you can purchase VR with surplus money for half a year.

This difference does not happen only one time, but each time when technological progress or service life comes. The gap between SMEs and major companies is opening up.

As a result, small companies become more and more painful, and they only have to do a low profit selling by crude stuffing poorly profitable work that degraded quality. They will push down the quality of the products of the industry as a whole and accelerate the shrinkage of the adult market by causing users to separate.

It is necessary to change this market structure in order to cut off such a bad flow, to respond firmly to demand and return to growth market again.

This can also be solved if there is a CAP token dedicated to the adult market that can respond firmly to fund demand.

It is no exaggeration to say that the fundamental problem of whether or not the adult industry is related to criminal organizations lies behind the scenes is the difficulty to raise funds.

The same as capital investment is seriously financing. Troubles of payment within the industry immediately lead to business outage.

As for what it means, once payment is delayed, transactions will be avoided in every aspect, and the company will be deprived of the role in the industry.

Since there is no institution that will become a safeguard when money becomes difficult as in the general market, once you make a disadvantage, the credibility of the company will not go down but it will be zero.

In that sense, payment in this industry becomes a life line more than general companies. Then, when sudden expense or unexpected expense occurs, only loan shark and criminal organizations will lend you money.

However, it is a fact that in case of emergency, it's pointless if you cannot receive funding, so there are a small number of small-scale businesses that have to deal with anti-social organizations regardless of their liking or desire.

And if you borrow from such a place, you will lend your hands to criminal acts with difficulty in repaying. In this reason, general financial institutions will not subject them to lending. Thus it is true that this industry has a side that has continued a vicious circle.

We do not know what your image is like, but as an opinion of the members who have developed business in this industry for more than 20 years, most companies are doing their best in good faith in the same way as general companies.

We believe that because we know it we can fully reorganize, supervise and open up the adult industry as an investment trust.

Loans cannot be accepted because public institutions and banks are not recognized as regular industries. Share fund procurement is out of the choice because it may be handled by criminal organizations due to shareholder rights. Regarding general investment including venture capital, general corporations and the general public did not invest us as we were deemed as high risk in the closed market.

However, with ICO, if you can trust even the operation mother body, there is no fear of shareholders handling the business through fund procurement, producers and casts will be financially affordable, and other investors security will also be ensured.

### **3.4 Value that can be offered to users**

Although it is possible for other companies to realize simply by making profits in the adult content industry, the difficulty is more than imagination to continue investing in healthy enterprises currently operating on a progressive basis and continuing to manage.

Nonetheless, we will centrally manage adult enterprises with proven track record of operating sound business, and oversee responsibly from production to sales, aiming at zero possibility of criminal diversion by disclosing its use and progress.

When an adult site ramps up advertisements such as one-click fraud advertisement, guidance to a phishing scam site, virus advertisement, mining program fraud, cheating link aiming at advertisement effect, the user seems to have an image of adult site = evil and will become shy away from adult contents.

In order not to do so, in cooperation with "Erotarest", "Health Cooperation Association" will supervise the adult site not to do the act of damaging these users, and work hard to formulate and spread the guidelines with producers and holders,

Also, it is the mission of the adult website to bring back copyright (profit) that is unlimitedly damaged by overflowing illegal uploads to the right holder.

By returning profits firmly to right holders and producers, the quality of products will be improved and the number of products will increase. Then, the market will become more active and users will be able to select better products.

By procuring funds through ICO and promoting reorganization of the industry, excluding sites that post illegal advertisements from the market, advancing instruction and censure on adult sites that do not return profits to right holders, and maintaining it as an investment trust are the most important initiatives.

#### Benefits of stakeholders

##### Investor:

- It seems to be profitable because it supports the reality.
- The value of Token is secured by the copyright (intellectual property) of the Adult Video produced.
- To invest anonymously.
- To receive benefits and be witness to industry reorganization
- To participate in secret exclusive events

##### Producer, holder, and cast:

- To procure funds.
- Good content is more likely to be born efficiently, with investment forecasts
- To Increase revenue with CAP option

##### User:

To enjoy good contents.

To relieve from fraud advertisement and crime funds.

To purchase adult video related items anonymously and participate in the auction.

To participate directly in the creation of adult videos.

## The role of Capiket Group

- To make the industry healthy and evoke demand:  
Penetration of CAP into planning, production, editing, distribution, promotion and sales as a whole.
- Maintaining the value of CAP:  
Supporting by buying, publishing plans, visualizing the value of investment destination.
- Industry restructuring and centralization  
Producing and providing cheaper and safer products by improving efficiency.
- Further growth of the industry  
Fostering entrepreneurs, promoting overseas expansion.

### **3.5 Value generated by block chain technology**

With the emergence of block chain technology, which is impossible to alter, the possibility of the whole WEB industry has also been expanded.

The generalization of new technology and the effective fusion of existing products and the latest technology is innovation itself.

The block chain, has characteristics that its history remains automatically, and it cannot be tampered with because it is also connected to the history before and after.



If we can use the characteristics of this block chain for copyright protection, we think that the benefit of copyright holders who were disorderly disregarded will be correctly returned to not only the them but also the user.

If you register copyright on the block chain, not only the history will remain, but even if you try to use the copyright without permission, the history of the people who used it will remain automatically. Since history is open to participants, no one can use them without permission.

Even if you attempt to falsify the history, since block chain is connected with other history, and since the data storage method of the block chain is a distributed model, it will be impossible to cheat the use of the copyrighted work.

As a result, illegal acts can be suppressed because copied products such as illegal uploads and pirated copies are also known as purchasers of original videos.

We think that suppressing crime is the right way of confronting rather than controlling it.

By making full use of this technology, there are signs of settlement in the copyright problem of the adult industry, and it will be a trigger for the adult industry as an interest business to grow greatly again.

In addition to using block chain technology with CAP as a token, we believe that the latest technology is meaningful only by generalizing and using the technology in the real economy.

CAP solves problems and expands the market at a stroke and it will become indispensable for the adult industry.

## **4. Market opportunities and Business Model**

### **4.1 Market Forecast**

The market size of the adult industry in Japan is 7,766.6 billion yen in 2017 and it is comparable to 7,880.5 billion yen in labor costs of all Japanese public officials.

