



Bucket Technologies Inc.

Token Architecture and Economics



BUCKET TOKEN (BKT)

Token Name: **Bucket**

Token Issuer: **Bucket Technologies Incorporated**

Legal Advisors: **Harvey Esquire APC - Pillsbury Winthrop Shaw Pittman**

Token Format: **ERC20**

Token Sale Total: **\$33,000,000 (includes discounts)**

Participation: **Accredited investors only**

Token Maximum Supply: **1,500,000,000**

Token Price: **\$0.10**

Token Distribution: **By end-2018**



Bucket Token

The Bucket token is a security token that will pay out profits to token holders in direct proportion to the share of total tokens owned. In this offering, the company is offering 28% of the total token supply at a target raise of \$33 million. These tokens would entitle holders to 28% of the profits as a payment from the company when declared.

The overarching goal of the token will be to align Bucket with token holders in the mission to move the world towards a cashless economy. Bucket's progress in developing the technology, securing \$2.5m in early-round equity financing, and launching two pilots in the United States and Singapore in Q3 2018 illustrate the traction and interest in the solution.

A total of 1.5 billion tokens will be issued. Aside from the 420,000,000 allocated for the token sale, the company plans to distribute tokens to equity investors, advisors, employees and founders. The company will also hold back a meaningful portion of the tokens for retained earnings or company expansion. The company is also setting aside tokens in a pool that will be used towards the payment of profits for a set amount of time. Release of tokens will be subject to vesting schedules to ensure a predictable and orderly release of tokens into the market over time.



Token Sale and Distribution

The targeted \$33m token sale will be conducted over the course of three private rounds. With each successive round, the USD amount targeted will increase, but the discount will decline.

	Round 1	Round 2	Round 3	Total
Target Raise, \$ mm	\$1.3	\$9.4	\$22.2	\$32.9
Accredited Investors?	Yes	Yes	Yes	-

Token holders will own 28% of the total token supply and therefore be entitled to 28% of the profits paid out to token holders. The remaining balance will be distributed to various stakeholders, as outlined in the following table:

	% Total Tokens	# Total Tokens (mm)	Vesting
Founders	9.8%	147.0	4 years
Equity Investors	6.5%	97.5	4 years
Advisors	7.0%	105.0	3 years
Employees	5.7%	85.5	4 years
Token Sale	28.0%	420.0	1 year
Profit Pool	3.0%	45.0	0 year ¹
Holdback/Reserves	40.0%	600.0	4 years
Total	100.0%	1,500.0	

¹ Tokens paid out may be subject to 1-year lock-up



Profit Pool

A key component of Bucket's token structure is the Profit Pool, which is an endowment of tokens that will be used to partially or fully cover profit payouts for the first 10 years of the token's existence (fiscal years 2019 - 2028). This feature is motivated by a number of benefits that should accrue to both company and token holders alike.

For the company, the use of tokens to pay for profits effectively raises the level of retained earnings for the period of critical growth. According to our projections, the company should experience accelerated growth after a few years as network effects kick in (with retailer adoption encouraging user adoption and vice-versa) and the brand grows geographically. As growth starts to take off, the token should appreciate markedly, and the Pool should grow in value such that it can finance a larger stream of profits. This will enable the company to plough back more of the cash profits back into the business in its critical growth years.

For the token holder, the payment in tokens should serve to temper volatility in our period of fast growth, something that can afflict zero-inflation tokens. It should also be a welcomed payout to token holders in the period of accelerated growth and appreciation of the token. The company is also capping payment in any given year (for the 10-year period) to 1% of the circulating token supply, which is modest enough to not create downward pressure on the price of the token. Consultations will be made with market participants to gauge how profits should be paid out beyond the token payment in any given year and also beyond the 10-year period. Therefore, the program leaves flexibility to deliver profits in whatever way would satisfy token holders.

