



# 2022 | 2 QUARTERLY REPORT

Hathor Labs

# Letter from CEO

The past few months have been hard for the crypto markets. Cryptocurrencies have plunged from all-time highs, and many relevant firms in the space have faced liquidity issues. Along the way, critics of this industry have become louder. These conditions are not new to us.

We started Hathor during a bear market. Four years ago, in mid-2018, when we coded the first few lines of Hathor Network, Bitcoin was in the low \$6,000s, and later, it dropped to the low \$3,000s.

Since the beginning, we've firmly believed blockchain technology has the power to impact and transform most industries, from agriculture to financial markets. Being the blockchain network that enables this transformation was our goal in 2018, and that goal remains unchanged. I'm more confident than ever that we are in a strong position to reach that goal.

Even in these challenging circumstances, we continue to strengthen our team by hiring professionals with complementary expertise to help our company fulfill its mission. I feel confident that our team is becoming stronger than ever!

We keep building regardless of the market conditions. We were born in a bear market, and another bear market does not affect our motivation to keep moving forward!

YAN MARTINS

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# Executive Summary

We have selected the main milestones of Q2'22 for those who want a quick update on our latest progress; however, we strongly encourage you to read through the full report.

## First STO<sup>1</sup> launched in Brazil in partnership with the CVM<sup>2</sup>

Last June, Brazil's first platform for tokenized securities regulated by Brazil's Securities and Exchange Commission (CVM) was launched using Hathor Network. This was a groundbreaking move toward tokenizing financial assets in the Brazilian market.

Among Hathor Network's main features, fee-less transactions were key to the platform's success, allowing all trades on Vórtx QR Tokenizadora to be registered on-chain.

The first issue of private bonds via digital token using the platform was coordinated by Itaú BBA, the largest bank in Latin America, and it corresponded to \$14,5 million (R\$74 million).

## Nano Contracts

Nano Contracts are simplified smart contracts that don't require any coding knowledge to 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.

In Q2, we completed support for: the full node, wallet library, desktop wallet, and transaction mining service. With all the previously mentioned finished, we accomplished a functioning framework for Nano Contracts.

We are happy to say that **we now have a running testnet with Nano Contracts enabled**, and the next step is to work closely with selected use case partners. This will help us to test and improve before we make the testnet available to the public.

<sup>1</sup> Security Token Offering

<sup>2</sup> Brazil's Securities and Exchange Commission



**Few networks worldwide  
are authorized to run  
a regulated financial  
product like Vórtx QR  
Tokenizadora, and  
Hathor Network has  
become a pioneer in  
the blockchain market.**

# Use Cases highlights



## Vórtx QR Tokenizadora

Last June, the first platform for tokenized securities regulated by Brazil's Securities and Exchange Commission (CVM) was launched using Hathor Network. This was a significant step towards tokenizing financial assets for the Brazilian market. The tokenization of everything is here to stay, bringing efficiency and democratization.

Vórtx QR Tokenizadora registers securities, such as private bonds, in the blockchain, so it is possible to trade them safely in the primary and secondary markets. Tokenized assets improve systems performances and democratize investments.

The cooperation in making this project possible started eighteen months ago. It involved a thorough examination of the network by the CVM, proving how Hathor's technology supports projects of different sizes. Few networks worldwide are authorized to run a regulated financial product like Vórtx QR Tokenizadora, and Hathor Network has become a pioneer in the blockchain market. To be chosen as the blockchain to store those assets' ownership and transfer history is also a recognition of Hathor Network's safety and trustworthiness.

Among the network's main features, fee-less transactions were key to the platform's

success. Unlike many trading platforms, where trades take place off-chain, all trades on Vórtx QR Tokenizadora are recorded on-chain. This would not be possible in most blockchain platforms, as even low transaction fees represent a large cost in the long run.

Additionally, Hathor Network provides the infrastructure necessary for transactions to happen and be recorded on the blockchain instantly. As soon as the user trades on the platform, the blockchain transaction is propagated and can be verified. This further improves the user experience and trust.