The market size of coffee industry around the world is about 8 trillion yen.

The game contents market where famous companies compete is 9 trillion yen.

Even the huge industrial casino market is 10 trillion yen.

In this way, you can realize how the Japanese adult market approaching the scale of the world casino market is a huge market

The 2017 adult content market size is 521.3 billion yen.

- Market size of only video software (DVD and BD) is 370.3 billion yen (92.5% compared with the previous year).
- Sales market is 204.4 billion yen (94.2% compared with the previous year)
- Rental market is 165.9 billion yen (90.6% compared to the previous year)
- Paid video distribution market is ¥ 151 billion (120.2% same)

As the music industry has changed its form from record and CD to online distribution, the adult industry is also changing its form from DVD to online distribution.

As evidence, the adult video distribution market has expanded to 3.8 times the scale for 5 consecutive years since 2013, while the video software market (sales + rental) has contracted for 5 consecutive years. It can be said that the market is just transitioning from video software to distribution.

From the background as described above, in particular the paid video distribution market is expected to expand to the scale of 400 billion yen in the future, and the adult content market is expected to grow by more than 250 billion yen in the course of the change of the business situation.

According to the statistics of 2016,

28,258 people per second watch adult products on the Internet.

The number of images that can be watched is 91 billion, which means you are watching about 12.5 films per person in a year.

Total viewing time is 4.6 billion hours, calculated in number of days, goes up to 5200 century.

It is understood that the market size is sufficient even now as well as future growth.

It is characterized not only by the size and growth of the market but also by the stability and profitability of the market.

How stable is the adult market and a highly profitable industry? Let's compare by affiliate fee.

【Reward rate of general affiliate (approximate average value)】

- Rakuten (Rakuten Affiliate) . . . 1% of sales
- Yahoo! (Yahoo! Affiliate) . . . 1% of sales
- Amazon (Amazon Associate) . . . 3% of sales

【Reward Rate of adult affiliate (approximate average value)】

- DUGA (paid download service) . . . 30% of one sales
- DMM (paid download service) . . . 35% of one sales
- MGS movie (paid download service) . . . 40% of one sales

Higher remuneration means that the profit ratio is higher.

There are not many markets that will profit in the long term if you pay this much.

However, even in such an adult market, polarization is progressing.

The sales site boasting abundant funds secures sufficient profits, while small producers without funds for preparation for IT conversion is in a very tough situation.

Depending on the polarization of the market, subordination progresses, and the market itself becomes rigid and hinders growth.

What is now required of the adult market is to increase the quality by returning equal profits to the entire market.

We believe that this will contribute to the soundness of the industry and will lead adult market to a promising market that can be safely invested.

That is what a country or a bank absolutely cannot do.

The institutions who avoid troubles like sweeping trouble under the rug cannot do it.

Only people in the industry like us, investors with foresight, and the power of the private sector can change the industry. That's why it can be said that it is the last Blue Ocean.

#### **4.2 Investment Opportunities in the Last Blue Ocean**

Currently all investment markets are overcrowded. For example, according to the announcement by the Japanese exchanges, the total number of individual shareholders is 48,670,000 people and the number of stocks held per person is 3.5 on average, so the number of individual investors in the domestic stock market is estimated at about 14 million. A large number of investor means that liquidity will be correspondingly higher, but since stability will be higher than growth potential, Zero sum game where someone gains and someone loses will heat up.

But what happens if the adult market that no one could invest could be opened up? Just as standing in the center of the Big Bang, no matter how many investors gather, the market will grow steadily, and it will not be a bargain for stable pie.

At the moment, many production companies are not able to respond adequately to changes in the times, so the market needs that the industry cannot respond to are large. Even considering the inevitable negative factor of population decline, the point to be improved is clear and its influence is enormous, so there are full rooms for expansion.

There is another basis. Three of labor, money stock, and innovation are regarded as three elements of development and are widely regarded as key indicators of the economic world. Now, all of the Web adult content market is complete with them.

- Labour (population)

The Internet infrastructure is increasingly strengthened, and the environment that allows you to watch enough video content even in smartphones is in place, so the population that can utilize this market continues to grow. Even if the population of Japan is decreasing, the population of adult content market users is steadily expanding.

In addition, as the society diversifies and opening up from old values, the number of women working in the adult industry has also exploded and the market population is increasing both in supply and demand.

- Money stock

Sales in the adult industry as a whole are on a declining trend in the Japanese economy undergoing deflation.

The inflow of funds by CAP's ICO here, ample stock of money flows into the adult market, which had been exhausted in Japan's lost 20 years, the market regained economic health, a new market was created.

- Innovation

A major innovation occurred in the financial markets as the convertible banknotes (currency) that began with the gold standard as collateral changed to an inconvertible banknote (currency) that is collateralized by the credit of the state.

And now currency innovation is about to take place that does not require centralized security of state credit. Among them, CAP, which is very anonymous, has a very high affinity with the adult market.

We are convinced that there is tremendous explosive power when the adult market that perfectly encompasses the three elements of economic development is opened for investment.

### **4.3 Business Partner and Centralized Management**

However, even though it is attractive as an investment destination, Due to various resistance forces, if there is no intention to proceed with market opening firmly and cooperation of influential existing adult industry, industry reform by CAP cannot be realized.

Therefore, we got cooperation from industry top players such as the big maker of WEB adults with 1 billion PV per month, authorized adult content creation company, and the biggest adult cloud funding advocating new distribution forms of adult content, agreed to advance the formation of a unitary adult content market and as a "Capiket Group", and committed to doing all we can to distribute CAP as a virtual token dedicated to the adult market.

By doing this, we will maximize the production volume of adult content by unifying the fund procurement, production, and sales of the adult content market, and also maximize the production volume of adult content by doing unified reinvestment of earnings. Maximizing adult content means that the market will be expanded accordingly.

Just like credit creation in the financial industry, the entrance to the production of adult content is not expanded unilaterally by the production company, but is expanded by the demand of the market by the cloud funding. This is exactly the credit creation of the adult content market.

We believe credit is an element that was missing the only adult market. Securing various social trusts is one of the important mission and significance of the existence of CAP.

