



2022

ANNUAL REPORT

Hathor Labs

Dear Hathor Network community,

It's no secret that 2022 has been a rollercoaster of a year for the cryptocurrency market. The Luna project's downfall and the FTX exchange's collapse have shaken the industry, reducing investor confidence and declining trust.

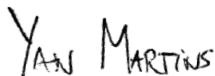
However, let's keep sight of the immense potential that blockchain technology holds. It's still in its early stages and has room to grow and mature.

I'm proud to say that despite these challenges, we've made significant progress. The Security Token (STO) running on Hathor Network approved by the Brazilian SEC has exceeded our expectations, reaching over USD 35 million in tokenized assets by the end of 2022.

As we move into 2023, I have high hopes for Hathor Network. We're dedicated to improving our technology and developing new features to strengthen our ecosystem. With hard work and a commitment to our vision, this will be a year of growth and success for us.

I and the Hathor Labs team want to express our gratitude to our supportive community. Your continued belief in us means everything. Keep the faith and stay optimistic about the future. 2023 will be a great year!

Best regards,

A handwritten signature in black ink that reads "YAN MARTINS". The letters are slightly slanted and have a casual, personal feel.

Yan Martins
CEO OF HATHOR LABS

REVISITING OUR MISSION STATEMENT

Our mission at Hathor Network is to serve builders and enterprises by providing software solutions that integrate our blockchain technology with their IT infrastructure. Our daemons, libraries, and applications are designed to support enterprises throughout the software development lifecycle, from proof of concept to production-ready solutions.

We recognize that builders and enterprises experimenting with blockchain technology face a complex technological challenge, expensive and highly specialized personnel, and unpredictable operational costs. Our goal is to provide low-barrier entry solutions for enterprises to explore new business opportunities using blockchain technology as a competitive advantage. We offer low-cost transactions and user-friendly tools designed for a fast learning curve, without the need for a deep understanding of blockchain.

OUR CORE VALUES

- 01** We prioritize use cases above all else. Our focus is on providing the most user-friendly tools and supporting use cases being built on our platform.
- 02** We believe network security is of the utmost importance, recognizing that no use case, particularly within large organizations, will operate on a protocol without a proven record of reliability.
- 03** Our commitment to improvement drives us to continuously invest in advancing our technology and delivering new features, tools, and software that enhance the competitive advantage of our use cases. We work diligently behind the scenes. Our approach is to underpromise and overdeliver.
- 04** We prioritize long-term growth over short-term market fluctuations, recognizing that sustained progress will help us succeed.
- 05** We place great value on our team and strive to hire the best and most talented individuals. We understand that our success depends on our team's capability to execute with excellence.

The above reflects who we are and what we believe to be the best way to establish an enduring blockchain business.

OUR DIFFERENTIATED PROPOSITION

Our goal is to support the most relevant functionalities that most use cases will need guaranteeing scalability and reducing complexity.

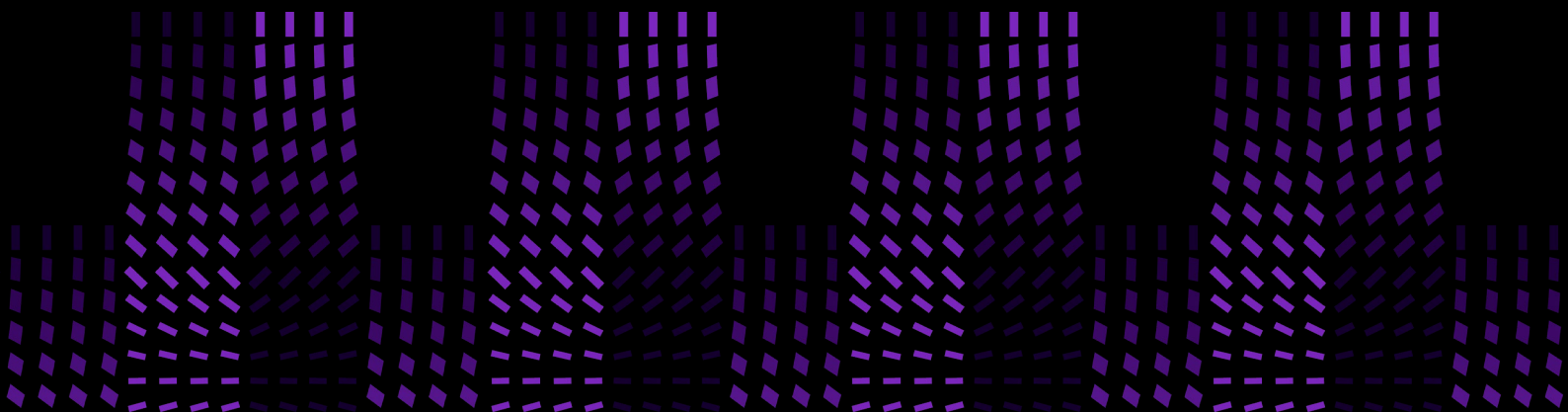
We are a low/no code platform designed by highly qualified experts to give developers an intuitive and efficient way to build and deploy blockchain applications, freeing them from the technicalities so they can focus on the bigger picture.

