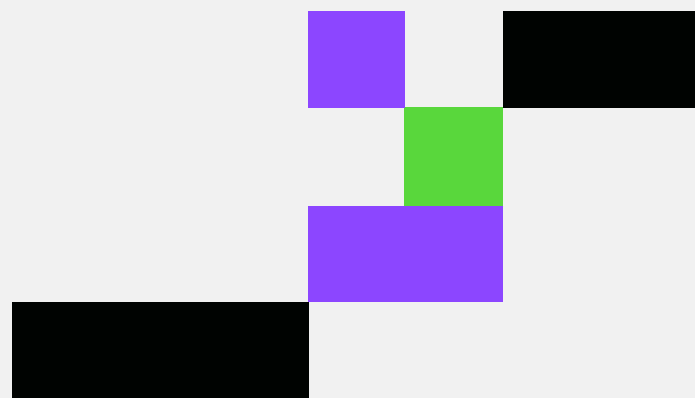


# hathor

## Token Economics

October 11th, 2020



# Legal Disclaimer

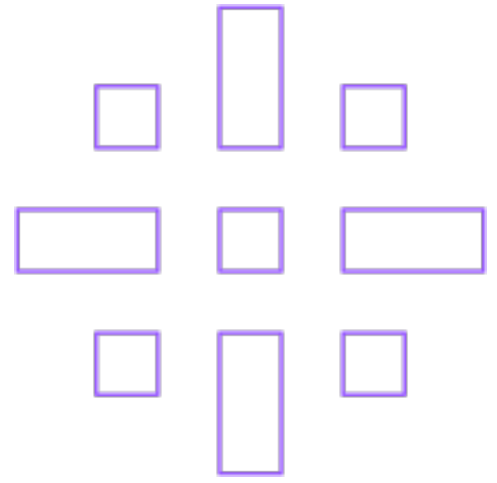
This paper contains "forward-looking statements." Forward-looking statements generally relate to future events or to Hathor's future roadmap and performance. This includes, but is not limited to, Hathor Labs' projected performance, the expected development of its business and projects, the execution of its vision and growth strategy, and completion of projects that are currently underway, in development, or otherwise under consideration, other than external and unpredictable impactful events. Forward-looking statements represent our management's beliefs and assumptions only as of the date of this presentation. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks, which may cause actual performance and results in future periods to differ materially from any projections expressed or implied herein. Hathor Labs will make its best efforts to follow its roadmap and to be transparent regarding the current status of its overall progress, but undertakes no obligation to update forward-looking statements. Although forward-looking statements are our best prediction at the time they are made, there can be no assurance that they will prove to be accurate, as actual results and future events could differ materially. The reader is cautioned not to place undue reliance on forward-looking statements.

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## Hathor Token Economics



This document addresses two important questions:

- Why will Hathor Tokens (HTR) be valuable in the future?
- How will Hathor Labs fund the research and development to keep the ecosystem evolving?

# Why did we invent and build Hathor?

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Because there are **three major gaps** in the blockchain industry: available technologies do not scale to mass adoption, they have a very steep learning curve, and token transaction costs are high.

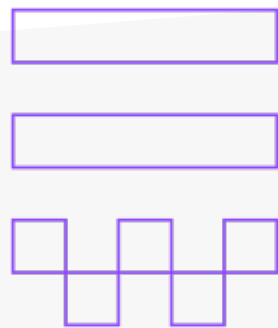
Hathor is a blockchain platform for real-world tokenization use cases. It was designed to be **easy-to-use, scalable, and have zero transaction costs.**

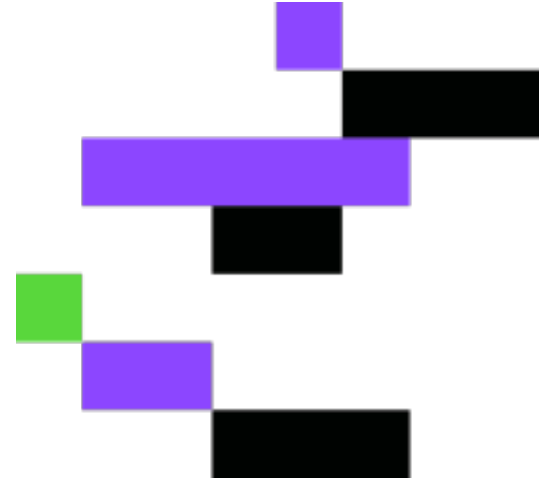
We have built a platform that anyone can use without being a blockchain expert. Our novel technology is flexible and different applications can be built on top of it.

