



KryptoPal

Connecting Apps Seamlessly and
Securely with Blockchain

Token Economics Paper

KryptoPal AG is a Switzerland (Zug) based company.

About Us

KryptoPal is a blockchain-based platform, which can be integrated with many applications around the world to perform various cryptocurrency transactions.

It was started by technologists who have been inside the world of blockchain for years and is aware of the current barriers preventing widespread and global adoption of cryptocurrency.



OUR MISSION

KryptoPal aims to empower people worldwide with the latest blockchain technologies by finally providing a seamless solution at the genesis layer of all applications, rather than individually at the edge.



OUR VISION

KryptoPal strives to be a leader in bringing cryptocurrency, distributed ledger, blockchain, and other emerging technologies to the global digital marketplace as they develop and mature.



OUR VALUES

KryptoPal's motive is to be a trustworthy, dependable, skilled, reliable, collaborative and socially responsible partner with the highest integrity.



Table of Contents

Token Distribution	4
Token Price / Schedule	5
Soft Cap / Hard Cap	5
Token Supply	6
Funds Utilization	11

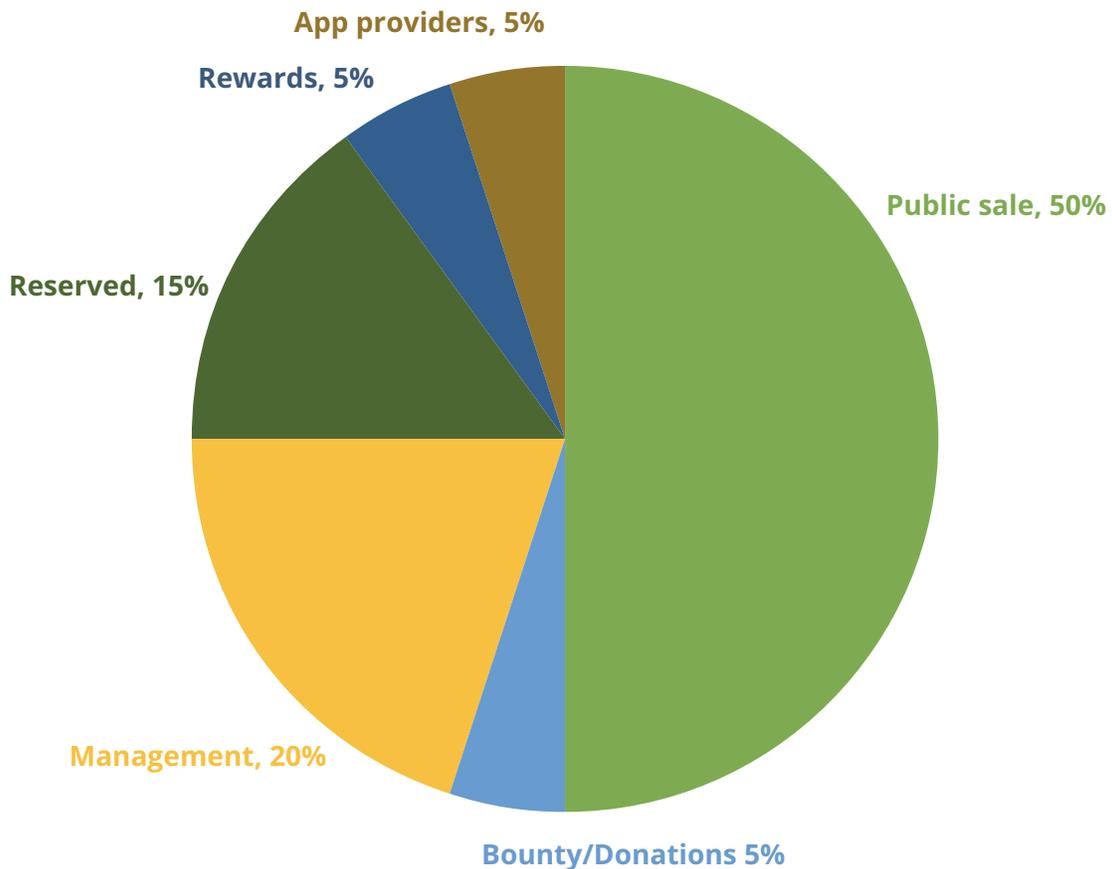
Token Distribution

KryptoPal will distribute our KPX tokens to crypto users globally. We expect the KPX token to be the most popular utility token available. It is designed to perform any crypto-related transaction necessary to users. KryptoPal will offer 50% of the tokens to the public in a complete, transparent and democratic way to reach millions of crypto users. Our token offer will be available to every crypto user who can contribute a minimum of .25 Ether (ETH).