## **5. Creation of Value**

### **5.1 Value in Internet business**

In past and present economies, business owners take profits from their customers, and employees, managers and shareholders benefit from that profit, in short, it is a structure in which a profit conflict arises.

This brings up a confrontation between workers and companies, with the conflict between management and shareholders as a fundamental problem.

We can catch the limit of modern capitalism.



However, the market knows "value" that does not appear in the amount.

For example, in 2014 facebook bought whatsapp with annual sales of about 2 billion yen for 2 trillion yen. If you look at only sales and company size, it is too expensive to think anyhow, but it is a reasonable price to consider as the value of the communication infrastructure used by over 400 million "users".

Another example.

Google's profit in the October-December period 2017 is a deficit of over 300 billion yen. In the financial statements, data owned by Google, latent needs, and social dependence are zero valuation on profit and loss calculations because they do not become assets as numbers.

However, Google boasts the support of overwhelming "users".

It secures 70 trillion yen in market capitalization. It is not an exaggeration to say that the Internet is a tool to aggregate and maximize this "user" value.

## **5.2 Verification of value**

We think the value of CAP is supported by the following reasons.

1) Since we produce adult video using ICO funds and all payment of production costs is done by CAP, actual demand will be born and distributed on the adult content market without fail.

Based on the creed of "First duty, Last profit", CAP also prioritizes the benefit of the token user (holder) and procrastinate the profit of the governing body for one year.

Although this will exacerbate the cash flow of the company, we think that it is a very important requirement to keep the profits of one year as a support by buying for CAP.

In other words, due to payment, CAP generates real demand from the governing body every month. It also penetrates to business partners so that real demand will increase. As a result, support by buying will occur.

Suppliers do not exchange all of the CAPs with legal tender currencies, but a certain number is held for another payment. So scarcity advances and the value rises.

2) You can exchange various services and goods within the framework of a series of adult industry.

If supporting with "Laporno Funding", it is necessary to exchange to CAP once, so Purchase (distribution) and payment to the production company by CAP will surely occur. Demand is surely born here as well.

According to the amount supported by "Laporno Funding", CAP is returned to the supporter as a point, and that CAP can be used for popularity voting, work production voting, etc.

If you want to vote a lot to support your favorite actress or work, you will need to purchase CAP so it will be distributed more than it was returned as a point.

After the start of operation of the video distribution site, it is planned to be able to purchase movies with CAP.

3) The adult content produced will be the underlying asset.

CAP is not a complete virtual token and also not only transient emotional value due to trends and enthusiasm because adult video content produced by CAP exists as an underlying asset.

The value of the entire adult content market will be accumulated as much as the content of good quality is born by the distribution of CAP.

4) Purchasing power of "Erotarest" customers of approximately 3 million UU, 40 million PV a day is also a potential value.

"Erotarest", the mega site ranked in 25th in Japan ranking which is higher than kakaku.com and tabelog.com etc., and which has reached 97 million total unique users in a month, is to be able to cooperate fully in efforts towards sound adult market.

The population of Spain is 46 million,

The population of Italy is 61 million,

The population of the UK is 62 million,

The population of France is 63 million,

And the population of Germany is 82 million which is the largest in EU.

"Erotarest" is bigger than all the German people use the site every month.

Furthermore, as more than 300 major adult media participating in Health Cooperation Association will participate in this effort, so that more users of about 60 million unique will increase.

$97 \text{ million} + 60 \text{ million} = 157 \text{ million people}$

There is a market of more than 1 billion PV, and we have an overwhelming advantage that CAP already has this market with 157 million people.

By the way, when facebook acquired whatsapp, the number of users was over 400 million. The purchase price is 20 trillion yen.

It is not possible to calculate the same, but if 157 million users have the same value, there will be a potential value of 7 trillion yen.

The whatsapp user does not segment its interests at all, but as our 157 million users are interested in adults, their potential value may be more than a whatsapp.

Funds initially gathered by ICO for its potential value are within 5 billion yen. Even if the market value does not expand at all from now on, it can be said that the token has a potential value of 1,400 times.

5) All profits of business invested by ICO will be used for buying tokens.

For the governing body's budget composition, we plan to allocate 80% of profits to business reinvestment, 15% to CAP support, and 5% to administrative reserve.

Such a high reinvestment rate will promote long-term growth of token value to the extent that corporate dividends will not be comparable with it.

6) Efficiency increases as capital is reinforced, and accumulation of profits directly becomes an asset.

### **5.3 Hard cap (total issue volume) and value rise**

We have set clear goals for each phase. Firstly, we decide the maximum number of issues to be issued, and we will realize our plan firmly within the planned area. After that, when the liquidity of CAP can be secured as planned, we plan to adjust the total issue volume step by step.

However, in order to avoid losing the interests of those who possess tokens by taking risks in the initial stage, we set the issue quantity as follows before issue

volume per 1 CAP increased until it was more than ten times the price of pre-sale price and the liquidity became uneasy.

Scheduled total issue volume	1 billion CAP
Closed sales issue volume	100 million CAP (SOLD OUT)
Maximum presale issue volume	200 million CAP
Maximum ICO issue volume	200 million CAP

Although it is the above schedule, we will issue tokens according to business demands, so we will not procure unnecessary funds in our business development. There is also the possibility not to issue additional tokens at the time of listing.

Then we would like to share recognition with everyone regarding the recognition of the total issue volume of tokens.

It is necessary for ICO participants to understand the proposition that if increasing the amount of issuance of tokens decisively hurts the token value.

Among financial beginners, the partial aspect that the value decreases as the number of issues increases is recognized like a decisive factor. It is necessary to resolve the discrepancy of this serious recognition first.