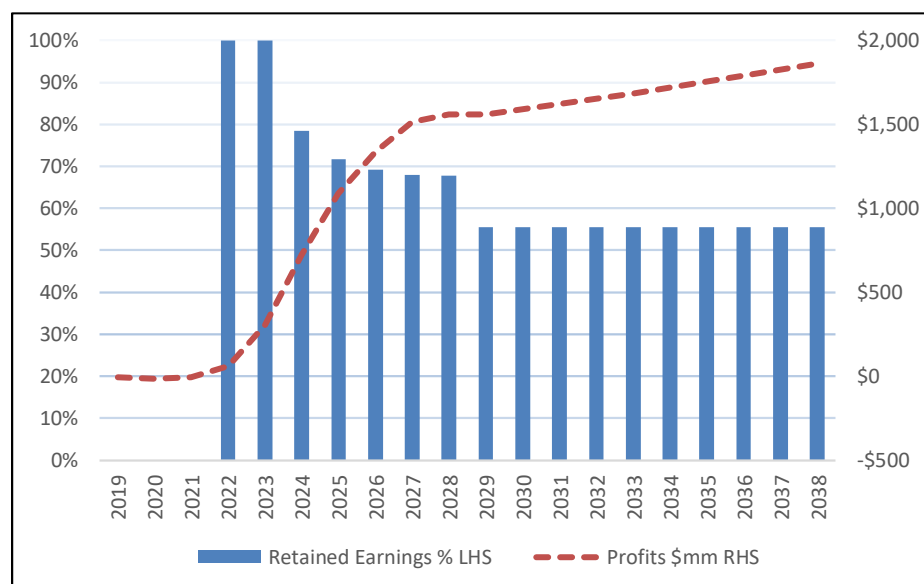
Retained Earnings

As the White Paper outlines, Bucket has aggressive expansion plans in the U.S. and overseas in its mission to digitize fiat transactions and, as such, it will be important to be able to invest profits back into the business. As described above, the company will hold 40% of tokens, and this will constitute a bedrock for retaining 40% of profits as a floor. Moreover, profits will not be distributed to employees and founders, so this will raise the floor to 55.5%. Lastly, the program to fully or partially pay profits with tokens for the first 10 years creates additional space for retaining profits. The space created will be a function of the price of the token. By our estimates, in our base case for the US -- excluding performance in overseas markets -- the Profit Pool should enable the company to cover an additional 45.5% of profit payment in the early years, declining to 12% in the later years.



As can be seen in the graph below, in the base case for the US market, (a middle-of-the-road scenario that excludes global growth) retained earnings will be 100% in the early years and gradually decline but stay above 67% throughout the 10-year period. Again, the logic underlying this trend is that during periods of high growth, the value of the token will appreciate faster than the growth in profits and will therefore cover the entirety of the profit payment, but this trend starts to reverse as the company matures. After the 10-year period, retained earnings will drop to the 55.5% floor, per the company's reserves, but by then, the company should be in a position to pay out a much greater portion of its cash flows.

Retained Earnings vs Profits (U.S. Base Case)



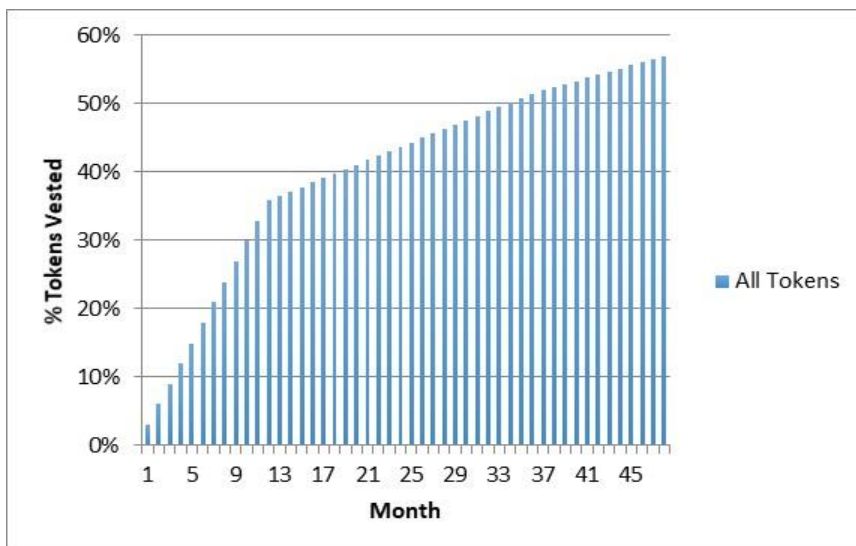
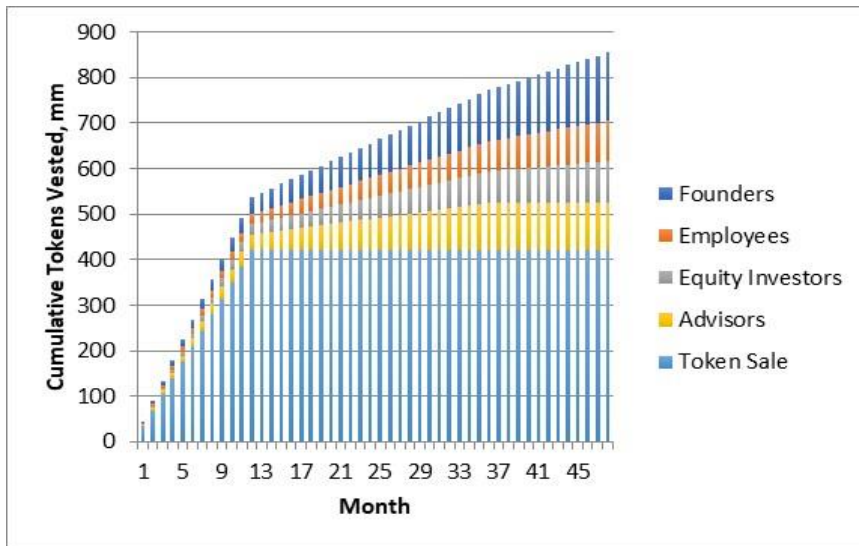
Vesting