Our solution empowers countless applications and millions of users to perform crypto related transactions every second. Our token sale will empower KryptoPal to fund our enterprise-ready solution to reach the millions of apps and billions of consumers that will use our solution by marketing, enhancing and supporting our solution offerings confidently.

Token Distribution

Tokens Supply: 100Million To 1Billion (based on sale closure)
Soft Cap: \$4,000,000 | Hard Cap: \$60,000,000



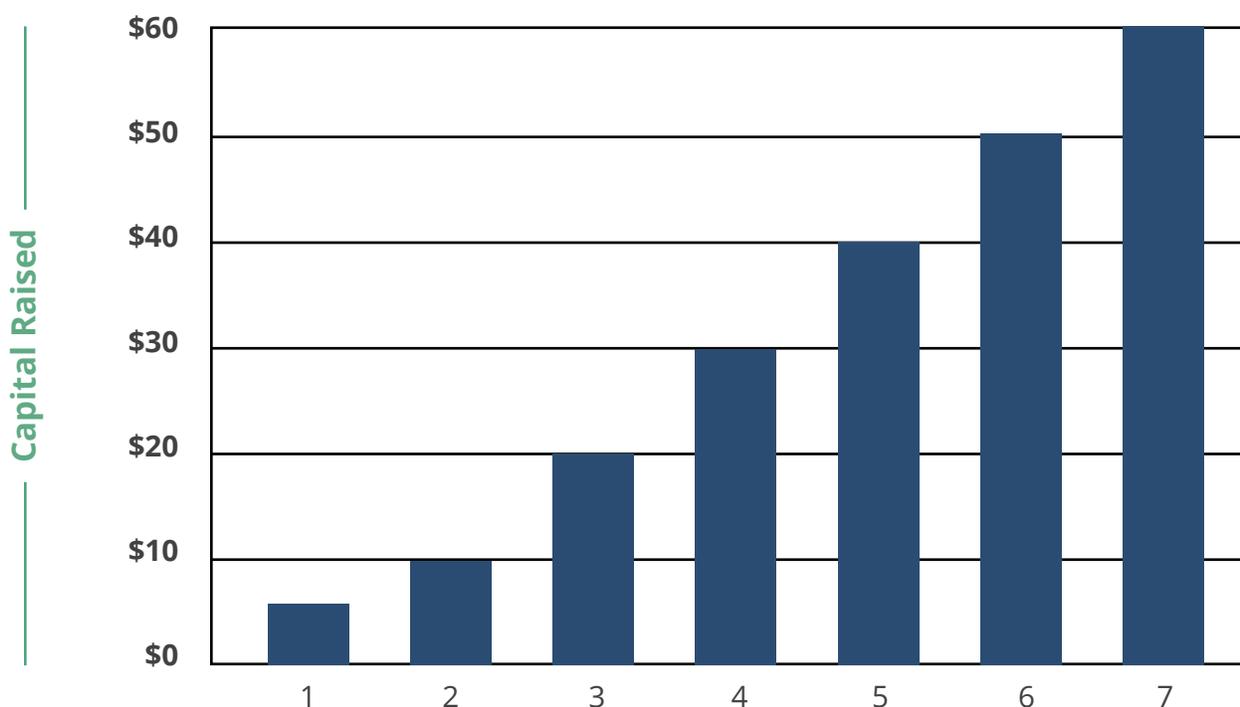
Tokens will be donated to global crypto-society, both U.S.A., developed world and emerging countries. This will count for a huge share of key adoption markets as they leap-frog.

Reserved tokens are used to acquire companies, maintain liquidity and to be offered in restricted jurisdictions (such as USA, China, Canada etc.,) at a later date when they have been approved.

Reward tokens are used to award the best consumers based on certain criteria.

App providers are the backbone for our success. We will encourage a few initial App providers to integrate our SDK by awarding them these tokens.