Scalability affects confirmation times and transaction fees, complexity affects the security of blockchain applications and the costs of developing and running them. These challenges have created a high entry barrier for enterprises, making it increasingly difficult and expensive to hire qualified software engineers, and a vulnerable environment for applications, exposing them to the risk of losing funds.

With Hathor Network, we seek to reduce the complexity, thereby reducing the attack surface. We aim to support the most relevant functionalities that most use cases will need.



In 2022 Hathor conquered a historical milestone in the Brazilian crypto market by being the first blockchain infrastructure approved by the CVM (Brazilian SEC) Sandbox.



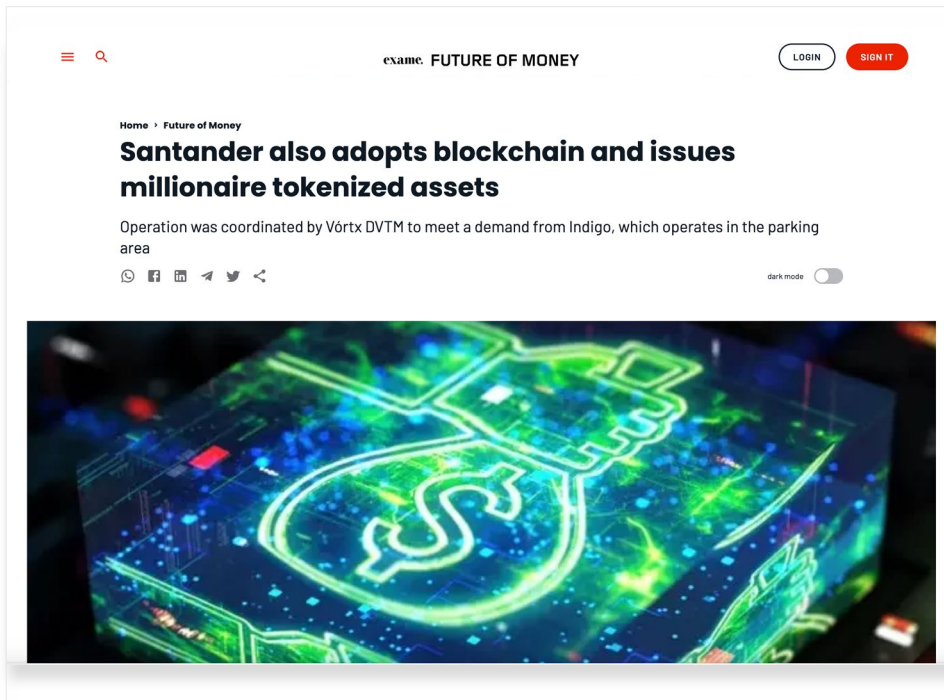
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USE CASES

As you know, Hathon Network was created to simplify blockchain technology and push digital solutions further. This goal is only made possible by us continuing to be the best blockchain network for use cases. That is why Hathon Labs keeps working to provide a solid and reliable platform where builders can develop proof-of-concept and production-ready solutions in a cost-efficient and timely manner.

