



BLOCKCHAIN PLATFORM FOR TICKET SYSTEMS
AND EVENT ORGANISERS

WHITEPAPER

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Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include but are not limited to:

- Competitor's response in the market;
- Due to the absence of any operating history, we may have overlooked other trends and conditions that could affect its business;
- Ability to control costs in general;
- General regional and global economic conditions;
- Lower levels of consumer confidence, consumer spending and purchases of discretionary items, including tickets;
- Restrictions in the credit and capital markets, which would impair our ability to access additional sources of liquidity, if needed;
- Changes in the availability and cost of raw materials which could impact prices of our products;
- Our ability to anticipate and respond to constantly changing consumer demands;
- Our ability to attract and retain talented, highly qualified executives and employees;
- Our ability to adequately establish, defend and protect our proprietary rights;
- Our ability to successfully develop or acquire new product lines or enter new markets or product categories, and risks related to such new lines, markets or categories.

We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable law. Because of these risks, uncertainties and assumptions, the forward-looking events discussed in this White Paper might not occur. To the extent that we use market data and industry standards in this White Paper, such information shall have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information they have provided has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed.

We caution you that actual results or business conditions may differ materially from those projected or suggested in forward-looking statements as a result of various factors including, but not limited to, those described above and in the Risk Factors section of this White Paper. We cannot assure you that we have identified all the factors that create uncertainties. Moreover, new risks emerge from time to time and it is not possible for us to predict all risks, nor can we assess the impact of all risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ from those contained in any forward-looking statements. Token Purchasers should not place undue reliance on forward-looking statements.

EXECUTIVE SUMMARY

crypto.tickets. The next phase in the evolution of the event ticket.

A secure, transparent, blockchain ecosystem for the event ticket sales industry, empowering organizers to control the entire ticket lifecycle whilst eliminating fraud.

Technology Evolves to Transform Everyday Life.

We live in a time of rapid technological advancement. Analog media was replaced by CDs and DVDs, and later transformed into encrypted digital with built in intellectual property protection. Money went from coin and paper to credit cards and now cryptocurrencies. In both cases it was the emergence of new technologies and platforms that enabled the next phase in the evolution.

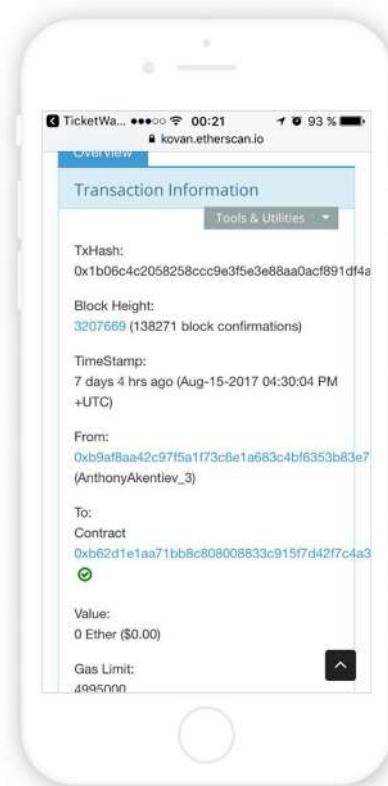
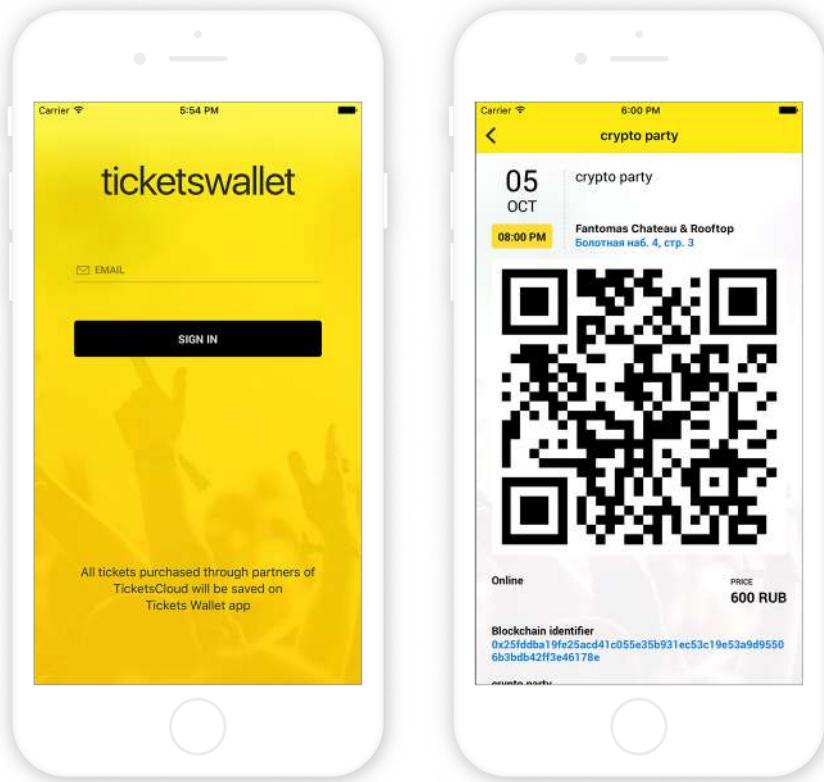
But what about event tickets? Paper tickets have evolved into e-tickets, making them accessible on electronic devices, but gaining little in terms of security. Furthermore, online ticket bots now account for a significant part of primary market ticket purchases, siphoning off profits from artists and event producers whilst increasing prices for consumers who are stuck buying tickets in the opaque and fraudulent secondary market.