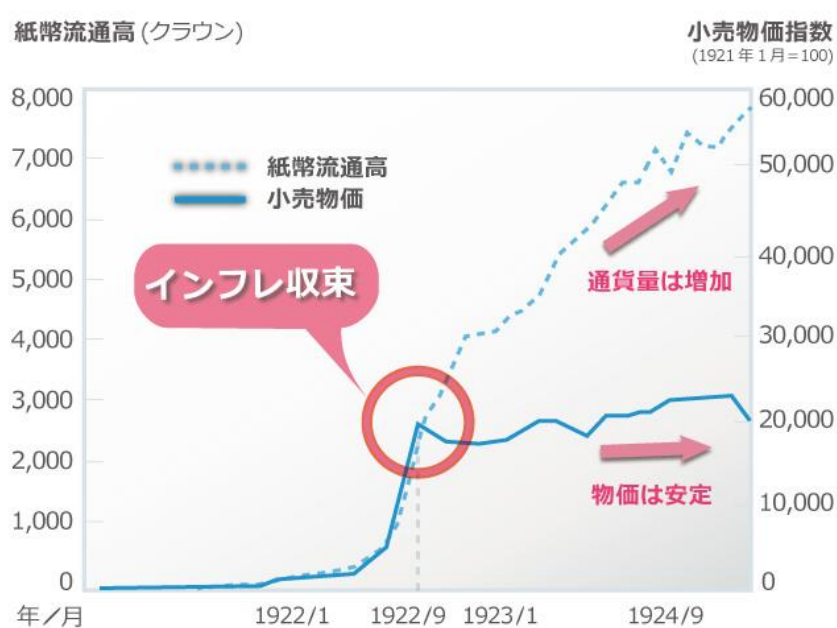
Will the prices of tokens that issue volume really continue to increase? Let's look at historical facts.

Due to the defeat of World War I, the giant Empire Austria-Hungarian Empire was dismantled and became a small country in Central Europe.

As a result, the vicinity of Vienna, which reigned as the capital of the giant empire, has become an overly large population in small countries. Then, the food supply could not catch up and the economy collapses due to food shortages and

unemployment without jobs. The new Austrian government was also forced to pay a huge amount of reparation as if to push it further. In order to pay reparations, unemployment measures, and food control measures, the government was going to issue funds more quickly by issuing more and more money through "direct underwriting of government bonds". Of course, the monetary value collapsed and resulted in hyperinflation in which prices rise by 50% or more monthly

### 1920年代 オーストリアの物価と紙幣流通高



However, as banknotes continued to increase since 1921, prices rise at the same speed, and nearly no actual profit is gained by issuing bank notes.

Furthermore, since October 1922, the volume of paper money continues to increase, but suddenly the price was stabilized.

This phenomenon is a phenomenon that happened as a fact, but not an impractical proposition.

This is not a phenomenon occurring only in Austria, but similar phenomena occurred in countries like Germany, Poland and Hungary, which were defeated or battlefield at the same time.

One of the reasons of the sudden end of hyperinflation is that in August 1922 the International Federation Council started negotiating a binding agreement on Austrian relief and finance, financial reform.

Although inflation continued inexhaustively only because there was a prediction that inflation will continue to increase in the future, policy making with binding force (credit) became the power to end hyperinflation through changing forecast.

Another possible cause of hyperinflation convergence is that economic growth keeps up with hyperinflation.

Where is the difference between the hyperinflation that is currently occurring in African countries and the hyperinflation of defeated countries after the First World War?

In short, it depends on whether there is a foundation for economic recovery like fundamental national strength, industrial ground force, or economic growth base.

When hyperinflation causes concern about monetary value, demand for exchange to physical assets explosively increases, but assets such as real estate lose liquidity immediately. Then, everything from daily necessities and living goods to luxury goods (product demand) explosively grows.

Even though countries that were originally advanced countries played a leading role in the First World War have been destroyed, there was a potential industrial foundation, so industrial regeneration occurred at an astonishing speed to meet the

demand. Economic development speed gradually caught up with the momentum that money is reprinted.

This means that if the "expectation" of the future development forecast becomes larger than the monetary increase amount, the currency demand is rather secured as the money distribution speed is faster. Having sufficient money circulation means that it is a necessary element to prepare for economic development.

For example, stocks with low trading volumes are highly volatile and unreliable as assets in practice, as it is difficult to enter into agreements.

1) Reliable policy

2) Economic growth forecast (potential growth)

Because of these two factors, hyperinflation has been completely sealed.

One of the trustworthy policies of CAP is the unification policy of the WEB adult market.

By the participation of "Erotarest" with 1 billion PV per month, and "Laporno Funding" as a new standard for adult video production flow which procures production costs from the market in advance, potential growth is also secured.

Therefore, the dilution due to the increase in the issuance volume of CAP will not unilaterally damage the token value, rather the transaction volume will increase due to the increase in the distribution volume, and a more stable price increase is expected.

It is easier to understand if you consider a token as pseudo-currency.

In determining the monetary value, people make economic decisions such as "how much of the money in hand is actually used" and "how long to hold currency"



Current value and trend will be decided depending on whether future inflation or deflation is expected.

As inflation goes on, people think that the value of money goes down further, so the consciousness to change money to goods other than money as soon as it works. Accordingly, the price of goods steadily goes up and the relative price of money as the value goes down, and the currency circulation speed increases sharply with that.

It is the same as the phenomenon in which the volume of transaction increases when major actions such as soaring and declining occur in stock markets.

Applying it to the token, if it is thought that it will rise, it will be held (possessed), and if it is thought that it is a ceiling now, it will be sold (used). Of course, if thought that it will rise even further, it will be bought and be held more. Therefore, even if the number of issues increases, the currency value will rise if there is economic growth above that or when the circulation rate (rotation rate) of money decreases.

Monetary value is synonymous with future value, and in economics, the future prospects are called "expectation", and the mainstream is a dynamic model that considers both the present and future.

A typical example where this "expectation" determines the price is the stock market.

"Foreseeing, or expectation" that a car maker succeeded in developing important technology for realizing complete automation of automatic driving greatly boosts the stock price of the company. For example, if realization of full automatic operation increases revenue and the stock price (future value) goes up, it is better to buy it now, so the "now" stock price will rise. These stock market movements can be said

to be typical examples reflecting the "expectation" that will be raised in anticipation of future rise.

From the historical facts as mentioned above, even if fixing hard caps is meaningful in the immediate value creation, in thinking serious long-term prospects, those who can respond flexibly have more benefit buildup effect

If the token distribution volume is small, the volatility will increase and it will be difficult to use it for various transactions as a stable token.