Pro-forma / Tokens Supply Models



Capital Raised	\$4M	\$10M	\$20M	\$30M	\$40M	\$50M	\$60M
Tokens Sold (50%)	50M	110M	200M	285M	365M	\$440M	\$500M
Tokens Supply	100M	220M	400M	570M	730M	\$880M	\$1000M
Token Closing Price	\$0.08	\$0.10	\$0.12	\$0.12	\$0.12	\$0.14	\$0.16

Token Supply

The KryptoPal team and our chief economist conducted intensive research to determine the demographics and economics that underpin this Token Generating Event (TGE). The end goal is to generate 1 billion tokens (1,000,000,000) by considering the following key aspects of the market and consumers.

Point 1: Total Addressable Market (TAM)

KryptoPal will reach out to as many people as possible using the following access methods:



6.5M Mobile Apps

[2]



4B App Users

[3]



360M Mobile Wallet Users

[9]



22M Crypto Users

[11]



\$155T Total Money Transfers

[18]



\$600B Money Transfers by Individuals

[8]



8B population by 2022

[9]



1 Million Apps Related to Finance

[2]

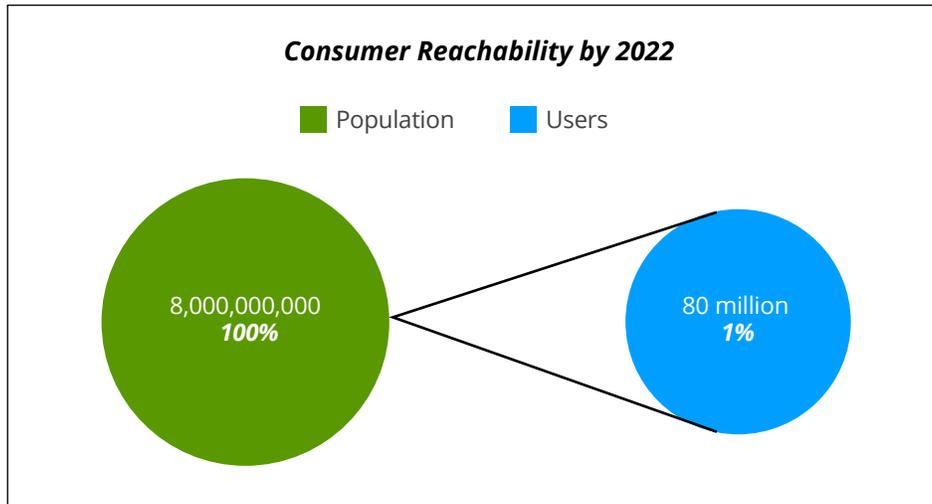


\$4 Trillion Ecommerce Sales by 2020

[10]

Point 2: Consumer reachability

KryptoPal's goal is to reach the majority of current and future crypto users. KryptoPal estimates crypto users will be 1% of the total population by 2022 or 2% of the total app users that exist today. With this conservative approach, 80 million KryptoPal users will be generated.



Point 3: Consumer affordability

It is the desire of KryptoPal to make contributions affordable for all crypto users so almost everyone that wants to be included can participate. Based on the growth rate of emerging countries and consumer affordability, we believe that \$200 US dollars worth KPX tokens could be owned by an average crypto user. This means, at a market value of \$0.20/token, the average user could own 1000 tokens. Our goal is to keep **at least 20 tokens** in everyone's wallet when our token **is at peak value of \$10/token**.



Point 4: Crypto asset “wealth” in circulation

Crypto wealth can create a better world by allowing owners to create dream projects, donate to worthy causes and globalize the world. The current count of crypto asset “wealth” in circulation has been estimated at about \$815B at peak levels, and may maintain significant levels, regardless of substantial market corrections and other events (www.coinmarketcap.com Nov. 2017). There is an undetermined quantity of uncirculated crypto asset wealth generated from all coin offerings and token sales around the world. The amount of this crypto wealth has been compared to the total of all fiat currencies cash in circulation in BRIC (Brazil, Russia, India and China) combined.

While one should be careful when establishing such equivalencies, and considering that not all crypto assets have endured in the market, it is hard to deny the fact that crypto assets are an emerging asset class that doesn’t appear to be leaving the market anytime soon. This is especially true in the case of utility tokens due to their robust platforms and applications and the fact they are being adopted by consumers more and more each day.