What we observe is a spectacular opportunity, and while attempts to date have been unsuccessful, we believe we have the right technology and team to transform this marketplace.

A vision for the future.

The crypto.ticket is the next phase of the evolution of the ticket, transforming it into a secure digital asset using blockchain and organizer controlled smart contracts. Tickets are held, redeemed, and managed by the consumer within a digital ticket wallet, just like any other crypto coin, with the same degree of embedded transparency and control crypto-currency markets have come to expect.

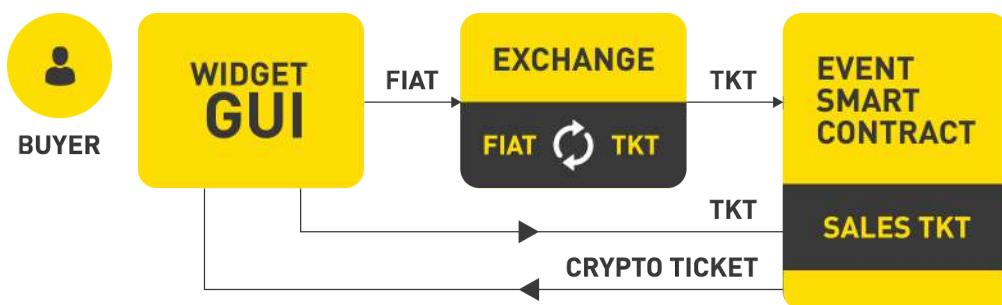
The blockchain enables decentralization whilst its ledger ensures ticket validity. Smart contracts enable organizer control over ticket sale, resale and exchange, whilst regulating payments, fees, and commissions throughout the ticket lifecycle: from initial release to redemption at event entry. Not only do organizers and consumers win, but the secondary market can also thrive as it is now provided with a secure platform in which to operate, uniting all players on one common platform.



How will it work?

The evolution of blockchain technology has enabled crypto.tickets to engineer an elegant and fluid solution, such that the end user need not concern themselves with how it works, they just know that the ticket they bought is valid and secure.

TKT tokens set-up smart contracts and support transactions inside the crypto.tickets decentralized system. Each time there is a purchase order for a ticket, the system will place an order for the purchase of tokens. The crypto.tickets platform automates this conversion in real-time, so the typical end user will simply purchase their event tickets in fiat currency and will see the ticket appear in their ticket wallet app on their electronic device.



An investment in future value.