However, CAP has a different starting point in the first place. When issuing tokens, CAP always discloses business plans and their predictions and raises funds by asking the market about the rationality and feasibility of the plan. In other words, it is thought that "price" (business value) is first determined and "money supply amount" (token issue amount) is determined according to it.

In the ordinary ICO, the management side decides the issue volume, but in CAP the investor's demand determines the issue volume. In the real world, it is the same theory that banks provide loans in response to corporate requests. When a company has applied for funds demand, the bank should carefully examine the contents of the fund demand, the financial situation of the company, etc., and judge "the value of the business to be financed", that is, "the value of the company or the plan", and then, they will decide if finance the funds or not. In that case, they need to increase reserves accordingly, but the central bank cannot refuse this request. Money will just be issued at the request of the economy and the interest rate will also just be determined accordingly.

However, CAP will not ask issue tokens from the central bank, but will show how much token value can be expected to rise according to the business plan. Investor's

judgment will play the role of coordination as the market judges it and takes the form to meet the demand for funds.

In short, by being released from the existing financial system by ICO, the judgment of the private sector and that of individual investors will be utilized, and as a result, the value of the token will rise and it will become a profit of the investor.

In addition, when CAP conducts ICO, as planning announcement, fund procurement will be carried out with a price setting higher than the current price, it will not cause dilution. Other ICOs have ideals first, but CAP has business entity first and CAP realizes the ideal as the extension of the business.

After establishing the Token Distribution Economic Zone by reorganizing and centralizing the WEB adult market, we will introduce technologies, so we can definitely achieve the roadmap

CAP prepares in the real economy and plans are announced after it's really prepared. So, CAP is completely different from "delusive" ICO and "fraudulent" ICO just to get on fashion.

The real objective of the CAP is to establish the adult market, and to open up the adult market to investors, while booth ICO and the adult market are considered to be stinky.

Because of the cooperation with the companies with more than 20 years of sales experience in the adult market, the biggest adult media in Japan, and adult video production company which is not exaggeration to say is No.1 in Japan, We are convinced that we can sufficiently dispel the negative factors of the current situation and are making the ICO plan public.

Although it became long, in the theoretical part we explained that hard cap is not collateral of value because of the reasons mentioned above.

Next, for the investor, most likely, the most worrying part is that, as hard caps are released, suddenly tokens are newly issued by millions and major crash occurs.

In this regard we need to understand two things.

- 1) Procurement method
- 2) The total amount of token worth is equal to economic zone value

First, let's see from the misunderstanding of the procurement method. Maybe issuing a token has an image of market procurement that sells it secretly in the market. Certainly it may be possible to think of such things if you catch as much as you can catch and get selling it on the ceiling and collecting funds and running away.

However, CAP aims differently.

By releasing the adult market to investors, CAP aims to be a role of finance adjustment exclusively for the adult industry. Even though investors indirectly invest in the adult market, they will directly become the investors of tokens aimed at finance adjustment function called CAP.

In general, we will raise funds in the market, but since it is not a transaction at the exchange, it is like issuing convertible bonds (convertible bond type bonds with stock acquisition rights) without redemption time limit, so direct investors will undertake CAP without going through the market.

First of all, when CAP raises funds, it always discloses purpose and plan, and investors can make decisions and make purchase. Specifically, it is as follows.

Suppose now that 1 CAP is trading at 100 yen. Then we will disclose the business plan and financing objectives and we will sell new tokens for 110 yen.

If you think that price is reasonable, you will undertake CAP in relative trading.

Of course there is no direct impact on the price of the market.

The good thing about this method is that we cannot know the validity of our plan with the tough eye of investors because we do not collect funds unless we plan a backing with grounds and achievements. This can be said to be a merit that we can guarantee the soundness.

And, for example, in the case of procuring at the exchange, when investors who are convinced of the future prospects agree with the purpose of this fund procurement and intend to purchase in large quantities, the token price will soar at this point.

In the case of market procurement, the management side is comfortable, but if investors think that it is reasonable for 110 yen, they will increase their own price to buy the desired number, and when the average contract price will be 150 yen or 200 yen, investors will not know whether they have raised funds within a reasonable amount.

However, if it is a relative transaction it can be bought for 110 yen as much as it is within the planned issue number

This is the merit of investors.

That is the explanation about the procurement method. Next is the point that the total amount of token worth is equal to economic zone value. The total amount of tokens currently on the market is equivalent to the market capitalization if you compare it to stocks.

Although it has nothing to do with actual assets, it will be the expected value for that company or organization, so if you replace it with a token, it will be the development expectation of that economic value for those using tokens and their commercial areas.

The price will naturally collapse if you forcibly spread tokens that were not in the plan to the market where the current token total amount and token price are prices reflecting future expectations including planning.

It will be both theory and fact. However, issuing tokens for CAP has clear objectives and plans, and it is separated from tokens that are backed up by the present value. In other words, it is to sell the right to buy cheaply the value that creates the market in advance

Newly created markets produce new token demand, and expansion of the business scale will increase market value as business value expands. And of course the token price will rise as well.

When viewed in microscopic view, funds to be newly procured are considered to be funds of a new business plan, but when viewed by macro, original CAP assets, and potential assets like the number of user and page view to "Erotarest", adult video production, and participating media etc. will demonstrate the synergy effect, so it will take a significant boost compared to running the business plan from zero.

So, as we repeat the ICO, the assets and physical strength of the governing body will increase. And investment efficiency should be getting better and better.

Therefore we think that it is not impossible for CAP to increase even over 10,000 times.

We think everyone is very interested as to whether the value of the invested token is appropriate or not.

Unlike stocks, tokens are actually used.

So, you cannot make a judgment like a stock or a credit, but in general the token economic zone value comes out by the number of issues multiplying price.

For example, if 100 million CAP is issued with 1 CAP 100 yen, it is 10 billion yen.

Whether this is accurate or not is "the God only knows".

However, there are five main factors that determine the value of a token.

- 1) Future prospects and practicality
- 2) Verification of value
- 3) Distribution volume
- 4) Retention
- 5) Issuance plan

How to apply these items?