Finally, the Vórtx QR team was able to build the platform without having to hire expert blockchain developers or expensive smart contract auditing companies, which greatly reduced the project costs and time to market. By using Hathor Network and its easy tokenization platform, tokens created on the network have the same features and security premises as HTR, Hathor Network's native tokens.

The first issue of private bonds via digital token using the platform was coordinated by Itaú BBA, the largest bank in Latin America, and it corresponded to \$14,5 million (R\$ 74 million).

# Product Releases & Updates

1



## Nano Contracts

Nano Contracts are simplified smart contracts that don't require any coding knowledge to 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 pre-made Nano Contract blueprints that anyone can configure.

Just like custom tokens on Hathor, Nano Contracts will be native, built into the protocol itself. Having native tokens and contracts means you get the same level of security for all assets issued on the network, mitigating the risk of bugs and security issues that we see too often with custom development on other platforms.

Perhaps most importantly, we believe this approach to smart contracts will be a door-opener for risk-averse legacy companies looking for a safe way to explore blockchain technology.

So let's talk about progress. In Q2, we completed support for: the full node, wallet library, desktop wallet, and transaction mining service. With all the previously mentioned finished, we accomplished a functioning framework for Nano Contracts. This means it is possible to create a contract from a blueprint, deposit and withdraw funds from the contract, execute methods in the contract, and configure an oracle to work with the contract.

We are happy to say that **we now have a running testnet with Nano Contracts enabled**, and the next step is to work closely with selected use case partners. This will allow us to do collaborative testing and collect feedback, aiming to learn, adapt, and improve before we make the testnet available to the public.

For now, all code for Nano Contracts is in private GitHub repositories, and we will make everything publicly available at a later date.

## 2

### **NFT Royalties – Enhanced NFT metadata standard**

After receiving suggestions from community members for improvement, our team enhanced Hathor's NFT Metadata Standard.

The main addition to the standard is a field to store information about royalties distribution, which makes it possible to determine multiple royalty shares and receivers' addresses during the NFT mint. 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 brings support for **NFT collection, animation preview, and external url**. For further details, check [here](#).

The NFT minting process remains the same, and the new fields are optional. It is important to notice this update does not affect existing NFTs. This latest enhancement was a successful joint effort between the community and the Hathor team, which enabled easy integration, scalability, and cost predictability, taking NFTs on Hathor to the next level. We are grateful for our community support and encourage our members to keep sharing with us.

## 3

### **Explorer**

We want our Explorer to be a fun and functional website, a place to research for tokens and play around with dashboards and statistics. To achieve this, we are building a range of new features this year, and here is a summary of what we worked on in Q2.

We improved the Explorer Token section by adding a [Token list](#) page for search and visualization of all custom tokens & NFTs created on the network (here is a [walkthrough video](#)). We also included a [Token balances](#) page, where it is possible to search for any custom token on the network and view all the addresses holding the token, including their balances (here is a [walkthrough video](#)).

We have introduced a more interactive way for our users to dive into [historical blockchain data](#). Now it is possible to view dashboards with details on the number of created tokens, NFTs, blocks, and transactions, both the accumulated sum of items over time and the number of items created during the selected time range.



## 4



### Wallet

This quarter the updates on our wallets enhanced security and usability.

- **Desktop wallet:** we added an option to hide zero balance tokens. This is helpful for users with many custom tokens and NFTs registered to keep their wallets less cluttered. Watch this [video](#) for a full walkthrough.
- **Mobile wallet:** we implemented biometric support as a way of streamlining the user authentication experience where possible while providing the PIN code option as a fallback for when biometrics aren't available. This support functions for the following operations: login/wallet unlock, reset wallet, send tokens, and create custom token. Check the walkthrough video [here](#).
- **Headless wallet:** we brought multisig support to improve the security of wallets' funds. We started the implementation of multisig in the headless wallet because most use cases in need of this support are using the headless wallet for their integration with Hathor. Read the details and find helpful links [here](#).

To enable traceability, we added a new transaction type with data outputs, i.e., a transaction that sends tokens and adds data. The token creation transaction used for NFTs already has support for this, and in Q2, we made it available in regular transactions.