Growth in consumer base and number of events managed on the platform will increase the number of individuals transacting in TKT to purchase tickets. This increased volume, coupled with the fixed supply of TKT set during the ICO, will push up the price of a token relative to other currencies as platform adoption occurs over time.

The evolution from paper ticket to crypto.ticket will transform the way consumers and key industry players interact, forming a fluid and efficient structure for all parties involved. Early investors in the crypto.tickets ICO have an unprecedented opportunity to participate in setting the direction of this project and to profit from the growth of the platform over time.

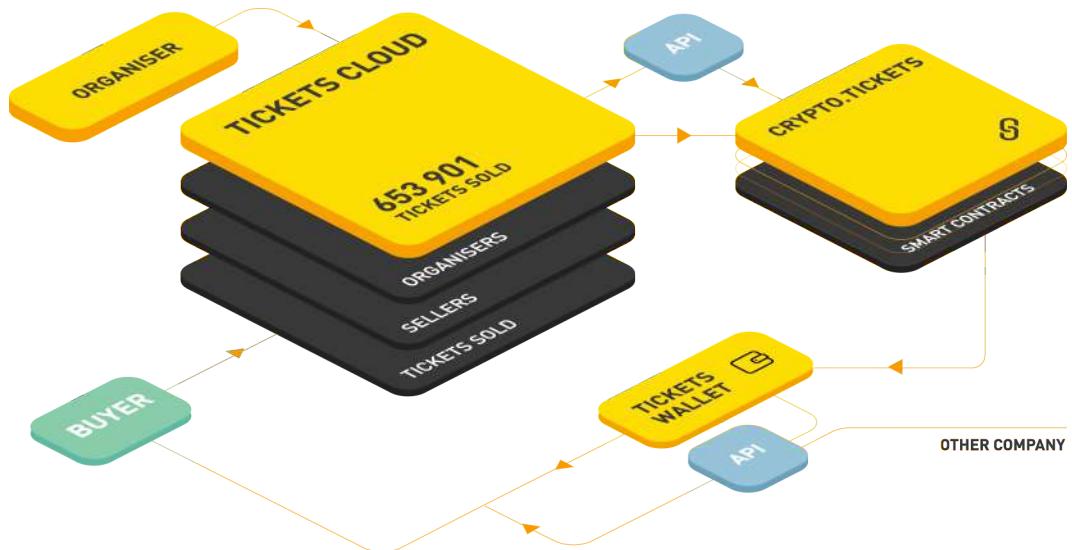
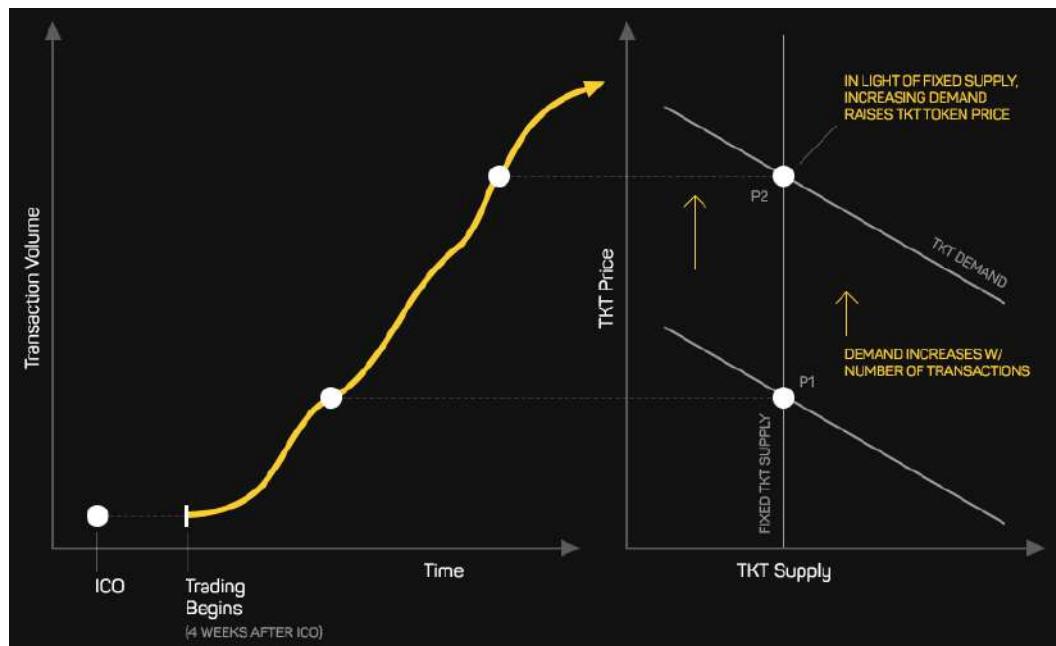