**Our customers are** individuals and companies developing **real-world tokenization use cases.**

## Key Highlights

- Mainnet running since January 2020
- Layer-1 scalability with no central coordinator or supernodes
- Free and fast transactions
- Merged mining with Bitcoin, hashrate all-time-high at 1.2EH/s
- Built-in atomic token swaps
- Nano Contracts: easier and safer smart contracts





## Why will HTR be valuable in the future?

Because of the **unlimited number** of use cases, tokens and products that can be created and **powered by the Hathor Network**, globally.

The first product deployed on the mainnet is an **easy-to-use tokenization service**.

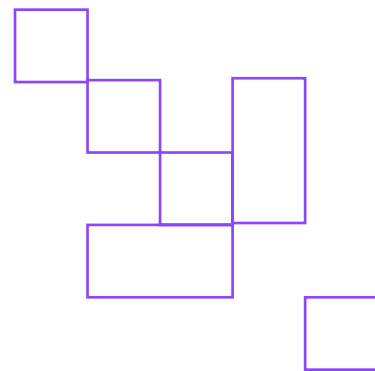
We have several strategic items in our **roadmap** that will bring additional and unique functionality to the network and that will **enable Hathor to be used in other markets**.

### Products Summary

- Tokenization Services
- Nano Contracts
- Oracles
- Side-DAGs

## Tokenization Services

### Introduction



Hathor's first product is a scalable tokenization platform. You just need to fill out a simple form, and **your token is ready to be used in less than a minute**. You don't need to deal with dynamic fees, coding, and other technical aspects of blockchains.

**Token use cases** can be conceived and unleashed when the right tool is provided and it is easy to use. The missing piece to unlock a token revolution is to provide a **rapid and scalable platform** in which any entrepreneur, individual, business, or non-profit anywhere in the world can **quickly create their own token**.

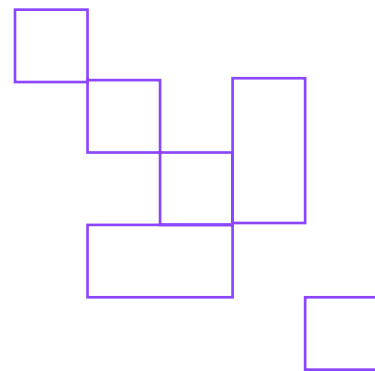
At Hathor, **we have developed this missing piece** of infrastructure and easy-to-use tools.

### Features

- Free and fast transactions
- No hidden/dynamic costs (such as “gas prices”) for use cases
- Digital assets creation in less than a minute
- White-label wallets for mobile and desktop

## Tokenization Services

### “Digital Real Estate” Economic Model



Instead of charging a fee to create a new token, we require **each token creator to deposit some HTR** that can be withdrawn if the tokens they have created are melted later.

The **more users** who create new tokens, the **higher the demand** for HTR tokens.

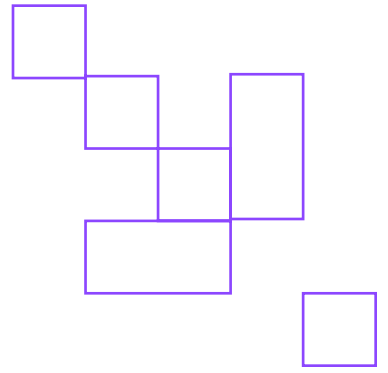
So, when any token creator buys HTR to mint their tokens, they are purchasing a long term asset that may be used many times. **It is analogous to buying land and building your company on it.** Later on, you can decide to close your company and use your property for another endeavor (or simply sell it).

### Quick Summary

- No fees for transactions
- 1 HTR token locked for each 100 units of custom tokens minted

## Tokenization Services

### Pain Points for Blockchain Adoption



Blockchain technology has been running for several years. Despite its expectation to be a technology that will impact most (if not all) industries, **broad adoption of blockchain has been slow and inconsistent. Why is this so?**

- **CEOs** don't necessarily understand or yet appreciate how blockchains are going to affect their respective business models. Besides that, they need to better understand the costs, time, and challenges of moving to a blockchain solution from the status quo.
- **CTOs** naturally don't want to be responsible for something they don't understand and that their team is not ready to keep running. They also need to develop contingency plans for extreme situations (e.g., mainnet is down, mainnet is under attack, etc).
- **DevOps & Architects** are focused on the deployment and monitoring of their existing services and typically don't migrate quickly to new services.
- **Engineers & Developers** don't necessarily have the required time or work environment to deeply understand blockchain.