Erring on the side of caution, KryptoPal will avoid abusing a “market capitalization” metric that remains to be defined rigorously (in the case of crypto assets). Additionally, we recognize Bitcoin’s status as one of the first successful crypto assets whose experiences continue to bear lessons for all its successors in the market. We also note that a number of alternative crypto assets have substantially picked up market momentum, and in particular those like KryptoPal that are linked directly or indirectly to the Ethereum ecosystem. We also see the trend in utility tokens being accepted by the market and consumers more than ever.

Since crypto assets are still a very immature assets class, the speculative investment component tends to overwhelm the intrinsic value of the token. Volatility may remain a mid to long-term fixture of the crypto assets market, especially considering newer external factors such a legal issues, regulatory changes and fiscal constraints.

Despite these factors, we anticipate utility tokens to gain adoption exponentially through various new platforms. As tokens gain more intrinsic value, their speculative component will lessen, and token owners and users will focus on using these tokens and their crypto assets wealth for the most important of life’s utility purposes. KryptoPal’s solution and the KPX token will empower all the crypto assets users around the world to spend their wealth for great purposes and life’s most important utility applications.

Point 5: Micro-transactions

KryptoPal's use of the uRaiden solution enables consumers to perform micro (off-chain) transactions for purchases of smaller total amounts (a cup of coffee or to pay for a download for instance) and will potentially explode the volume of demand. By offering a zero or low fee model for these purchases, KryptoPal will attract a large number of crypto users to adopt our solution.

Point 6: Token demand

By considering the above points, the following economics model is considered.

Factors considered (by 2022)	Number (est)
Global crypto users	80 million
KryptoPal consumers	40 million
Total per user at peak value	20
Total tokens in circulation	800 million
Burned or locked tokens	200 million
Total tokens being generated	1,000 million (1 billion)

Point 7: Token circulation and price stability

The KPX tokens will be circulated for charity, appreciation, sustainability and creating new technologies. Our token allocation is very thoughtful and responsible. Donating 2% of the tokens to non-profit organizations is unique and locking most of the management tokens for 1 year signals our determination to establish sound governance and accountability based on incremental and variable results, with release further enforced by smart contracts.

Allocating 2% tokens each to app providers, consumers for rewards and our bounty program is intended to build a sustainable business. In particular, by allocating 5% for straightforward donations to the global crypto-society, including the U.S.A., developed world & emerging countries that will count for a huge share of key adoption markets as they leapfrog: think of India, Africa, SE-Asia, LatAm etc.

In our opinion, burning our unsold tokens is a healthy business practice and we will follow this approach. In addition, we will burn some of the tokens as they are used in our network. Through these efforts our goal is to suppress or at least minimize “Pump and Dump” and “Market Cornering” behaviors. The issuance schedule and allocation marketing efforts will emphasize that effort. In the presale, token buyers / holders will be incentivized to introduce contacts who are app developers or any techies / users who can put the token to actual use as a utility token. We may introduce a token upper limit per initial buyer.

For subsequent stages, burning isn't the only option available. KryptoPal could set up a Market Maker which has the option to buy back tokens on the market when the value is below certain thresholds, and either burn (some of) them or store them for possible release at a later date when volatility becomes less.

Funds Utilization

Marketing strategy

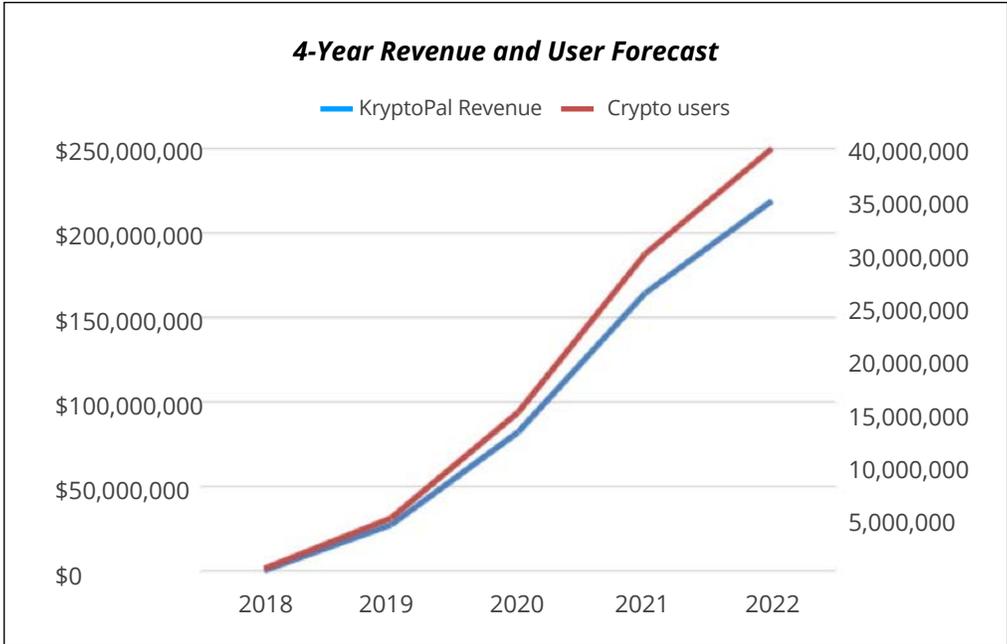
Our go-to-market strategy is to first focus on financial related businesses, such as banks, wallets and ecommerce. We will focus on integrating KryptoPal's SDK with these financial apps by reaching out to them a) directly, b) through app development agencies, c) through third party services providers such as telecom companies or d) through marketing agencies. This approach will allow us to reach many app providers quickly.