Fig.1 – Crypto.tickets ecosystem

HISTORY

The crypto.tickets project is being implemented by the Tickets Cloud team who have worked together since 2014, demonstrating their capacity to deliver a high quality, scalable product. The founding team's direct market knowledge combined with strong working relationships ensures a strong foundation for this project to succeed.

Tickets Cloud has been in operation since the beginning of 2014 and represents a platform combining event organizers and ticket sellers in one online facility. The product modernizes the ticket sales process by giving event organizers the ability to sell tickets via one service on multiple websites, in offline box-offices and at events as easily as using a social network. The system offers a full range of solutions for all participants in the ticket market, including:

- Ticket distribution;
- Cloud Box Office;
- Payment splitting via Ticketing Payment System;
- Automated billing;
- Widgets for website, FB and VK;
- Event admission control via the app;
- Online analytics;
- CRM system for organizers;
- Retargeting and remarketing through an online interface;
- Promo codes;
- Guest list management;
- Online sync with the dashboard;
- All Paperwork in the dashboard;
- White-label solutions for those who need it;
- 24/7 Customer support;
- Seating assignment schemes;
- Delivery service.

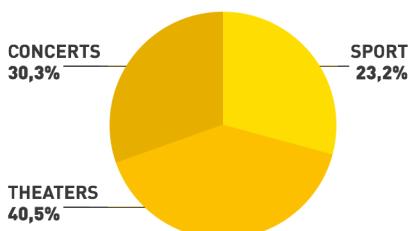
At the moment, the monthly turnover of the company is \$2 million with annual growth of over 77%. The business collected \$1.6 million in investment during the past 3 years of its development. Today, we have signed over 950 contracts with organizers and have sold over 1 million tickets. In 2017 Tickets Cloud became the world's first company whose technological base is used for selling event tickets by Aliexpress — the biggest trade facility in the world.

Our experience building this business led us to the idea of incorporating the use of block-chain technologies for ticket validation. In doing so we extended Tickets Cloud functionality whilst providing a decentralized platform, independent of Tickets Cloud, for all industry participants to transact on. A system which provides solutions to many of the industry's key problems.

MARKET ANALYSIS

The global market of ticket distribution for sport and mass events can be conventionally divided into primary and secondary. According to data from the International Ticketing Yearbook^[1], the total turnover in the primary market was \$30 billion in 2016, the leading share of which was theatre tickets, whilst the secondary market turnover totalled \$8.9 billion with sports event tickets leading the space. Primary and secondary markets are expected to grow by 13% and 20% respectively by 2021 (fig. 2). The ticket market is most developed in Europe (especially in Great Britain) and the USA, although the most dynamic growth is coming from China due to the population's increasing purchasing power coming from China's economic development.

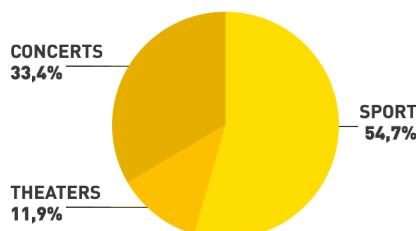
PRIMARY MARKET



\$30 BLN. TICKET SALE TURNOVER IN 2016

+13% TO 2021

SECONDARY MARKET



\$8,9 BLN. TICKET SALE TURNOVER IN 2016

+20% TO 2021

Fig.2 –
Volume of primary
And secondary
Ticket market

A number of big players stand out in the event market, the most well-known of which are:

