



Merchant Token

Dear ICO Participant,

We are happy that you believe in the Hips Team and the Merchant Project and have chosen to join the Merchant project, by buying Merchant Tokens in the ICO.

The ICO was successful and the project is well funded with all the possibilities in the world to be successful. In general, we have extremely good feedback from token holders and partners, and we are super excited for the project. However, we are in a bearish crypto market right now, which lead to a lot of fear, uncertainty, and doubts. The fear, uncertainty, and doubts has also affected Merchant Token, and it needs to be addressed.

We will try to answer as many questions as possible that we have received to the support department, and there might be a follow up email to this one if more questions are coming in.

Before we start answering questions, we need to add the same legal disclaimer in this email as we have on the website and in our white paper and inform that we are not financial advisers, and nothing in this email is a financial advice.

All investments involve risk, losses may exceed the principal invested, and the past performance of cryptocurrency, market, or financial product does not guarantee future results or returns. Gains with cryptocurrencies are typically subject to tax, depending on what country you reside. Trading and investing are risky, do so at your own risk, and we advise people to never use more money than they can afford to lose. The cryptocurrency market is a volatile and risky market. Cryptocurrency investing may not be suitable for all. Anyone looking to invest in cryptocurrencies should consult a fully qualified independent professional financial adviser

Now let's start with the Q&A and the common question our support receives.

Why did I buy at \$3.20 and now the price is much lower?

So, this is the most common question and we need to break this down in several pieces.

1. The Merchant Project is not about the token price alone. The Merchant Project is about deliver a valuable project and protocol to the blockchain and crypto payment ecosystem, whilst doing this add value to the Merchant Project and as a result the Merchant Token will trade at a higher price.

2. The token sale started at \$0.20 and increased in steps/phases. A detailed specs of the phases are available here: <https://docs.merchanttoken.org/docs/ico-phases>. Once a phase had enough support (purchases) a new price and phase was introduced. The higher the phase the more MTO purchases (in dollar value) was required to make sure that there was a correct balance of supply and demand. We sold up to phase 110 which means that there was extreme support at valuation \$2 – \$3.20. People was still buying at \$3.20 when the ICO ended because of the time limit of 30 of July 2021. Should there not be a time limit this would most likely have continued up to \$3.30 since we were in the last part of phase 110 when the ICO ended. So based on the above there were buyers at \$3.20 when the ICO ended, hence the pricing of \$3.20

3. The ICO ending date was in a bad timing, in the middle of the BTC and ETH FUD and bearish movements in general in the crypto market. This alongside with many affiliates in the project that wanted nothing other than exit resulted in a price decrease on Uniswap instantly when the first liquidity pool was available.

4. The liquidity pools on Uniswap are low and the trading volumes are low, therefore the price we see on Uniswap right now is most likely not the real price of the MTO. Only less than 5% of the MTO purchases was via MetaMask and we assume there are a technical barrier for many holders to start trading on Uniswap (buying and selling) which resulted in the most technical MTO holders (like affiliates that did not buy their tokens) wanted to exit and sold via Uniswap. Therefore, it's in our believe that it is too early to trust the price we see on Uniswap.

So, to sum up this question; some of you bought at \$0.20 and some of you at \$3.20. Some of you may lose money if you sell on Uniswap today and some may gain if you sell today. We cannot tell you how to act, but we can tell you that the Merchant Token team and the largest token holder Hips Payment Group are here for long term and wants to see much higher prices than this over the years. If you are not happy with the current price, then don't sell now!

Why early Uniswap listing?

We had earlier communicated that Uniswap will be listed by latest the 19th of July. Many of you took that date as the listing date and it's probably not perfect communicated from our side. However, to understand why the Merchant Token was listed earlier, you first need to understand what Uniswap is and how it works.

Uniswap is a DEX (Decentralized Exchange). A token is automatically listed once there are a liquidity pool, and anyone with tokens can create a liquidity pool. So, with that in mind the token is more or less listed once there are liquidity pools.

With other words; once tokens were started to be distributed the listing was a fact and nothing that the Merchant Token team could prevent.

The first token pool was created by Hips before token distributions to ensure the listing price of \$3.20. If the pool had been created after token distribution for us to be able to set the listing price. (The listing price is set by the first liquidity pool creator)

Why don't Merchant Token add liquidity pools to Uniswap?

So, this is a common question many asks us in believe that this will bring the price up.

Now, first of all. In any exchange you need sellers and buyers. In a traditional exchange you have a seller setting the price and a buyer accepting or refusing to buy at that price, you have no liquidity pools hence most deals are peer to peer.

Uniswap is a decentralized exchange and is dependent of liquidity pools acting as the counterpartying seller or buyer.

Since the Merchant Token project is selling tokens in an ICO to fund the project, it would be counterproductive to buy the tokens back at a higher price when the long term goal is to use the funds to make sure the project advances and creates value.

However, we are willing to support the project in any way; if that means buying back tokens at a lower rate now to sell for the good of the project later, we might consider that. But there is nothing communicated or promised regarding Uniswap liquidity pools. Next time we go in to a bullish market again we would highly consider adding liquidity pools from Merchant Tokens side. To add a liquidity pool in this bearish market will only drain the pool and the Merchant Project will have less funding to use for ensuring success of the project.

A win-win situation much better than liquidity pools for all holders is that Merchant Token puts money in an advertisements campaigns that will benefit the whole project instead of liquidity pools that will only benefit a few fast sellers.