## Tokenization Services

How does Hathor solve these pain points?

Along with its technology, Hathor Labs also offers solutions to the pain points that slow down blockchain adoption.

Specifically, we offer:

- A **consulting group** for CEOs, to help them better understand the impacts and benefits of adopting blockchain in their businesses and how they can use it to gain competitive advantage.
- A **support service** for CTOs, that they can rely on if anything goes wrong and for when their teams may need help. This support service includes providing solutions for extreme situations.
- A set of **turnkey service containers** for DevOps & Architects, that they can easily implement, run, connect to, and monitor. Hathor offers containers for the full node, wallet services, public explorers, etc.
- A **simple library** for Engineers & Developers, a **white-label wallet** with good documentation, **best practices guides**, and tons of code examples.

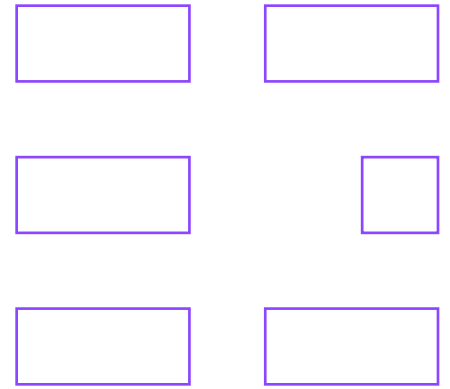
## Product Roadmap



These are some products under development that **will be available in the Hathor Network in the future**. They bring additional and unique functionality that will empower even more token use cases and adoption of HTR.

- **Nano Contracts** is an easier and safer implementation of smart contracts. You just have to **configure your contract** and it is ready. No coding or technical knowledge is needed. Simple and safe!
- **Oracles** are third party agents that submit pieces of information from the real world (outside of any blockchain) to inside the Hathor Network. For instance, if you want to bet your friend which team will win the match, you have to pick a trustworthy oracle that will say which team won.
- A **Side-DAG** is a separate blockchain that has its transactions confirmed by Hathor Network. A side-DAG can have its own validation rules and operations. It can be developed in any language and can even be permissioned.

## What are the pre-mined and mined HTR tokens?



Hathor's tokens (HTR) include a combination of **pre-mined** tokens and **mined** tokens.

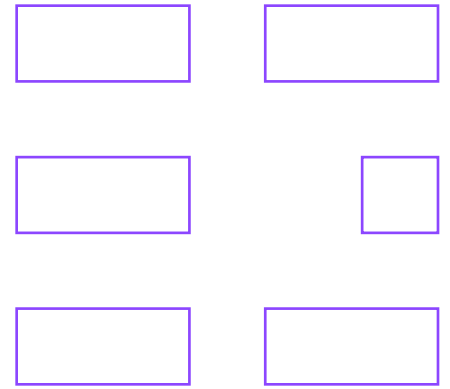
One billion **pre-mined tokens** were created at the genesis block on January 3rd, 2020. These tokens are subject to the burn, vault, and lock schedule detailed in this document.

The pre-mined tokens are what will be used to **support the development of the Hathor ecosystem**, its community and use cases.

**Mined tokens** are being continuously generated in every block as a reward to miners for keeping the network secure. The average time between blocks is 30 seconds.

Each block gives 64 HTR as a reward. Mined tokens are subject to **reward halving**, with the next halving occurring in January 2021. The halvings will continue each year until reaching 8 HTR per block.

## What is the circulating supply made of?



The circulating supply consists of the **mined tokens** plus the **released pre-mined tokens**.

After January 2023, mining rewards will be constant at 8 HTR per block, the **inflation rate will be below 1.1%**, and this rate will decrease each year thereafter.