- **Live Nation Entertainment** — a holding company, formed by a merger of an American ticket selling company Ticketmaster and an organizer of entertainment events Live Nation;
- **Evenbrite** — a ticket selling company and a sales marketing campaign organizer on social networks. The biggest self-service company in the world's ticket market;
- **Ticketfly** — one of the fastest growing companies in the live events ticket sales market;
- **StubHub** — owned by eBay, one of the world's largest online secondary market ticket exchanges;
- **Viagogo** — a leading online secondary market ticket exchange;

^[1]International Ticketing Yearbook 2016. https://issuu.com/gregiq/docs/ity_2016
2016. Online; Accessed 31 July 2017

- **Eventim AG** — number one in Europe and second globally in the ticketing and specialized software distribution services market;
- **Ticketscript** — Europe's first electronic provider of ticket self-service.

All leading companies have sold tickets via online channels for some time as paper tickets have largely become a thing of the past. Online ticket purchasing eliminates queues to buy tickets in advance, or to pick them up from the box office on the day, and consumers no longer need to be concerned about lost or stolen physical tickets. Tickets can be purchased anytime, anywhere, with any internet accessible device.

The number of people buying tickets online grows each year, driven by rapid development of the Internet and explosive growth in the accessibility of smartphones. More and more we are seeing ticket sales process integration with social media, distribution services, and advertising platforms.

Existing problems

Despite the considerable growth and development the global ticket industry has seen in recent years, a number of unresolved problems persist:

- **Fakes and fraud.** Fake tickets are one of the main problems in the secondary ticket market. Rogues take advantage of the lack of ability to validate the authenticity of a ticket, allowing them to sell fake tickets. There are often cases in the secondary market where the same ticket is sold to multiple customers as there is no way to be certain how many people own that ticket. When this happens, only the first customer to arrive at the event gets in, whilst others are left unable to attend. In these situations it is not only the spectator who suffers, but the organizer who lost the opportunity to sell a ticket to those customers who ended up with fake tickets.
- **Scalpers.** Most tickets to popular events are bought by automatic bots in the first minutes after the sale starts, and are then resold in the secondary market at a price significantly higher than the original. Speculators profit, many customers cannot afford the tickets, and organizers lose target customers. Organizers and official agents in this case cannot control the market and do not profit from speculators' resales. In some countries the overpriced tickets unsold by speculators are returned to the organizer right before the event begins. As a result, the organizer loses profit and suffers reputational loss because the venue is not full, in spite of a limited ticket offer in the market and a high sale price.
- **Non-transparency for a spectator.** In order to buy a ticket, spectators must check numerous websites, study ratings and availability, and compare prices. The segregation of ticket platforms, which lack a central database, limits customers' ability to consider all options available in a simple and transparent manner.

- **Incomplete sale of tickets for events.** The current business model of providing quotas limits promoters' ability to work with a large number of distribution channels often leading to incomplete sales for events. A quota is part of a venue and cannot be divided endlessly, therefore the number of distributors is limited by the number of quotas. The best distributors sell all their quota tickets leaving consumers to believe an event has sold out. Meanwhile the lesser known or less efficient distributors end up not selling their quotas, ultimately leading to empty seats at an event that had a high demand for ticket sales.
- **High price cap for entering the market for distributors.** The quotas model also prevents new players entering the distribution market, big distributors dictate their conditions to the organizers, all tickets are disseminated among the current players. Even if one manages to get tickets for sale, these will not be the best seats and are limited in number, which makes projects with novel sales mechanics doomed.
- **Lack of a common standard for working with ticket organizations.** Due to the fact that all ticket organizations have different program interfaces (API), agents who deal with ticket distribution have to separately integrate with the API of each, check the quotas manually and exclude the tickets which repeat with different suppliers. Moreover, in case an organizer intends to raise the ticket price, he has to contact each of the agents and manually update all contracts.

THE CRYPTO.TICKETS PROJECT WILL SOLVE THESE PROBLEMS AND FOREVER CHANGE THE TICKET INDUSTRY, ENSURING A MUTUALLY PROFITABLE INTERACTION FOR ALL PLAYERS.