With 6.5 million apps and 4 billion app users currently, we see KryptoPal as a viable solution within each app for better execution of transactions. Within this consumer base, we plan to attract Millennials to use our solution more frequently. According to demographers at Pew Research Center, the Millennials population is about 27%. About 58% of global Millennials live in Asia, including a whopping 385 million in India. As per the latest survey, one in three Millennials will own cryptocurrency by 2018.

For KryptoPal to be exceedingly successful, we only need 2% app consumers to use our solution. We feel very confident that we will reach our goals with our marketing efforts and our implementation strategy.

Growth Plan

Assuming KryptoPal raises minimum \$30M from its ICO, the numbers are as follows:



User Growth

Year	Major Apps*	App users	Crypto Users	Apps type	Countries
2018	40	20,000,000	1,000,000	Financial	2
2019	200	100,000,000	5,000,000	Financial, eCommerce, Games, Merchants	10
2020	600	390,000,000	15,000,000	Financial, eCommerce, Games, Merchants and Travel	30
2021	1,200	600,000,000	30,000,000	Financial, eCommerce, Games, Merchants and Travel and more	50
2022	1,600	800,000,000	40,000,000	Financial, eCommerce, Games, Merchants, Travel and more	70

*Apps which have more than 500,000 active users

Revenue Growth

Year	Crypto Users	Daily Transactions	Total fee @1% (Avg amount \$25)	KryptoPal share @60%
2018	200,000	20,000	\$450,000	\$270,000
2019	5,000,000	500,000	\$45,625,000	\$27,375,000
2020	15,000,000	1,500,000	\$136,875,000	\$82,125,000
2021	30,000,000	3,000,000	\$273,750,000	\$164,250,000
2022	40,000,000	4,000,000	\$365,000,000	\$219,000,000

Governance, market conditions, ethical matters

The crypto buyer community evaluates the professional ethics of the team as well as assessing the value of the project and product being offered when deciding to invest. In evaluating the market and KryptoPal's viability in that market, our team tried to realistically "remove ourselves from the equation" in order to remain as objective as possible. KryptoPal developed this document with at least the same distance and perspective that any professional utilizing due diligence in assessing the viability of KryptoPal would adopt. Consequently, this document helps us to make sure we are aligned with the current market realities.

We looked into more detailed modeling parameters that are relevant both to the token sale and the nascent KryptoPal's network valuation. We considered regulatory impact, utility tokens supply schedule, utility tokens basis of value, market behavior, liquidity, volatility, velocity, discounting methods, relation to foundation layers (Ethereum, uRaiden), user adoption, network metrics and valuation methods.

Financial resilience

The KryptoPal team also took on the issue of resilience and financial planning for the coming 3 to 5 years. This is part of a decade out perspective in the spirit of “hoping for the best and planning for the worst” with a strong financial war chest.

Failure to plan for business resilience would indeed prove totally unethical to investors and specifically to early investors who count on us preserving their assets and returning value. Furthermore, resilience becomes an even more pressing issue if we consider the probability of certain “events” in the coming 3 to 5 years such as massive market correction in the crypto-space, if not the commercial economy and larger financial system itself.