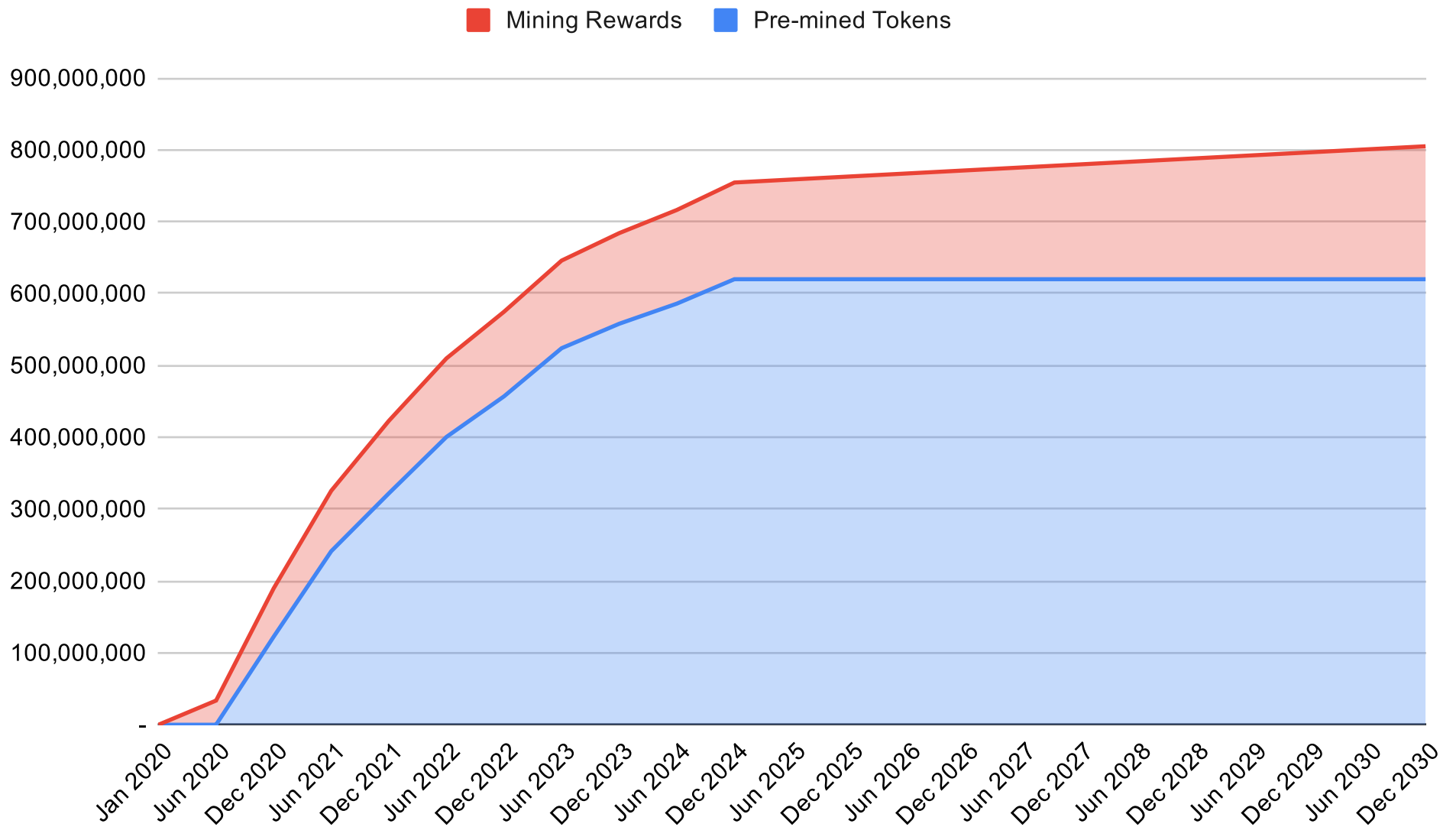
The growth in circulating supply is subject to ongoing and unlimited mining rewards and its inflation rate.

### Highlights

- Pre-mined tokens = locked + released tokens
- Circulating supply = mined tokens + released pre-mined tokens