As for No. 1, although it is only subjective judgment based on objective information, as long as you see the history and the present situation that the adult market is the oldest human being industry, evolving while changing the form and the form, and there is no room for doubt about the future prospects and if the future potential of the industry is certain, the practicality of circulating tokens can be secured.

As for No. 2, we will convert it to an asset that does not deteriorate the funds and does not depreciate, so copyright will be accumulated as long as you continue to produce adult video, and its copyright value will be established as collateral for the value of the token.

As for No. 3, let's see the reliable distribution volume.

Because payment on business plan is done by CAP, planned payment amount will be monthly circulation amount of token as it is.

As for No. 4, payment by CAP explained in No. 3 will encourage distribution in the form of guaranteeing the rate at the time of payment for 3 months. Relationships with salaries and contractor payment can be exchanged for Fiat by relative trading. If the price of CAP is rising, people do not have to sell in a hurry, so get the minimum necessary amount in cash and increase the number of people holding the CAP (stock). If the price is rising further, they will possess as much as possible even after three months of the minimum warranty period, after which they will buy and sell at the exchange as necessary. If the price continues to rise, the possession rate surely increases, and as the holding rate rises, the scarcity will advance and the value will rise.

As for No. 5, we will decide whether the market accepts the future issue plan favorably or not.

Among the above elements, number 3 is numerically easy to read data. The monthly planned payment amount of the business plan is the minimum demand of CAP. And as the holding rate goes up, the market procurement price will rise as the current scarcity progresses. If the market procurement price rises, the possession rate also rises. Since CAP is actually distributed as a governing entity in a real economy, unlike other tokens, distribution for payment is definitely made.

### **5.3 Base of CAP's current economic value and its listing price**

In terms of the total UU, we already have a market of about 4 billion yen from cooperative medias, "Erotarest" and "Health Cooperation Association", where are the biggest market at the moment for CAP's actual distribution.



The current unit price of UU in the adult content market is about 30 yen per UU (based on sales instead of profit) when calculated from the current value of major holders.

If you convert that figure of UU by "Erotarest" and "Health Cooperation Association", you can easily understand that it is 4 billion yen scale.

In addition, the economic zone does not only refer to sales of products. All costs including the cost of making the product, It is a premise that CAP will be distributed in production in that economic zone.

So, we believe that the current economic scale will be in the range of 6 billion - 70 billion yen for implementation. That is the price basis at the time of listing.

Considering that assets are continuing to increase if the total number of issuances is less than 5 billion and the market size is between 60 and 70 billion yen, we think that 1.5 yen per CAP is extremely discreet. If this is IPO, it should be ten times the stock price setting.

#### **5.4 Stepwise prospect of the growth CAP's value**

Let's see how CAP secures value and what strategy to maximize participant profit.

##### **■ Second stage ■**

【Phase 1】

(Complete independence of CAP in the WEB market and establishment of reliable value collateral)

Establishment of demand among production stakeholders;

As described in each of the previous sections, assets increase more and more from the initial funds by turning the funds into assets, the assets further raising funds and the funds become assets again. In the past, investors got profits of this asset.

In doing so, the funds that can be reinvested will decrease gradually, and eventually the funds to reinvest will become depleted or short, and the business will collapse.

Meanwhile, the mechanism proposed by CAP, in which all stakeholders share the same interests, does not distribute this sales (funds).

In the process of assets generating funds and funds making assets, costs are incurred when producing products.

Demand will also be dramatically expanded by providing CAP with the financing adjustment function of the adult content market.

We will pay these costs with CAP.

Therefore, as the asset grows, funds (sales) also increase greatly, and demand for CAP occurs every time you invest funds on the market as a cost to produce a large number of products.

At the initial stage, almost all of CAP paid is exchanged for Fiat, so it will not raise the CAP price, but as demand rises and the price rises, the amount gradually stocked as common sense of the market principle will increase.

And the value of CAP will continue to rise due to synergistic effect of buying pressure due to increased demand and scarcity caused by possession.

※ We will convert funds efficiently to assets (goods) and focus on improving the practical environment where we can continue to produce contents even larger.

【Phase 2】

(Establishment of demand among users)

At the time of the first phase, work support by CAP becomes possible through AV cloud funding and CAP demand among some users is secured. In the second phase we will establish more reliable demand on a larger scale.

At phase 1, work support by CAP becomes possible through adult video cloud funding and CAP demand among some users is secured. In phase 2, we will establish more reliable demand on a larger scale.

In the early stages, we will make sales by distributing WEB distribution, real store sales and rental sales, on-demand distribution, mainly on "DMM" (current "FANZA") and "MGS".

\* As for this sales channel, the sales contract has already been concluded with "DMM" and "MGS" with our cooperating companies.

When the number produced and sold by CAP exceeds 1000 titles, we will do our own sales at the video sharing site "Jvideos" under full cooperation of "Erotarest".

At this time, we can offer sales approaches to existing sales such as DMM and MGS, and "Erotarest" and Health Cooperation Association participating media with 155 million unique users, so we can secure a sales channel of over 500 million unique with all sales channels.

As a result, the sales growth has dramatically increased, the speed of asset formation rises, the production speed rises, the demand for CAP explodes, and on its own video sharing site, users can watch videos with CAP and can enjoy various services with CAP.

In the second phase, we will further raise CAP demand by establishing demand not only for the production side but also for users.

\* In addition to the supply system that was set up in Phase 1, the significance of establishing a completely unified system from production to sales by not only further expansion of demand but also establishment of a sales channel that can stabilize demand and directly put in demand by improving its own sales channel.

### 【Phase 3】

(Establishment of original crypto currency exchange)

When full-scale CAP demand is established between the production side and the user side, the transaction becomes even more active and the safety of the trading environment becomes more important.

Although we plan to list on safer and more reliable exchanges, the crypto currency exchange has three risks.

- 1) Regulation by the law of the country or region where the crypto currency exchange was placed.
- 2) Bankruptcy of exchange
- 3) Token outflow due to hacking

In order to minimize this risk and to secure the token holder's property conservation in cooperation, it is essential to establish the original crypto currency exchange.

At this point, we will issue all the token of the hard caps of CAP and complete asset collateral and complete free market exchange by market evaluation will be completed.