PROJECT REVIEW

crypto.tickets

The crypto.ticket is the next phase of the evolution of the event ticket, transforming it into a secure digital asset using blockchain and organizer controlled smart contracts. Tickets are held, redeemed, and managed by the consumer within a digital ticket wallet, just like any other crypto coin, with the same degree of embedded transparency and control crypto-currency markets have come to expect.

The blockchain enables decentralization whilst its ledger ensures ticket validity. Smart contracts enable authorized control over ticket sale, resale and exchange, whilst regulating payments, fees, and commissions throughout the ticket lifecycle: from initial release to redemption at event entry.

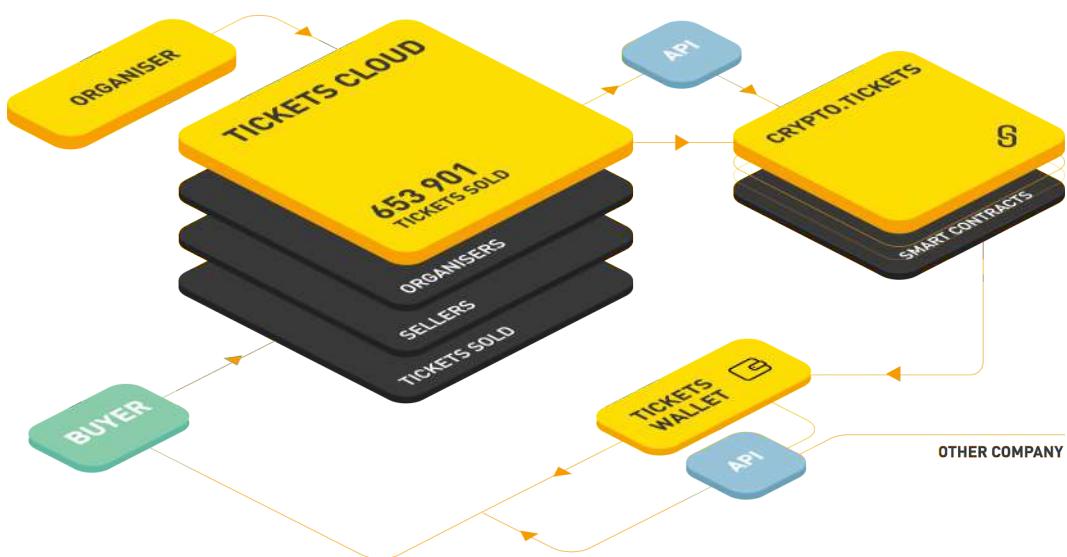


Fig.3 – Crypto.tickets ecosystem

The system automates all business processes related to the sale, resale, and redemption of event tickets whilst ensuring accurate and timely distribution of all associated funds.

The primary functions of the crypto.tickets system are:

- creation of smart contracts for events with organizer-controlled settings regarding ticket sales rules such as pricing limits, number of tickets per customer, and commission and fee collection and distribution;
- issuance of crypto.tickets with blockchain validation ensuring complete security and authenticity;
- issuance of tokens by brands/organizers as promotional internal currency (artist/brand points systems);

- decentralized ticket exchange for secondary market operators and customers to sell, exchange, and otherwise manage their tickets;
- Dynamic pricing support;
- KYC and participant vetting via scoring mechanisms.

The system provides an interface for ticket operators to plug in their own ticket services platforms in much the same way as Tickets Cloud such that third parties can establish their own unique value propositions for working with organizers via the platform.

The return and exchange of tickets takes place on the blockchain as regulated by the smart contract set out at inception by the organizers. Speculators have to follow the resale rules, which makes them an additional distribution channel whilst organizers can profit via commissions from this resale activity.

A distributor can integrate with crypto.tickets via API or use the ready-made widgets of a free service such as Tickets Cloud which will allow access to all tickets and work with the primary and secondary ticket exchange. In this case all tickets are available for sale by all ticket resellers as opposed to distribution via blocks of tickets in a traditional quota system limiting the risk of undersold events. crypto.tickets ensures the reliability of ticket issuers and blockchain validation provides transparency and security of all ticket transactions.