Considering many scenarios, here is how we see the potential of massive market correction that might happen in the crypto-space: Bitcoin and Ethereum (and their related “layers”) might still survive, rebound and thrive. Currently many tokens are experiencing a massive bubble and those token values may get scalped by 80-90% or more.

As any token holder, and in particular as someone who is being compensated with such tokens might notice, consumers do not want to be left holding a bag of “vapor” once the market correction happens (similar to the dotcom and several biotech bubbles epic popping leaving investors holding a bag of worthless equity or stock options).

KryptoPal considered these issues while defining our tokens price and operational expenses.

Funds Utilization Scenarios (for 5 years)

• Platform Features	• Ethereum • Basic SDK • Few Smart Contracts	• Ethereum • Micropayment features (one-to-one) • Reward token	• Ethereum • ERC 20 tokens • Identity mgmt	• Ethereum • Micropayment features (one-to-many)	• Industry specific smart contracts • Bitcoin, Dash blockchains	• IPFS • Two more blockchains	• Plasma
Capital Raised	\$4,000,000	\$10,000,000	\$20,000,000	\$30,000,000	\$40,000,000	\$50,000,000	\$60,000,000
Development	\$2,000,000	\$3,600,000	\$6,000,000	\$6,000,000	\$9,000,000	\$9,000,000	\$9,000,000
Infrastructure	\$400,000	\$800,000	\$1,600,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
Sales & Marketing	\$1,000,000	\$2,400,000	\$4,200,000	\$4,200,000	\$6,000,000	\$9,000,000	\$12,000,000
Admin / Rents	\$300,000	\$500,000	\$1,000,000	\$1,000,000	\$2,000,000	\$2,000,000	\$3,000,000
Legal	\$200,000	\$300,000	\$500,000	\$750,000	\$1,000,000	\$1,000,000	\$1,500,000
Travel	\$100,000	\$200,000	\$500,000	\$750,000	\$1,000,000	\$1,500,000	\$2,000,000
Tech support		\$1,200,000	\$2,400,000	\$4,000,000	\$5,000,000	\$6,000,000	\$6,000,000
Crypto Analysts		\$300,000	\$600,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
Innovation team			\$3,000,000	\$6,000,000	\$6,000,000	\$9,000,000	\$12,000,000
Taxes				\$1,000,000	\$2,000,000	\$3,500,000	\$4,200,000
Acquisitions				\$2,000,000	\$3,600,000	\$4,500,000	\$6,000,000
Token Listing		\$500,000					
Miscellaneous		\$200,000	\$200,000	\$600,000	\$700,000	\$800,000	\$600,000
Total Spend until 2022	\$4,000,000	\$10,000,000	\$20,000,000	\$30,000,000	\$40,000,000	\$50,000,000	\$60,000,000
Spend per year	\$800,000	\$2,000,000	\$4,000,000	\$6,000,000	\$8,000,000	\$10,000,000	\$12,000,000

Conclusion

KryptoPal believes that our approach to market needs to be fresh and innovative compared to the business practices exhibited in the 2017 market. KryptoPal is determined to lead that change in collaboration with like minded blockchain based firms in 2018 and beyond.

At KryptoPal we believe that in order to build customer trust and loyalty and ultimately to be among the most successful teams of 2018, our business plan, strategies and actions must demonstrate our commitment to being in business for the long term. We believe that resilient and long lasting companies must demonstrate their ability to establish a sound blockchain-based business governance process throughout the value chain to end-point consumers. We want consumers to know that they can rely on KryptoPal and the KPX token for life important value including but not limited to: the token economics, network design and dissemination of utility tokens from B2B users including Apps, micro-payment platforms, eCommerce sites, websites and many more.

A key to our future success is that KryptoPal will drive actual adoption of our utility token early enough in the process that its usage will create an initial intrinsic value that will override the speculative factor involved with token investment. This is achieved by developing both a community of B2B clients that integrate the KryptoPal platform, and end-point users of the KPX utility token who are customers of these B2B clients. We know that creating token value early in the platform development, and maintaining its value throughout the process will reward those who invest in KryptoPal KryptoX tokens for years to come. We hope you are as excited about KryptoPal as we are!

THANK YOU!