In phase 3, in order to respond safely to the increase in CAP demand, strengthening the transaction infrastructure and eliminating the price influence factors other than market valuation by the market introduction of hard caps will create a more transparent environment.

#### 【Phase 4】

(Development of completely unique crypto currency)

Although CAP was originally issued at Ethereum base, in a state where a completely different virtual currency is the underlying factor of the CAP value, the actual price will fluctuate due to price fluctuations of Ethereum even if the CAP entity is doing fine.

In such a situation, it is difficult to secure the value of CAP correctly, so issuing our own currency from the scratch is essential.

In addition, by enabling direct dealings with Fiat through development of its own currency, expansion of usage environment and explosive expansion of demand can be expected.

CAP was born as a token for the adult market, and when established as a unique currency, the infrastructure that can be active in the world market as the core currency of the adult market is completely set up.

In phase 4, we maximize the distribution range by maximizing the actual range by maximizing the distribution range with the flexibility of our own currency as a weapon.

As target figures, we aim to achieve CAP annual actual demand (over-the-counter transaction amount) of over 200 billion yen.

※We will make half of the 100 billion yen available for collateral by adult video and its related demand produced by CAP.

#### 【Phase 5】

(Transition to fixed exchange rate system)

The biggest problem of the current virtual currency is the high volatility.

When considering it as a settlement currency, the price fluctuation is too large, so risk is involved not only for business settlement but also for holding it as an asset.

In the first place, if the currency itself has risk of holding, the distribution range will have to be limited.

In order to solve the problem, CAP makes a fixed exchange rate with the legal currency extremely simply.

However, since there is no reason to purchase (possess) CAP in the first place, when it becomes a fixed exchange, it will be difficult to collect funds from investors against fund demand, and flexibility as a currency will be lost more than anything.

In order to solve it, we will do the following two efforts.

- 1) Credit creation linked to CAP holding ratio
- 2) Dual structure of CAP transaction form

First of all, credit creation linked to the ownership ratio is simply to say price fixing. Depending on the CAP holding ratio of the owner at the time of demand occurrence, we will underwrite the credit loan of CAP's demand.

By linking issuance of CAP with demand, we will peg crypto currency with FIAT currency, and the convenience and distribution area will dramatically increase.

As a matter of fact, there is no currency with 100% backing like gold standard.

Even "yen" which is said to be the world's most stable currency, more than 80% of the outstanding amount is a credit facility in which the underlying asset does not exist in the world.

Nevertheless, since it is sincere and transparent operation as possible and having margin of about 20%, it is distributed as the world's most stable currency.

CAP is based on huge copyright intellectual property as a major basis. All substantive business of incidental industries like rental work of studio and costume, dispatch of makeup etc. in the adult market will be accounted as value collateral.

This concept can be realized only by converting funds into assets and converting the funds that assets generate into assets and accumulating credibility as money increases rapidly in the period up to phase 4.

Credit rationale for accumulating assets with universal demand in the adult market is not dreamlike technology and uncertain service but the only stable currency in crypto currency.

Then, when shifting to the peg system with FIAT currency, we will hold a certain ratio to the total amount of issued money in the FIAT currency and guarantee smooth supply and demand correspondence.

Based on the current market composition and annual sales increase and decrease, we reported that the adult content market growth is over 250 billion yen, in the meantime, CAP will raise about 2 billion yen in funding and will gain not only a 250

billion yen market to grow, but also a large market share in existing distribution markets.

Even simply acquiring a 250 billion yen market with an investment of 2 billion yen, the investment fund will be 1,250 times, but it is anticipated that the market itself will also expand with supply expansion of high quality products and innovation. At that time economic zone Capiket Group's proposed will be thousands of times higher than ICO, including future expectations.

Based on the above background, at the stage of transition to a fixed exchange rate, at least 1 CAP = 1,000 yen or more will be fixed. (The peg currency is undecided at this time)

We do not keep a small profit, reinvest all in the market, increase its value, share the increased value as profits and grow with maximum efficiency.

From now on, "economic zone" and its "value" for each product and market are most important.

As 1Ethereum = 50,000 CAP will be available for pre-sale, in terms of yen conversion on pre-sale, it is approximately 1 CAP = 1 yen.

When it fixes 1 CAP as 1,000 yen as the minimum standard, the initial ICO amount is exactly 1250 times as much as the growth rate when the market is acquired. If you invest 1 million yen in a presale, it will be calculated to be at least 1,250 million yen.

We promise this fixed price as a minimum standard at the time of transition to fixed exchange rate.



If you have original assets, proprietary sales channels, private exchanges, and unique currencies, you can realize 100% fixed transaction price with Fiat. We will introduce a fixed exchange rate with the backing of its value.

And, the speed of CAP's efforts depends on the amount of funds collected. By concentrating as much of the funds as possible and developing the next phase at the same time, we will reach this goal as soon as possible.

We are convinced that this will be 1250 times, but when it will be realized is up to sale. We hope to achieve the goal of CAP as soon as possible through cooperation between investors, production and customers.

This is the image of the value increase of CAP which is simple, backed up, and easy.

#### ■ Second stage ■

WEB market and actual market joint and expansion of CAP economic zone

In the 2nd stage we will do joints with real adult industry.

CAP, which began in the form of crypto currency, expands the range that can be used directly as a currency in a direct real economy.

For that purpose, we will first distribute CAP in a limited area.

Regarding limited areas, we are imagining an environment where a wide range of autonomous management can be performed in a form like a Special Economic Zone in countries such as Micronesia.

We are planning to develop casino industries with original capital which have high affinity with the adult industry, while proceeding with consultation with the assumed regional government in the future.

It aims to create an environment that is healthier and more acceptable from society and expand the market scale further.



潜在市場価値換算で既に1CAP 当たり1,000円規模!

それが!!! 先行者利益として、1CAP=1円で保有することが出来る!  
なんと **1000** 倍になるチャンス!!

さらに、保有者特典として、一般参加できない AV プレミアム特招会への  
参加権利を有する! ←これはプライスレスな特典!

これだけ全ての特典を **匿名** で  
リスク回避しながら投資できる!!

