

Dear Current and Prospective Investors,

As Q3 draws to a close, I wanted to provide you with a comprehensive update on our business. We plan to begin a seed fundraise over the coming months, once our first prototype is live and the market has improved.

## Overview

- In partnership with Arkadiko, a lender on Stacks, we'll launch our first prototype in late Q4
- We're also supporting 5 additional pilots at Stacks. Moreover, the Stacks Pre-Accelerator has set a goal to create 100 new startups in 2023, all using DLCs to accept native Bitcoin
- We've begun expanding to multiple chains and have verbal interest from over 20 apps across multiple ecosystems (Ethereum, Avalanche, Cosmos, Solana)
- Our main blocker has been building a Bitcoin wallet that supports DLC signing. Great news – the wallet is now ready! See our vision for it here: <https://www.youtube.com/watch?v=c9RDzi2WZYc>

## Sales and Business Development

- At Stacks, we're working with Zest (a lender), Freehold (NFT daily auctions), Gamma (NFT marketplace), DLC Wagers (sports betting), Bitbasel (NFT marketplace) and potentially soon GoSats (Bitcoin reward card)
- Across all other chains, we're in active conversations with 24 other prospects. Prospective customers include Propine, Thales, Mars Protocol, Yeti Finance, Algomint, Mai.Finance, Foundry Digital and more
- In terms of accelerators: we're currently participating in the Chainlink for Startups program as well as GSD Ventures' accelerator
- We've also been waitlisted for NYDIG's Wolf incubator (April 2023) and have applied to DraperX Bitcoin Studio (starting Nov 2022)
- In terms of marketing, in Q3 we doubled the number of contacts in CRM (302 to 603). We currently drive an average of 160 visitors to our website each week and are seeing 3-5% conversion, which is above target

## Recent Quotes

A few recent quotes from our fans. These comments have not been cleared for use in marketing, so please don't share or post publicly.

- "One of the most innovative projects we have seen recently" – VC Analyst at Jane Street Crypto
- "You're sovereign Bitcoin for everything else" – Kingsway Capital
- "This could be a generalized bridge that's used everywhere" – Finality Capital
- "A really elegant approach [for generating yield]. We love it" – Brane, a major custodian
- "I love what you're doing, enabling people to do this. This speaks to the whole point of what blockchain should be about" – Elvie Kamalova, Head of Ecosystems at Chainlink
- "I think this is awesome. This is exactly what people should be doing" – Udi Wertheimer, Bitcoin influencer
- "DLCs are building a more responsible form of DeFi" – Brian Harrington, Bitcoin influencer

## Product

- Our first wallet is live! This is the first independent Bitcoin wallet that supports a DLC signing flow. We are embedding this technology into Xverse and Hiro wallet
- We've launched three contracts on Stacks: <https://www.dlc.link/blog/new-contract-types-on-stacks-testnet>. With this, we are now production-ready on Stacks
- Although a small metric, but an important one: the number of stars across our GitHub repos has organically grown from 8 to 28 in Q3, showing that developers are starting to engage with our code

## Team

- We've extended offers to two new developers to join us in our Budapest office. We're excited to onboard these new engineers so that we can move faster!
- We are holding our first companywide strategic planning offsite. It will be held next week (Oct 3-7) in Budapest

## Finance and Fundraising

- Both the Stacks Foundation and Trust Machines are considering additional investment into DLC.link. Trevor Owens, Managing Director at Stacks Ventures, is helping structure the deal

- We've received a verbal on a grant from Optimism. The grant will start as a \$50k Partner grant from OP Labs directly, to be followed by a larger (\$100k-200k) Governance grant raised with participation from their community
- In general, we're seeing a lot of investor interest in our upcoming seed round. We've in active conversations with 27 funds who have expressed interest in learning more. We feel confident that we should be able to raise a good round on reasonable terms
- Currently, we are burning \$50k/mo and have runway into March 2023. We are raising an additional \$300k in pre-seed investment to extend runway through the summer

## How You Can Help

We'd love more introductions to investment funds, blockchains and prospective customers. You can send them the following:

*A trillion dollars of Bitcoin capital is waiting to use native Bitcoin in smart contracts. But the only way to use Bitcoin today is to "wrap it", or entrust it to a third-party custodian. Over \$40Bn has been lost to date due to custodian hacks and human error.*

*At [DLC.link](#), we're building infrastructure that lets app developers lock Bitcoin collateral in escrow. This escrow is non-custodial (held in the user's wallet) and decentralized (validated by a network of independent node operators).*

*This platform enables new types of DeFi applications that weren't possible before, ranging from lending, options, futures and more. Each of these use cases are multi-Billion dollar markets in their own right and we expect to see thousands of native Bitcoin applications built over the coming years.*

Best,  
Aki