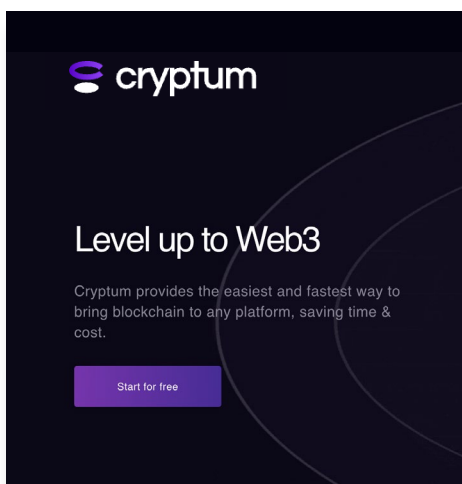
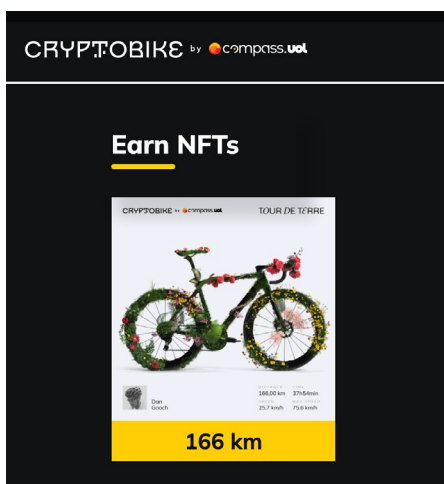
Hathon Network's ecosystem started in 2022 with great projects that had been previously on boarded and that fully trust our infrastructure for making their businesses grow. Among other projects, we are excited to see how 9Block – an NFT platform created in partnership with Play9, the agency co-founded by Felipe Neto, one of the most successful Brazilian digital influencers – and NileSwap – an NFT marketplace built by a community-led team that sold over 4,000 NFTs in its secondary market in less than two months – will keep expanding their activities.

In 2022 Hathon conquered a historical milestone in the Brazilian crypto market by being the first blockchain infrastructure approved by the CVM (Brazilian SEC) Sandbox with the Vórtx QR Tokenizadora use case. This groundbreaking project tokenized one of the first regulated financial assets in the country, having Hathon Network as the blockchain provider. Currently, by the end of 2022, there are ~USD 35 Million registered in our Network and issued as private bonds and quotas by Vórtx QR Tokenizadora. This is even more impressive because most of those financial assets were coordinated by major banks, such as Itaú BBA and Santander Brasil.



We would like to highlight 2 exciting projects that were created in 2022. The first was Cryptobike – Tour de Terre, an eco-friendly initiative to encourage bike use as sustainable transportation by rewarding achieved milestones, such as distance covered, maximum speed, and pedaling time, with NFTs. We were extremely proud of this global use case made by UOL Compass, a leading software house and esteemed partner. Please, find Cryptobike – Tour de Terre here. The second was Quizzard, a gamification platform that uses quizzes and polls to boost user engagement on third-party platforms. You can find Quizzard in Play Store or App Store.

Last but not least, Cryptum, an important blockchain solutions company, joined our ecosystem by bringing an excellent use case: Cryptum JS SDK. This product allows developers to build solutions such as wallets, tokens, and NFTs on the Hathor Network with a few lines of code, facilitating the adoption of blockchain technology.



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PRODUCT RELEASES AND UPDATES

NANO CONTRACTS

Nano Contracts are simplified smart contracts that don't require any coding knowledge to be set up in their simplest form. A user-friendly interface in the wallet will enable anyone to configure a contract to add logic and a use case to their token. There will be a set of premade Nano Contract blueprints that anyone can configure.

We want to create a safer, more secure alternative to the smart contracts available today, not just push out more of what's already out there. To protect both developers and users from the many smart contract-related hacks and exploits, we need to take a different approach. The separation between blueprints and contracts will be vital in achieving this high level of security. Nano blueprints are native, just like custom tokens on Hathor. Each blueprint will have been verified and built into the protocol itself. This means that if you trust the blueprint used to create a contract, you can also trust the contract.

In 2022, work on Nano Contracts was intensified as we spent countless engineering hours building out the technical foundation of Nanos. Nano Contracts will affect and interact with all parts of Hathor's infrastructure, from the Hathor Core (API for the wallets, WebSocket for real-time updates, Consensus, P2P Sync, Storage, and Execution), to the wallets (wallet library, desktop wallet UI, and headless wallet), and our explorer.