# Listings



## Foxbit

On June 8, Hathor was [listed on Foxbit](#), one of the largest and most traditional exchanges in Brazil. Founded in 2014, Foxbit keeps growing steadily and recently secured [an investment of \\$20 million from OK Group](#), controller of the OKX exchange.

This was a significant step toward strengthening our presence in Brazil, which has an extensive and fast-growing crypto market. Having HTR listed in a Brazilian exchange was the missing piece needed to broaden the network adoption throughout the country.

In Hathor Network, creating tokens is necessary in order to deposit 1% of the total number of tokens created, so Brazilian companies and developers had to face quite a long process to buy HTR. Now it is possible to purchase HTR with Brazilian currency more easily and faster.

To celebrate the listing, Foxbit and Hathor jointly promoted a campaign that distributed 5 HTR for each new account and gave up to 20 HTR in cryptoback for every HTR purchase. As part of our awareness campaign, our CEO, Yan Martins, also participated in an [online event with Foxbit](#) to present Hathor and HTR to the Brazilian public. For more details, please check [here](#).

# Partnerships



## **Transak: our latest fiat-on-ramp partner**

Transak has joined the Hathor Network ecosystem to provide a fiat-to-crypto payment gateway to the HTR. The platform supports over one hundred and twenty countries via Visa, Mastercard, and Bank transfers and also welcomes a new payment method: Apple Pay.

They offer developers integration for a fiat-to-crypto payment solution to solve the critical problem of allowing average people and businesses to access crypto and blockchain.

Since its launch, Transak has enabled API-driven fiat payment methods for over 100+ supported cryptocurrencies and has partnered with other relevant blockchain projects.

Fiat on-ramps such as Transak (and Simplex, already our partner) reduce user barriers significantly. After completing a simple KYC process, users can purchase HTR, directly using their debit/credit cards, bank transfers, or Apple Pay.

For more details about this partnership, please check [here](#).

# Network maintenance & improvements

## 1



Full node

### **Speed-up initialization**

This project is intended to reduce the initialization time of Hathor's full node, facilitating integrations and enhancing our infrastructure.

As the number of transactions increased in the network, we also noticed an increase in initialization time. So, it would take one hour every time a restart was needed for a full node upgrade, change of configuration, or a server reboot.

It is part of our continuous efforts to enhance the full node to better serve everyone who runs a full node, including exchanges, marketplaces, custodians, and use cases. With the speed-up initialization project, we reduced that time in half. And it was the first step for the next project, which will reduce that time to less than five minutes.

## 2



Full node

### **UTXO Search API**

The UTXO Search API was developed to improve the usability of Hathor's technology. This new API allows different systems to quickly search for UTXOs when a wallet is preparing new transactions.

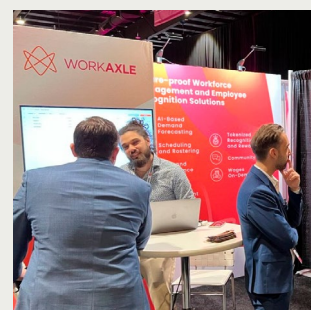
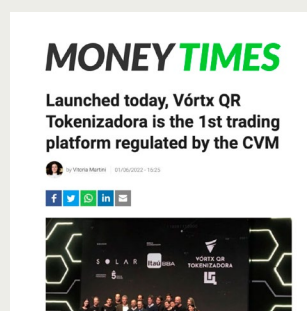
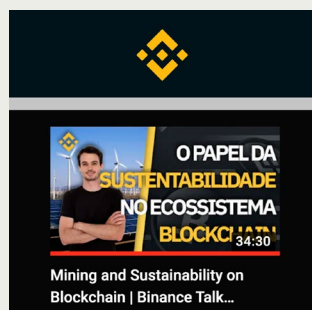
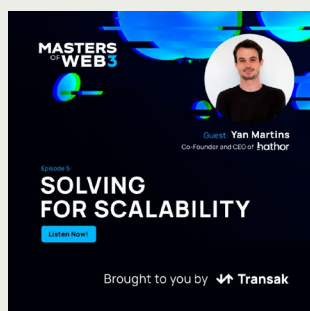
An Unspent Transaction Output (UTXO) references the amount of available tokens to be spent on a transaction. For every new transaction, the available UTXOs should be searched to define the origin of the funds to be sent.