The vesting schedule noted in the right-most column of the token distribution table will be an important mechanism to control the supply of tokens into the market. All token holders will be subject to a vesting schedule upon receipt of the token. The overarching goal will be to introduce tokens to the market in an orchestrated, gradual and transparent way that will support an orderly performance of the token. Founders, Equity Investors and Employees will have the longest vesting schedule. Bucket will not tap the reserve/hold-back without a proper, advanced notice explaining use of funds, amount to be tapped and timeframe for token release.

The pattern of vesting is illustrated below. Tokens across all categories are released in equal monthly tranches. Reserve tokens and Profit Pool tokens are assumed not to be released during the vesting period.



Token Vesting Schedule





Token Vesting Schedule – Year 1

Month	Tokens Issued	% Total
1	45	3.0%
2	90	6.0%
3	134	9.0%
4	179	11.9%
5	224	14.9%
6	269	17.9%
7	314	20.9%
8	358	23.9%
9	403	26.9%
10	448	29.9%
11	493	32.8%
12	538	35.8%

Corporate Governance

Consistent with the company’s efforts to provide financial transparency and accountability at the highest level, Bucket will endeavor to encode the entire process governing the profit payout in a series of smart contracts on the blockchain. This will provide greater level of investor protection, as well as greater predictability into the stream of profits, since there will be less scope for discretion exercised by the Board. The calculation of the profit can also be generally cross-checked against revenue data that can be queried from the blockchain, based on user activity. These technological developments would represent innovations in corporate governance that serve the long-term interests of investors and company alike and, if applied more broadly, can benefit token economies more generally.



Cautionary Statements Regarding Forward Looking Statements

Certain information set forth in this presentation contains “forward-looking information”, including “future oriented financial information” and “financial outlook”, under applicable securities laws (collectively referred to herein as forward-looking statements). Except for statements of historical fact, information contained herein constitutes forward-looking statements and includes, but is not limited to, the (i) projected financial performance of the Company; (ii) completion of, and the use of proceeds from, the sale of the shares being offered hereunder; (iii) the expected development of the Company’s business, projects and joint ventures; (iv) execution of the Company’s vision and growth strategy, including with respect to future M&A activity and global growth; (v) sources and availability of third-party financing for the Company’s projects; (vi) completion of the Company’s projects that are currently underway, in development or otherwise under consideration; (vi) renewal of the Company’s current customer, supplier and other material agreements; and (vii) future liquidity, working capital, and capital requirements. Forward-looking statements are provided to allow potential investors the opportunity to understand management’s beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment.

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 and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements.

Although forward-looking statements contained in this presentation are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.



Principal Investigators:

Francis Hwang – President and Co-Founder | fh@buckettechnologies.com

Michael Oh – VP, Finance and Economics | michael@buckettechnologies.com

Legal Guidance:

Harvey Esquire APC | <https://harveyesq.com/>

Pillsbury Winthrop Shaw Pittman | <http://www.pillsburylaw.com/en/>