# Circulating Supply

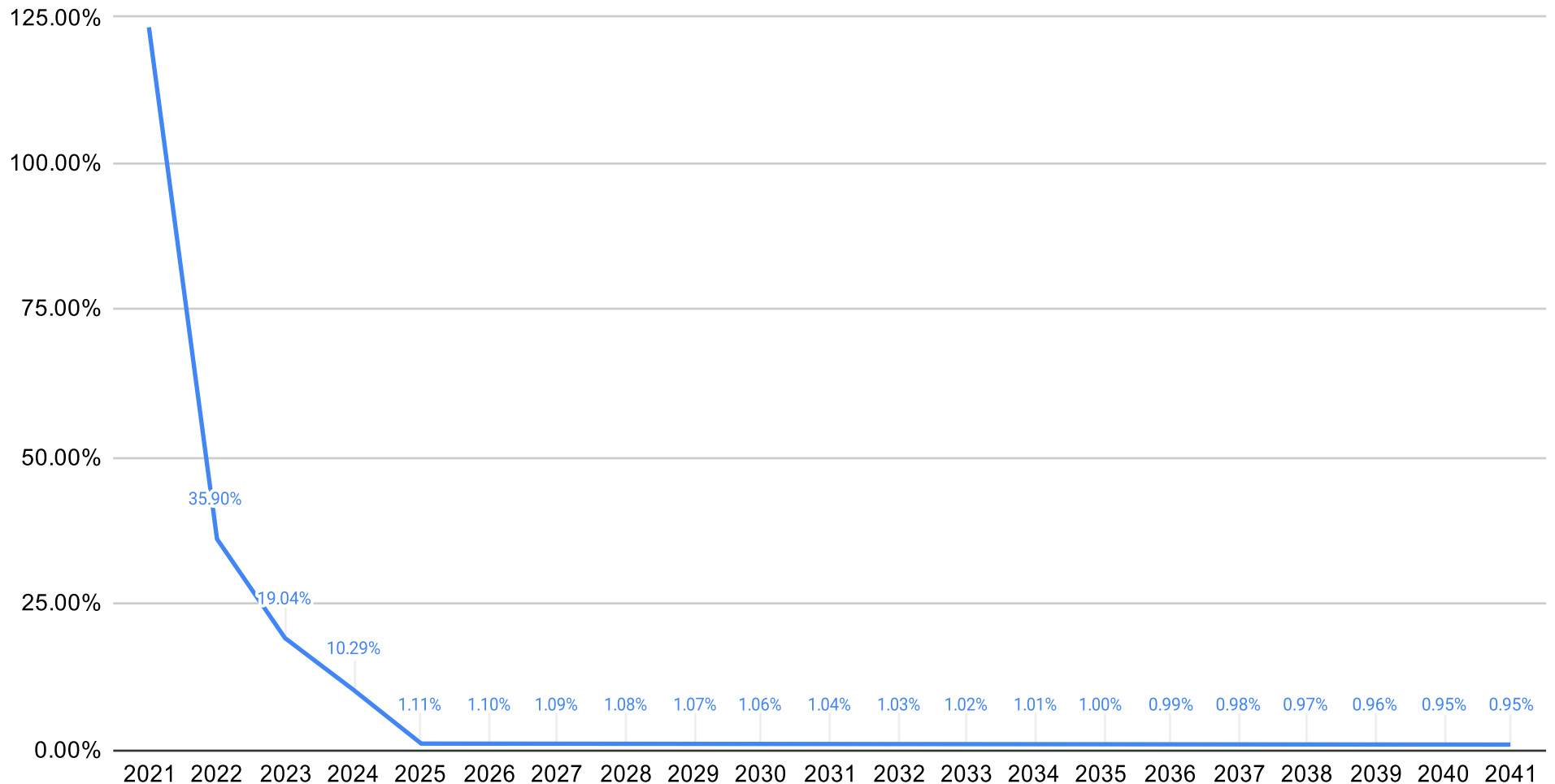
The circulating supply as of October 2020 is around 84 million HTR.



See an interactive chart here: <https://hathor.network/resources/token-economics/>