Due to limited API options when looking for UTXOs, some exchanges that use their own wallet implementation have faced some lag during the creation of new transactions. The more transactions that need to be prepared, the more UTXO selection is required.

This was the issue of a partner custodian company that supported a use case built on Hathor. They reported that the search for UTXOs was becoming slower, affecting their operations.

After that, we prioritized designing a long-term solution for projects that need to do fast-run UTXO searches. This API was created on Hathor's full node and is available for all use cases, including exchanges, custodians, NFT marketplaces, etc.

# Marketing & Community Highlights



## Media Presence & Events

Hathor appeared on several news channels and participated in many events this quarter. We were portrayed as the infrastructure of two great projects:

- [Vórtex QR Tokenizadora](#), Brazil's first regulated trading platform of tokenized securities
- [WorkAxle](#), a workforce management solution for large enterprises, which participated in the world's leading HR conference, UNLEASH America..

To celebrate the launch of the Vórtex QR Tokenizadora platform, our CEO Yan Martins

was invited to take part in an event to talk about Hathor's contribution to the project. As part of the Foxbit listing campaign, an [AMA was conducted with Yan](#), where he presented Hathor and the HTR token to the Brazilian public.

Following the activities in Brazil, Yan joined the [Binance Talk Show PT](#), to discuss mining and sustainability in blockchain. Debating the possibilities and impact of the technology, he also represented Hathor on a [web3 podcast](#), hosted by CNBC presenter Megan DeMatteo, as part of a joint campaign with Transak, one of our fiat-on-ramp partners.



## Simplex pre-order campaign

We are thrilled to announce that the Hathor VISA debit card is coming soon! This quarter we launched a [pre-order campaign](#). The card is a joint effort between Hathor and Simplex/Nuvei to bring more liquidity to HTR, bridging the gap between traditional finance and crypto. It can be used anywhere VISA is accepted, and users can withdraw from ATMs just like any other debit card.

Unfortunately, as of now, it will only be available in the EU and UK.

Stay tuned for this launch!

## AMA for Cathor's new L2E

We invite you to take a look at our Community Manager's recent AMA with Cathor. The conversation dove deep into community scaling and why it's important for Hathor Network. Our hosts brought many questions from the community for this one-on-one with our head of Community Management. This event was part of Cathor's new Learn to Earn program that rewards users for participating in activities that educate people about the usability of Hathor Network technology. Participants were excited to earn CATHOR tokens for assisting this live event.

We know that many of you are busy creating your own native tokens and NFT collections on the Hathor Network and may have missed this live event, so we've left the [full audio recording of this conversation](#)!





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*What's up faaaaam! There we go again with a couple news of what's cooking the Hathor community. This time we have something special: The first and I hope not the last interview on this newsletter. This time with HATHOR ARCADE. Hope you enjoy it! If you want any concrete interview to appear on this newsletter just tell it to me on my telegram group or twitter! Thanks a lot to all the community member who took part sending their*

## HathorGuy Weekly Newsletter

Our Community Program supports the enthusiasm of our greatest community contributors. We are empowering those seeking to push forward the adoption of Hathor Network.

We're happy to mention our support for [HathorGuy's newsletter](#), which provides a weekly catchup on everything happening in the Hathorian Community. Hathor Guy dives deep into everything Hathor, including buzzing independent projects being built on the network and interviews with their creators. This is particularly valuable for newcomers and busy members who want a quick glimpse of everything going on in our growing community. We incentivize and inspire more community-driven initiatives to contribute to the growth of Hathor Network.

## New CMO

Last June, we welcomed Diego Guareschi as our new CMO after working for almost twenty years at Unilever, managing top-ranked brands, and occupying several regional and global positions. We are confident that Diego's expertise and strategic vision will help Hathor accelerate blockchain adoption by addressing real industry problems!

Learn a bit more about Diego [here](#)!

## Introducing Our New Team Member



**DIEGO GUARESCHI**  
Chief Marketing Officer  
@Hathor Network