Does this mean that there will be no liquidity pools on Uniswap?

No, liquidity pools are created by the community. You can add one yourself if you have MTO Tokens.

Another step to help increase the liquidity in the pools, Merchant Token will add a feature to add liquidity to the Uniswap pools via the app.

You promised that the tokens should be worth \$3.20

The token was sold at \$3.20 for over 2 million USD, so that was in fact the value. We have just communicated the current price for what the token was sold for by the ICO.

It is quite common that a token price drops after an ICO and then slowly goes back. Many goes times beyond the ICO price. But nobody can guarantee nor promise anything, it's the market that decides.

I have lost all my investments

This is a comment we have seen. It's not too common one, but we want to add it here for clarity.

If you have not sold your MTO, you have not lost anything! You probably believed in this project when you bought the MTOs and hopefully that has not changed. Once you feel the price is right in the future you sell otherwise you keep your MTOs.

Why did you distribute tokens in batches, why not all at once?

To send ERC20 tokens in batches is much faster than sending individual ERC20 tokens. Each ETH transaction has a nonce to avoid double spending therefore the previous transaction with the previous nonce must be in a block before next nonce can be spend. This means that sending individual transactions would take "forever" (weeks) and sending to all at once is just not feasible, hence the batches of the maximum contract length for multisender which is 250 addresses per batch. We sent last in first out order to multisend to avoid a price dump, but multisender reordered the addresses slightly that the order was changed inside of each batch.

You sent the tokens to my wallet too late, now everything is sold on Uniswap!

We sent the tokens in batches as communicated. Last in, first out.

Everything is never sold. This is a market! Pools will come and go. The reason for liquidity pool unbalance is that people prefer to hodl instead of adding liquidity to the pools. Only a few sells or buys at the moment. Most likely because of the general bearish market we are in.

But nothing is too late. You are super early! You have purchased MTO in an ICO, hopefully at a very good price in the long run.

If the liquidity pools on Uniswap are unbalanced (more of MTO than ETH), and you are selling MTO, then it will most likely not be to a good rate for selling, but a very good rate for buying. Then you need to wait until your preferred price, then swap.

If you don't want to wait for the right price, then the downside is that you have to sell for the price someone is prepared to pay. This is usually not a good investment strategy nor any advice from us. We recommend you to consult a fully qualified independent professional financial adviser.

Can I sell MTOs at \$3.20 at Uniswap?

Yes of course, when someone wants to buy at \$3.20. Create a liquidity pool and set the minimum sales price to \$3.20 and wait.

What is the plan, what will the funds be used for?

So, a large part of the funds will be used for acquisitions of technology and crypto products we feel is a good match for the Merchant Protocol. Other than that, it will fund the project for 2-3 years in terms of advertisements, employees, contractors and partner project we need to “buy into” to be a part of.

Can or will MTO 100X?

This is a very common question that we decided to answer, read this answer carefully.

The answer is yes of course it can, but nobody can guarantee anything. It will depend on how the team delivers (quality of partners, hype, advertisement), how much good support the project gets in social media and that all the FUD we see now decreases and in general the continued believe in the project. But it will also depend on the general bear/bull market.

We have never communicated anything like this; however, we want this happened as much or more as you do.

When will the burn event take place and how many tokens will be burnt?

We don't have an exact date for the burn event, but it will be 7.5 million tokens that will be burned and removed from the total supply of 100 million tokens.

I have not received tokens yet, what is wrong?

Most likely you have an open case with our support department. Please contact the support department.

Do I need to do KYC?

If your account is eligible for KYC; you will have a verification request when you log in to the Merchant Token App. You will also have a label “KYC required” on your deposit. If you don't see this information; you either has already completed the KYC or are not required to do the KYC.

Cancellation of physical events or trade shows

Due to the spread of the new version of COVID19 (Delta) we have decided to not participate in any physical events for the rest of the year. We are considering alternative online events. We will keep you posted on this.

You keep changing the timeline, why?

Yes, this is a big project and we need to have some flexibility in the timeline. We are extremely dependent of our partners and sometimes things are delayed or advanced on our or their side.

Is the plan still to list on an international exchange in August?

Our plan is to list in August and we will communicate the listing date in advance. We will also do a large advertisement campaign before the listing to make sure we have great attention to make the most out of the listing.

So, what is going on in the project right now, and what is the next steps?

We are still in the distribution phase. We have still a few people waiting for their tokens mostly due to KYC. Our plan is to have most of the open cases solved and distributed by the end of the week.

Our legal team is working with lawyers in Sweden, Singapore, Hong Kong and United States to ensure there are no legal obstacles to list on the exchanges. And if there are, to solve those as fast as possible.

Our core technical team is working on an MVP that we want to demonstrate in October for POS terminals on the blockchain. This is also a product that will go out in beta for taxis in Scandinavia and UK in late Q4

Our management are mostly working with new partnerships and recruitments for the project.

We have a new exiting global partnership that we will announce next week.

Ending words

This market is volatile and that is a big part of the charm. Believe in your own assessments and don't act on social media FUD. For the Hips Merchant Token team; this is a journey that has only just begun. We want and are committed to make the Merchant Protocol the standard protocol for consumer protection and POS communication in crypto payments.

Thank you for believing in the Project!

- Management Team of Merchant Token