## Circulating Supply — Year to Year Inflation Rate

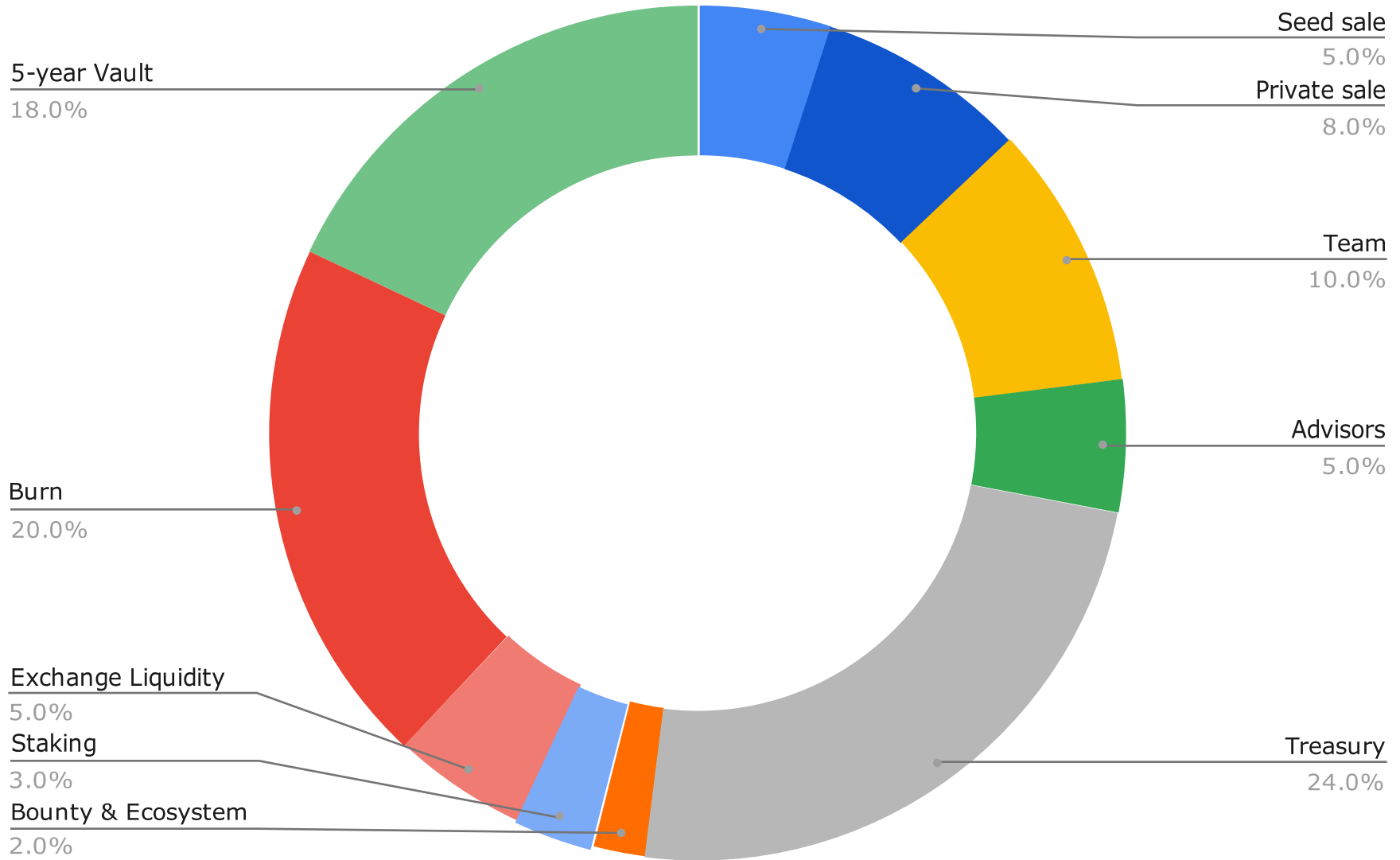
Mining reward halvings occur each year over four years, and the inflation remains below 1.1% thereafter.



See an interactive chart here: <https://hathor.network/resources/token-economics/>