We launched an internal testnet with Nanos enabled and performed testing before going back to our desks to keep working

and improving on the issues and shortcomings we identified during these initial tests. New ideas and features came up and were developed before we started talking to more use-case partners about joining our second and improved version of the Nano testnet.

We have now onboarded a handful of trusted, ambitious partners to the testnet, who are building a variety of products on Hathor. They are presenting their business ideas to us, and we are discussing their requirements and how we can best help them solve their needs. At the time of writing, they are about to receive access to the Nano Contracts tools and documentation we have finished so far.

Making Nano Contracts a safe and secure product that developers and users will enjoy is our number one priority. It takes hard work and is a joint effort from our engineering, design, and product teams, who, together with our partners, will keep iterating and improving until everyone is comfortable with moving on to the next stage, a public testnet.

WALLETS

The Hathor wallet is a secure blockchain wallet for HTR, custom tokens, and NFTs created on Hathor Network. It's available on desktop (Windows, macOS, Linux), mobile (iOS, Android), and as a headless wallet controlled by an API for use cases to easily integrate with Hathor. It can also be used as a Ledger hardware wallet. Currently in development is a new web wallet to enable integration with Nano Contracts and dApps.

The Hathor wallet lets users easily send and receive HTR tokens, custom tokens, and NFTs. Users can also create their own custom tokens and NFTs in a few simple steps. Other features include viewing token balances and transaction history, and exploring transactions and blocks on the network.

All versions of the Hathor Wallet are free to use and open-source. Use cases can easily create their own white-label version of the wallet. New versions of the wallet are frequently developed and made available for download.

Per January 2023, the Android mobile wallet is currently installed on 6,800 active devices. On iOS, there are 19,000 total downloads.

Among the most important additions to our wallets in 2022 was support for multisig, Atomic Swaps, and the implementation of the new wallet service, currently being rolled out to selected users for final quality assurance before it goes public.

The Hathor Wallet is currently undergoing a lot of development to prepare it for the rollout of Nano Contracts, making it a one-stop shop for our community and an essential tool for anyone who wishes to build on Hathor or just explore the ecosystem. When this work is completed, the wallet will be well-equipped for the future of web3 and dApps built using Nano Contracts.

In 2022, the desktop wallet received 5 new releases, the mobile wallet had 8, and the headless wallet had at least 12, all adding new functionality, improvements, and fixes.

We shouldn't forget the wallet library, which consists of a set of utilities used by developers to create and modify transactions and blocks, communicate with full nodes, manage UTXOs, and do other tasks. The library is a fundamental tool for anyone integrating with Hathor, and its importance is reflected by the number of new releases it received during the year, 22 in total.

PUBLIC EXPLORER

The public explorer is a web view of the Hathor Network blockchain. It shows information about the network, peers, transactions, blocks, and addresses.

Our current explorer is a simple web interface that collects and presents information from many full nodes to give users an insight into on-chain activity. The website has a simple design and is quite technical, and in Q4, we started a project to create a new design covering the presented pieces of information, enhancements for user experience, and a professional look and feel that is in line with our company branding.

The explorer also received some new and much-requested features in 2022. The Token section got a Token list page for search and visualization of all custom tokens & NFTs created on the network. We also included a Token balances page, where you can search for any custom token on the network and view all the addresses holding the token, including their balances. Statistics lovers can now dive into historical blockchain data as we have added dashboards with details on the number of created tokens, NFTs, blocks, and transactions.

We look forward to bringing more new features and a brand-new design to the explorer!

TRACEABILITY SOLUTIONS

Blockchain technology has the potential to revolutionize conventional supply-chain management by introducing traceability. It is very important in various segments, such as agriculture, fashion, food, and manufacturing. Hathor Traceability is a framework that enables companies to quickly and easily set up a traceability solution for their operations or assets.

Hathor Network's easy-to-use and powerful tokenization feature can offer a variety of models for traceability in use cases. Different tokenization models can make sense depending on which data you want to store/track and which level of granularity is needed (e.g., lot, batch, or item). The different models include NFTs, unitary tokens, regular custom tokens, or a combination of the three.

In 2022, we added support for a new transaction type in the headless wallet to enable new traceability use cases. This new transaction type may have one or more data script outputs as it both sends tokens and writes data.