References

- [1] E. (n.d.). Charts Ethereum Unique Address Growth Rate. Retrieved November 30, 2017, from <https://etherscan.io/chart/address>
- [2] App stores: number of apps in leading app stores 2017. Retrieved November 30, 2017, from <https://www.statista.com/statistics/276623/number-of-apps-available-in-leading-app-stores/>
- [3] Digital in 2017: Global Overview. (n.d.). Retrieved November 30, 2017, from <https://wearesocial.com/special-reports/digital-in-2017-global-overview>
- [4] Biggs, J. (2017, September 18). Ethereum will match Visa in scale in a 'couple of years' says founder. Retrieved November 30, 2017, from <https://techcrunch.com/2017/09/18/ethereum-will-replace-visa-in-a-couple-of-years-says-founder/>
- [5] How many transactions can the network handle? (n.d.). Retrieved November 30, 2017, from <https://ethereum.stackexchange.com/questions/1034/how-many-transactions-can-the-network-handle>
- [6] Bitcoin and Ethereum vs Visa and PayPal – Transactions per second. (n.d.). Retrieved November 30, 2017, from <https://mybroadband.co.za/news/banking/206742-bitcoin-and-ethereum-vs-visa-and-paypal-transactions-per-second.html>
- [7] How Sharding-Based Blockchains Could Handle More Transactions Than Visa. (2017, October 20). Retrieved November 30, 2017, from <https://cointelegraph.com/news/how-sharding-based-blockchains-could-handle-more-transactions-than-visa>
- [8] Personal remittances, received (current US\$). (n.d.). Retrieved November 30, 2017, from <https://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT>
- [9] Research, Z. M. (2017, January 19). Global Mobile Wallet Market will reach USD 3,142.17 billion by 2022: Zion Market Research. Retrieved November 30, 2017, from <https://globenewswire.com/news-release/2017/01/19/909307/0/en/Global-Mobile-Wallet-Market-will-reach-USD-3-142-17-billion-by-2022-Zion-Market-Research.html>

[10] Worldwide Retail Ecommerce Sales Will Reach \$1.915 Trillion This Year. (2016, August 22). Retrieved November 30, 2017, from <http://bit.ly/2zDis8s>

[11] Study highlights growing significance of cryptocurrencies. (2017, May 04). Retrieved November 30, 2017, from <http://www.cam.ac.uk/research/news/study-highlights-growing-significance-of-cryptocurrencies>

[12] a16z Field Notes: Devcon 3. Retrieved March 3, 2017, from <https://a16z.com/2017/11/24/devcon3-notes/>

[13] C. (n.d.). ERC: Identity. Retrieved March 3, 2018, from <https://github.com/ethereum/EIPs/issues/725>

[14] C. (n.d.). Raiden Network - Fast, cheap, scalable token transfers for Ethereum. Retrieved November 30, 2017, from <https://raiden.network/>

[15] Plasma: Scalable Autonomous Smart Contracts. (n.d.). Retrieved November 30, 2017, from <http://www.plasma.io/>

[16] E. (n.d.). Ethereum/wiki. Retrieved November 30, 2017, from <https://github.com/ethereum/wiki/wiki/Sharding-FAQ>

[17] C. (n.d.). uPort-Identity. Retrieved March 3, 2018, from <https://github.com/uport-project/uport-identity>

DISCLAIMER

NOT AN OFFER TO SOLICIT SECURITIES

This document is for informational purposes only and does not constitute a prospectus nor an offer or solicitation to sell shares or securities in KryptoPal Inc. Any such offer or solicitation would only be made by a confidential offering memorandum and in accordance with applicable securities and other laws. None of the information or analyses presented is intended to form the basis for any investment decision, and no specific recommendations are intended. Accordingly, this document does not constitute investment advice or counsel or solicitation for investment in any security. This document does not constitute or form part of, and should not be construed as, any offer for sale or subscription of, or any invitation to offer to buy or subscribe for, any securities, nor should it or any part of it form the basis of or be relied on in any connection with, any contract or commitment whatsoever. KryptoPal Inc. expressly disclaims any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from: (i) reliance on any information contained in this document, (ii) any error, omission or inaccuracy in any such information or (iii) any action resulting therefrom. This informational deck constitutes a technical description of the functionality of the KryptoPal Platform and the usage of KryptoPal Tokens to access the KryptoPal Platform.

For more information on KryptoPal
and it's revolutionary technology, please visit:

www.kryptopal.io

or contacts us at sales@kryptopal.io