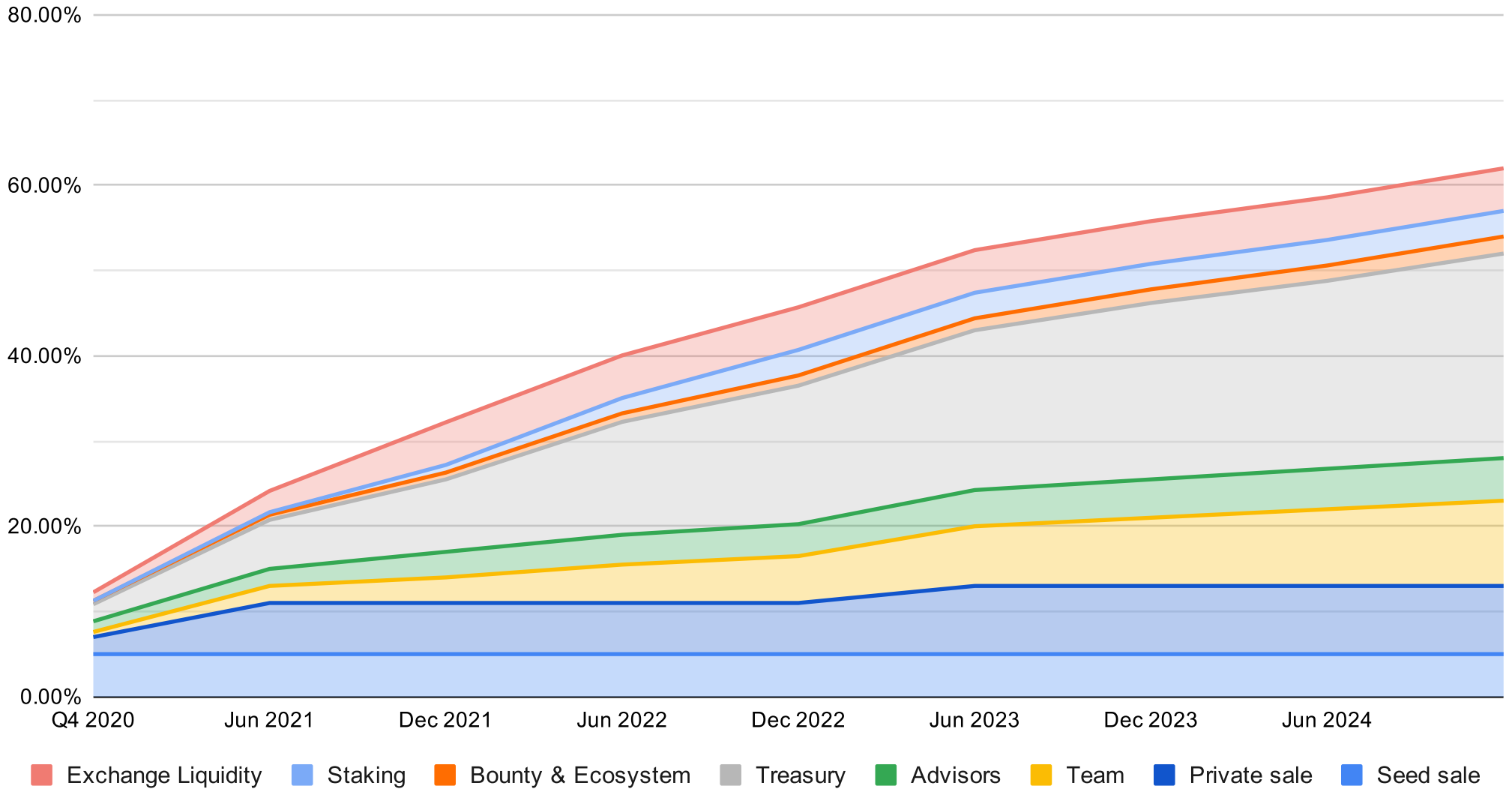
# Pre-mined Tokens Allocation

Each category has its own token release schedule.



See an interactive chart here: <https://hathor.network/resources/token-economics/>

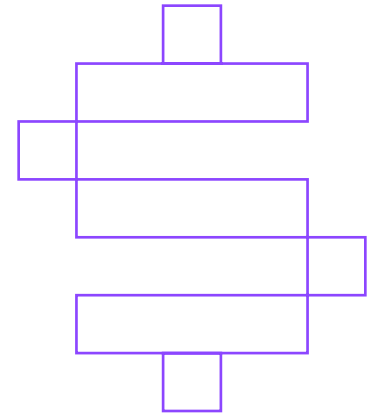
# Pre-mined Tokens Release Schedule



See an interactive chart here: <https://hathor.network/resources/token-economics/>



## Team Compensation



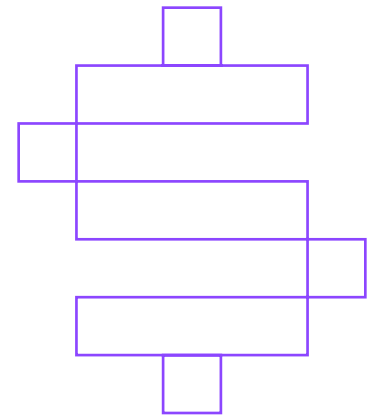
Team tokens are allocated to the co-founding members for **their work** during 18 months, which included the development of Hathor from scratch and the **successful launch of the mainnet**.

After more than two years of work, the team will receive 6% of their tokens at the event of an endorsed listing. The remaining 94% will follow a four-year **vesting schedule**.

### Highlights

- No unlocked tokens before the event of an endorsed listing
- Team tokens will be fully unlocked after 6.5 years (Dec 2024) from the project start date (July 2018).