NFT ROYALTIES

We improved our NFT Metadata Standard to allow for information about royalties distribution. NFT creators can now determine multiple royalty shares and receivers' addresses during the minting process. With no need for smart contracts, NFT projects built on Hathor are eligible to receive portions of payments on secondary sales. Besides royalties, this enhancement also added support for NFT collections, animation previews, and external URLs.


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PARTNERSHIPS

Hathor Network is a blockchain technology designed for enterprise use, offering fast and seamless integration, high scalability, unparalleled security, and zero transaction fees. These features make Hathor an attractive solution for businesses, as they provide efficiency and practicality. Forming partnerships with respected software houses is a key strategic pillar to achieve market penetration and attract significant companies into blockchain. These firms have a deep understanding of the diverse needs and challenges faced by companies across various segments, making them valuable partners in promoting the adoption of Hathor technology.

 **compass.uol** In 2022, we successfully expanded our presence and added relevant new members to our ecosystem, such as Compass UOL, further solidifying our position in the market. Compass UOL is a Brazilian technology company owned by the UOL Group that offers technology services and solutions for digital transformation. With a diverse portfolio of clients, including Natura & Co and Gol Airlines, the company employs over 4,000 specialized professionals.

In addition to Compass UOL, and further expanding our footprint and reach, we have also partnered with:

 **adviseU** a consulting firm dedicated to helping build highly complex software and mobile applications with over eight years of work and 900 projects. The firm focuses on Finance and has collaborated with Siemens, Telefónica, B3, Carrefour, Banco Votorantim, Porto Seguro, etc.

 MOBIUP a software house focused on mobile solutions, payment methods, and blockchain, that has assisted big corporations from multiple sectors, such as XP Investimentos, C6 Bank, Rede, Cielo, Coca-Cola, JBS, Suzano, Cielo, Rede, etc.

 blockforce a blockchain specialist company that provides consulting services and blockchain-based digital solutions to drive significant social, environmental and systemic change for impact projects on a large scale. They have a robust partner ecosystem that includes Hyperledger, COPPEAD, FGV, Linux Foundation, etc.

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LISTING AND EXCHANGES

Despite poor market conditions, Hathor Network closed 2022 with nine exchanges in our portfolio, which has potentialized our presence, guaranteeing global liquidity for the HTR token. Being listed by KuCoin, one of the biggest exchanges in the world ensures HTR liquidity, and having Gate.io and Bitrue reinforce our global accessibility. The latest listing was in Foxbit, one of Brazil's largest and most established exchanges. Founded in 2014, Foxbit has continued to grow and has received a \$20 million investment from OK Group, the owner of the OKX exchange. This was a central milestone in strengthening our presence in Brazil, which has a rapidly expanding crypto market.

Find where to buy HRT in the links below.

FIAT-ON-RAMPS

 simplex

 Transak

EXCHANGES

 CoinEx

 bitrue

 CoinSpot

 Coinmetro

 Gate.io

 foxbit

 KUCOIN

 AscendEX

This year, Hathor entered into a partnership with Simplex/Nuvei to launch a VISA debit card, with the goal of increasing the liquidity of HTR and making it easier for people to use cryptocurrency as a means of payment. Additionally, Hathor has integrated with Transak, both Transak and Simplex/Nuvei are fiat-on-ramps platforms, to address the challenge of making crypto and blockchain technology accessible to the general public and businesses. These platforms offer support in over 120 countries and accept various payment methods such as Visa, Mastercard, bank transfers, Apple Pay, PIX, and others.



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MINERS

In 2022, even miners faced several challenges. The Ethereum Merge, which changed Ethereum's validation method from PoW to PoS, significantly decreased miner revenue streams. The FTX collapse further impacted the market, putting exchanges at risk and causing a devastating ripple effect. As a result, Bitcoin (BTC) prices plummeted to an all-time low of under \$15,600 in November 2022, representing a 70% drop from their all-time high in October 2021.

Despite these harsh conditions, Hathor Network remained reliable and robust, thanks to its BTC merged mining consensus algorithm and its participation in global top mining pools such as F2pool. Throughout the year, our hashrate fluctuated from 5Eh/s to 10Eh/s. This is a tangible demonstration of our evolution and determination to achieve long-term sustainable growth, despite market conditions. We are steadfast in our pursuit of progress and remain committed to our vision of a thriving, resilient network.