## **6. How to get CAP**

### **6.1 Participation in initial distribution (pre-sale)**

The initial distribution (pre-sale) period of the CAP token is from October 24 to December 31, 2018.

Applicant can obtain CAP by sending ETH to pre-sale smart contract address displayed after registration on website.

<http://capiket.com/>

\* We will change the link into the purchase page as it becomes a pre-sale.

The minimum purchase price is 1 ETH. If you would like to purchase in cash please consult us separately.

### **6.2 Roadmap**

2016	Mar	Establishment of Health Cooperation Association (industry association aimed at sound industry)
	Jun	Establishment of ICO study group for revitalizing the adult market by Health Cooperation Association
	Aug	Erotarest join Health Cooperation Association
2017	Jan	CAP preparation room launched · Sponsored by Erotarest
	Jun	CAP Promotion Business Union launched
	Sep	ICO cooperation agreement with major adult media concluded
	Nov	Laporno Funding cooperation agreement concluded
	Dec	Adult video production sales for CAP distribution started
2018	Mar	ACCA management private school opened for human resource

		development project supporting CAP distribution
	Jun	Laporno Funding Renewal for CAP distribution
	<b>Oct</b>	<b>Start of Pre-sales from October 24th</b>
	<b>Dec</b>	<b>End of the presale until December 31st</b>
2019	Jan	Starting Development of video sharing site for CAP distribution
	Jan	Starting Production support for CAP distribution starting
	Apr	Video sharing site for CAP distribution pre-opening
	May	Video sharing site for CAP distribution official opening
	Jun	Listing on the crypto currency exchange
	Jun	Starting CAP's own crypto currency exchange development "BitCapital"
	Sep	Starting CAP's original virtual currency development
	Nov	Starting legal currency settlement environment development
2020	May	Starting operation of CAP's own crypto currency exchange "BitCapital"
	Aug	"BitCapital" starting commercial service
	Sep	"BitCapital" having legal currency settlement environment
	Dec	Establishment of CAP legal currency peg system starting in "BitCapital"

(Establishment of infrastructure in adult economic zone will be completed here and shift to the second step)

2021	Jan	Briefing session on the stage of integration of IT and reality (Construction of total entertainment facilities)
	Jan	Introduced as a currency in a country that does not have its own currency

## **7. Risk warning and Disclaimers**

### **7.1 General information**

This document is for informational purposes only and is not a recommendation for entering any investment. It does not constitute, correlate, recruit stocks or securities within jurisdiction, and should not be regarded as such.

- a. CAP tokens are mere coupons used within the framework of the adult content platform and are not of a nature similar to any securities or securities. So the sale of CAP tokens is final and non-refundable and it does not imply ownership of Capiket Group Limited ownership or property rights, and control right to holders.
- b. Examples of revenue and profit calculations used in this document are given for illustrative purposes only or for showing industry average. It does not guarantee that these results will be obtained in accordance with the marketing plan.
- c. We may modify the purpose described in this document for unforeseen circumstances.
- d. Notwithstanding that we are trying to achieve all the objectives described in this document, all persons and parties involved in the purchase of CAP tokens shall be responsible or liable, whether directly or indirectly, for any damages or loss caused or sustained.

### **7.2 Risk of failure**

The funds collected during the sale will not guarantee that the relevant subsequent marketing activities will be successful. There are risks for various reasons, including but not limited to business arrangements, or failure of marketing strategies.

### **7.3 Uncertainty of Regulatory**

Block chain related technology is supervised and managed by various regulatory bodies around the world. Each regulatory body may impose restrictions on the use or ownership of digital tokens. CAP shall comply with the laws of the area where

Capiket Group Limited is located and shall assume no responsibility for the disadvantage of the owner accompanying it.

#### **7.4 Risk of using new technology**

Crypto tokens, such as CAP, are a fairly new and relatively untested technology. In addition to the risks mentioned in this document, there are additional risks that we cannot predict. These risks may emerge in other forms rather than those indicated here.

#### **7.5 Future technical innovation**

Technical innovations, such as the development of quantum computers, may pose a danger to cryptocurrencies, including CAP tokens.

#### **7.6 Insufficient Use**

Despite the fact that CAP tokens should not be considered as an investment, they may gain in value in the course of time. They may also fall in value according to the movement to convert its value to other assets.

#### **7.7 Risk of Loss of Funds**

Funds collected during the sales procedure are not insured. In the event of loss or loss of value, there is no private or public insurance representative whom the buyer could address.

#### **7.8 Residents in ICO prohibited area**

We will not sell to people who are prohibited to participate in ICO or purchase tokens, possession in the residential area.

Even if it cannot be perfectly confirmed at Capiket Group Limited, in the event that a resident in the prohibited jurisdiction were found that he or she has purchased it, its ownership shall be revoked immediately and no guarantee will be given.

#### **7.9 Entire Agreement.**

This Agreement sets forth the entire understanding and agreement between the parties as to the matters covered herein, and supersedes and replace any prior undertaking, statement of intent or memorandum of understanding, in each case,

written or oral. This Agreement may not be amended or modified except by an instrument in writing signed by each of the parties and expressly referring to this Agreement.

#### **7.10 Disclaimer of Warranties**

You agree that your use or inability to use CAP tokens is solely at your own risk and you remove all responsibility from CAP's governing team.

Since the date of issue, CAP tokens will be sent to you without warranty of any kind, either express or implied, including all implied warranties of commercial value for a particular purpose without violating anyone's intellectual property rights. As some jurisdictions do not allow the exclusion of implied warranties, the above exclusion of implied warranties may not apply to you.

#### **7.11 Representation and Warranties**

- a. By participating in CAP token sales, the purchaser agrees to the above and in particular, they represent and warrant as follows.
- b. You have read carefully the terms and conditions attached to the white paper and agree to their full contents and accept to be legally bound by them.
- c. You are neither a US citizen nor resident.
- d. You will not use CAP token sales for any illegal activity, including but not limited to money laundering and the financing of terrorism.
- e. You have sufficient knowledge about the nature of the cryptographic tokens and have significant experience with, and functional understanding of, the usage and intricacies of dealing with cryptographic tokens and currencies and block chain-based systems and services.
- f. You are not purchasing CAP tokens for the purpose of speculative investment or usage.