## Hathor Labs Treasury



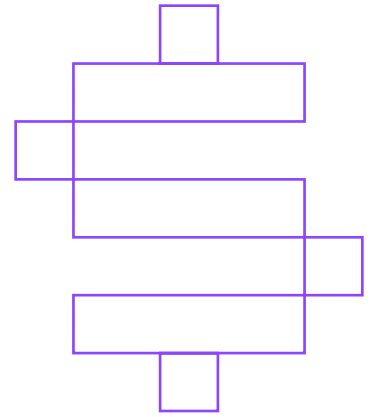
Treasury tokens are allocated to finance planned initiatives for **ecosystem building** and supporting the project's growth.

It includes employees, suppliers, marketing, legal services, incentives for strategic use cases, securing strategic partnerships, future bounty programs, and **other expenditures necessary to fulfill Hathor's roadmap and long-term goals.**

### Highlights

- Hathor Labs is only authorized to spend released tokens
- A total of 8.4% will be released at the event of an endorsed listing

## Advisor Compensation



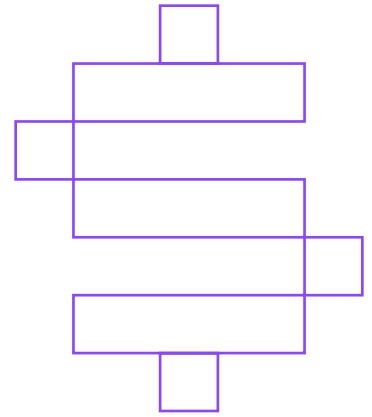
Advisor tokens are allocated to advisors who **contribute** to the development, promotion, business model and strategy, and other services necessary **to the current and future success of Hathor.**

All Advisor tokens are subject to a **vesting schedule.**

### Highlights

- Most of the advisors will receive their tokens after an endorsed listing, according to each vesting schedule.

## Bounty Programs & Ecosystem Tokens



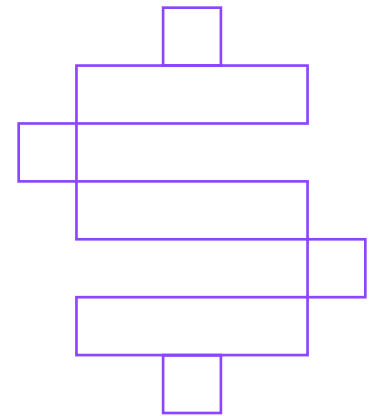
Ecosystem tokens are allocated to **reward community members** for relevant contributions that benefit Hathor.

It includes, but is not limited to, bug reports, software improvements, translations, promotional content, organizing events, publishing tutorials, helping with tests, etc.

### Highlights

- A total of 20% will be released at the event of an endorsed listing
- After two years of the endorsed listing, a total of 60% will have been released.

## Seed & Private Sales Tokens



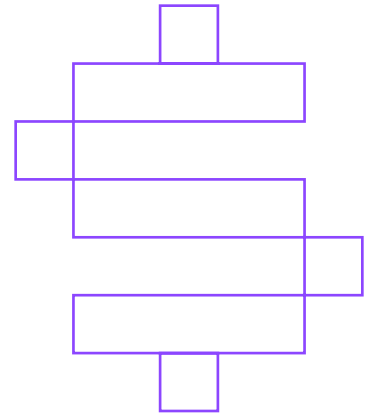
We have allocated 130 million tokens for sale to the public.

Of this total, 50 million have been sold to very early investors in Q1/2019.

**A private sale is underway** that will last until the endorsed listing is finalized.

**20 million tokens will remain locked for future sales** after January 2023.

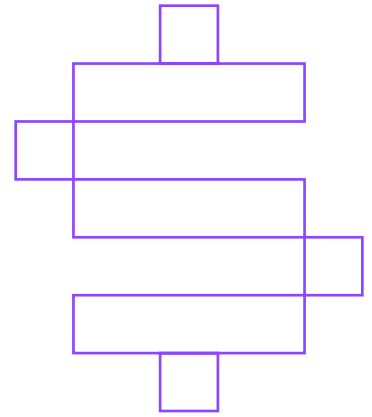
## Vaulted Tokens



Vaulted tokens have a **5-year lock** from mainnet, and will become unlocked on January 3rd, 2025.

Hathor Labs will **re-evaluate these vaulted tokens** moving forward and, in case they are not needed for the project's growth and support, **will burn them either in full or partially.**


## Exchange Liquidity Tokens




Exchange liquidity tokens are allocated for securing additional listings, deposits, and market making to guarantee a minimum liquidity **in exchanges where HTR will be listed.**

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