In early 2022, another halving event took place, reducing the rewards to 16 HTR per block. The third and final halving event occurred in January 2023, bringing the block rewards down to 8 HTR per block.

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NETWORK MAINTENANCE AND IMPROVEMENTS

Throughout 2022, our engineering team worked on many infrastructure and DevOps focused projects. These projects all contributed towards making Hathor Network more robust, reliable, resilient, and decentralized than ever. A few of the projects included:

New APIs to support and streamline use case integrations. Full node upgrades that greatly reduced the system requirements and initialization times for new nodes. Upgrade to Synchronization Protocol v2. A set of recommendations for use case security best practices. Better scaling of the public transactions mining service.

These projects were all part of our continuous efforts to enhance the network to better serve everyone running an integration, including exchanges, marketplaces, custodians, and use cases. Ultimately, these improvements will lead to an even more open and available network, welcoming everyone who wants to build on Hathor.

FULL NODE

The full node is the piece of software used to connect to and interact with Hathor Network. It executes all tasks necessary to synchronize with other peers in the network, validate blocks and transactions, and run the consensus algorithm.

In Q4, we began rolling out a new version and major upgrade of Hathor's synchronization protocol. The synchronization protocol detects changes in the blockchain (e.g., new transactions and

blocks) and updates its local database accordingly so that all full nodes are kept in sync with the peer-to-peer network.

This upgrade covers many lessons learned with the first version of the protocol and will speed up the sync while consuming less memory, internet bandwidth, and CPU. The upgrade will also give our engineering team better control over the mempool and Nano Contracts, benefitting all network participants.

During the whole of 2022, Hathor's full node received a total of 10 new releases, including new features, fixes, and improvements. Each new release leads to an even more open and available network, welcoming everyone who wants to build on Hathor and contribute to its security and decentralization by running full nodes.

TRANSACTION MINING SERVICE

Many users and partners rely on our public transaction mining service when sending transactions on Hathor Network. To scale this service on demand, we added an API Keys feature so we can auto-scale the service based on the limits offered to key partners and use cases, increasing the availability for all clients. This improved the stability of the service, fixing connectivity issues and reducing the time variance to find solutions. It has enabled us to predict the service's capacity better and scale it according to the growing demand of partners and use cases.

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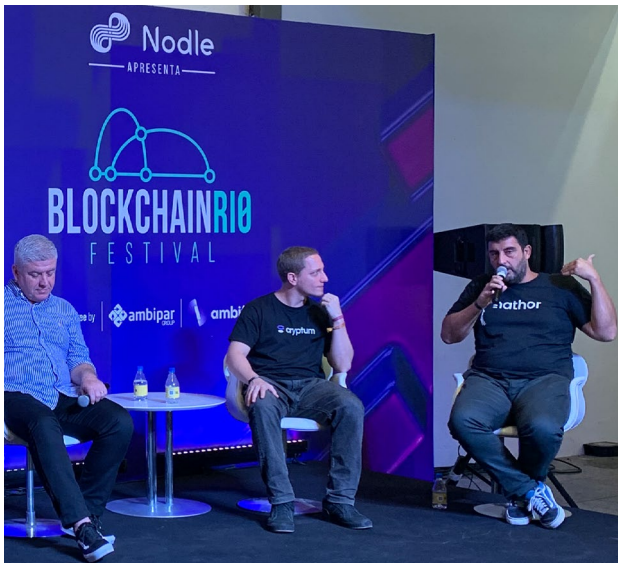
MARKETING HIGHLIGHTS

2022 was a highly productive year for Hathor Network. We managed to increase our awareness and penetrate key software houses, which are crucial channels for reaching enterprises as our final target.

We received widespread recognition from multiple media outlets. Notably, Valor Econômico, a prestigious financial newspaper in Brazil, showcased Hathor in a feature article published in September. The article highlighted Hathor's mission to be a scalable and user-friendly blockchain network with zero transaction fees and showcased its use cases with the Tokenizadora STO platform and Felipe Neto's NFT platform. The piece depicted Hathor Network as a trustworthy technology company with a long-term vision. Following that article, Hathor Network was featured in another well-respected media outlet, Cointelegraph Brazil, which highlighted the network's success after being approved by the CVM sandbox and bringing in relevant use cases. The network was also acclaimed by other media channels for being the infrastructure of other significant use cases, such as Vórtex QR Tokenizadora.

As part of our efforts to expand our business network and ecosystem, we have participated in various online and in-person events as guests and attendees. Our CEO, Yan Martins, has taken part in numerous AMAs, webinars, and panel discussions, including the Binance Talk Show PT, the Web3 podcast hosted by Megan DeMatteo, an AMA with Foxbit, and webinars on blockchain for various industries, such as agro-businesses with ICOLab.

Furthermore, our marketing and sales teams have attended prominent industry events to promote the Hathor Network and engage with potential partners and clients. These events include



Labitconf, Its4CIO, Criptorama, the Crypto House of Commons, Mercopar, and many others.

For the first time, Hathor Labs has invested in promoting media campaigns targeting multiple industries. The biggest campaign we invested in was focused on highlighting the benefits of blockchain for various sectors and increasing visibility for the Hathor Network. It ran across various digital channels, such as Google, YouTube, LinkedIn, and Facebook, targeting C-level executives. The campaign achieved 315k video views, reached 342k people, and generated 7,707 clicks, resulting in a pipeline of qualified leads for our business development team.

In late 2022, Hathor and UOL Compass jointly launched an opportunity for companies that had blockchain solution projects but, for various reasons, were unable to implement them. This initiative was made during Black Friday to support the selected projects with consulting, solution modeling, and up to 100,000 HTRs to execute their ideas. After a rigorous selection process, the companies were chosen, and they will be disclosed in Q1 2023.

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COMMUNITY HIGHLIGHTS

In 2022, Hathor Network made significant strides to connect with our global community and amplify our message through new initiatives. We consolidated the official regional Telegram channels into Portuguese, French, and Turkish, as well as the global community channel, which boasts over 10k members on Telegram and over 9.6k users on Discord. The media provide a forum for Hathor Network followers to communicate with one another, discuss recent updates, and share thoughts on the company's future.

To keep the community updated with the latest news and developments, we launched an official announcement channel on Telegram, which now has over 620 followers, and it's a powerful resource for anyone interested in learning more about the project.

Hathor Network also launched several new initiatives to improve the quality and frequency of our community engagement. One of these was the "Water Cooler Breaks," which started as live calls in Telegram and then changed to a podcast format to make it more accessible to community members on various platforms across different time zones. Another initiative, "Hathor Facts," was

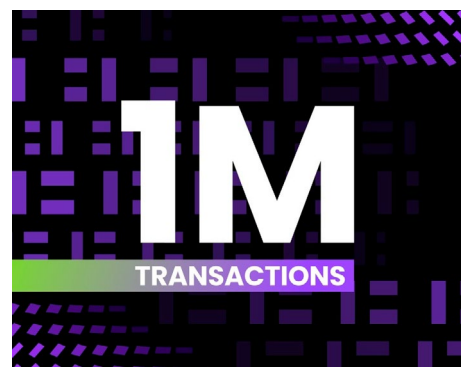


created to provide the community with easy-to-read information about the uniqueness and efficiency of Hathor’s technology.

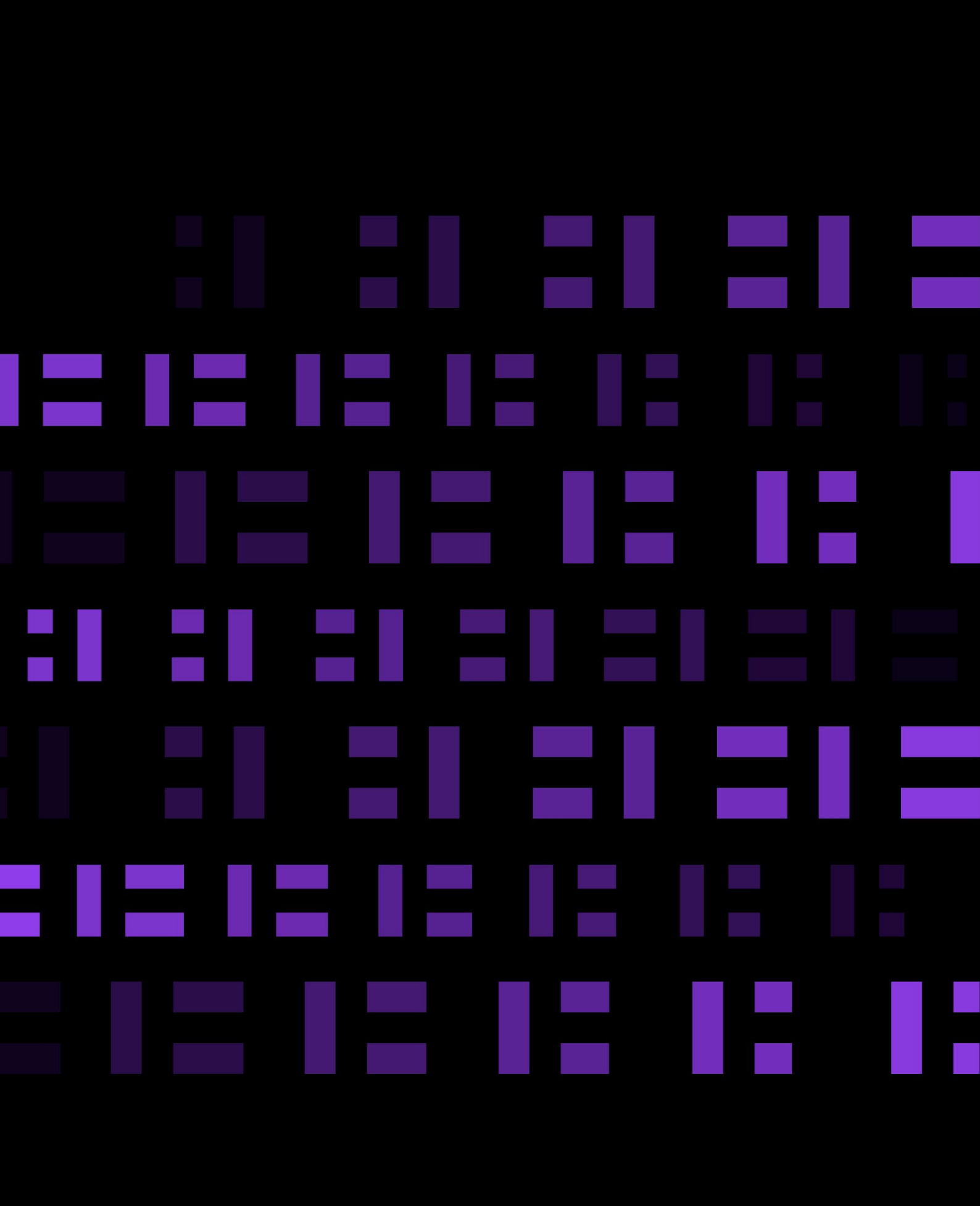
Additionally, “Hathor Heroes” served as a community spotlight to attract attention to the projects being developed by the community, and the “Leadership Forum” was a webinar series featuring Hathor’s leadership and core team members discussing the main topics that interested the community. In 2022, there were three episodes with the Hathor team’s C-suite, starting with the CEO, Yan Martins, and ending with the CTO, Marcelo Brogliato, and the CMO, Diego Guareschi.

Our community content strategy was based on feedback from the community satisfaction survey. Some of the initiatives served us well, and others have required revisions. In the end, our commitment to improving community engagement has paid off. The audience growth is up 12.5%, proving that more people are discovering and engaging with their content. Engagements per impression grew significantly by 22%, demonstrating the quality of the content provided to the community.

In celebration of reaching the impressive milestone of 1,000,000 transactions, we decided to combine our passion for football and Hathor by organizing the Hathor World Cup. This exciting competition took place during the Round of 16, Quarter Finals, Semi-Finals, and Final matches of the Fifa World Cup, with a prize of 1000 HTR up for grabs. We were delighted to include countries from all around the world in this joyous celebration.



Hathor Network’s growth from 2021 to 2022 has been impressive. The network has shown that it can have an impact even during difficult times like a bear market. The community engagement initiatives launched in 2022 are a testament to our commitment to connecting with our audience. We are excited about the future and will continue to strive to provide the best content available to our community.



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