The system is designed for growth as any ticket operator can connect to crypto.tickets with no upper limit on the number of active connections providing exceptional scalability.

As mentioned previously the Tickets Cloud product represents one example of how a ticket operator can connect to the system whilst providing immediate access for any organizer who wants to adopt this new ticketing standard without the need for an investment in new technology.

Lastly, ticket holders can interact via the Tickets Wallet App, which is a graphical user interface for working with the crypto.tickets API. The software consists of a client application for the Web, PC, iOS and Android mobile platforms, and also of a server component, which consists of a protected data storage and an exchange gateway which handles TKT to fiat currency conversion and manages interaction with the crypto.tickets blockchain.

The Tickets Wallet has the following functions:

- storage of crypto tickets;
- interface for exchanging, transferring and returning of tickets;
- event entry guarantee;
- wallet for storing and conducting transactions with TKT tokens;
- conversion of fiat currency into tokens and back (with the use of the exchange gateway);

- interface for selling tickets on the secondary market with settings for sales rules (fixed price or auction);
- two-way information channel for getting additional content from the artist and promoter before as well as after the event;
- channel for communication with other ticket buyers.

The Tickets Wallet greatly simplifies the procedure for buying, selling, transferring and redeeming event tickets for the user. All transactions are governed by the smart contact for the event with the rules established before the ticket is sold by the organizer.

With the Tickets Wallet you can pay for your ticket in two ways: by TKT tokens or by fiat currency. After the purchase, the smart contract sends the crypto-ticket to the user's Tickets Wallet App. When attending an event, a user shows the crypto.ticket QR-code which is scanned and the entry system makes a record in the blockchain that the ticket has been used.

The blockchain architecture of the crypto.tickets ecosystem uses each component separately, allowing for integration with third party ticket systems in addition to Tickets Cloud, which promotes competition on the platform whilst encouraging adoption. All parties get automatic access to the Tickets Wallet application, providing ticket security, eliminating fraud concerns via a safe and convenient mechanism for event entry. Organizers and distributors gain a direct communication channel with spectators with the help of push-notifications and bonus points programs using TKT tokens to build brand loyalty.

The streamlined ecosystem provided by the crypto.tickets platform provides a high level of transparency and self-organization of the ticket market which facilitates healthy competition and eliminates growth barriers whilst establishing transparent rules of the game for new players.

ECONOMICS

All operations within the crypto.tickets ecosystem are executed with its internal digital currency (TKT token), ensuring security whilst preventing unauthorized human intervention in the processes.

TKT tokens are used in the following ways:

- settlements between all members of the crypto.tickets ecosystem: ticket purchase, resale, exchange, or returns;
 - payment of event expenses (services of contractors and artists);
 - distribution of profits between all market participants (ticketing system, organizer, distributor);
 - voting;
- as a deposit for ticketing systems, allowing them to create smart contracts and issue crypto.tickets.

The blockchain ecosystem assigns the following functions: visitors, ticketing systems, organizers, and distributors — all valuables are distributed between them.

The ticketing systems, with enough TKT tokens on deposit, are entitled to create smart contracts, which will be used to issue and sell crypto.tickets for events. The event organizer creates a smart contract of the event via the ticket system interface, where the following parameters shall be specified:

- availability to resell/return a ticket;
- ticket return rules — the fee to be withheld (the fee can be dynamic, depending on the time left before the event);
- availability to transfer the tickets to other users;
- ticket cancellation time (event time);
- ticket categories and prices;
- fees/commissions for resale in the secondary market;
- payment and fees automated splitting via Ticketing Payment System.

All parameters entered into the smart contract on crypto.tickets via the ticket system interface (e.g. Tickets Cloud or another ticket system).

The ticket systems shall determine their fee (percentage of ticket sales) and include their interest individually in the event's smart contract. They shall perform KYC of event promoters and monitor the quality of events created in the system. If a ticket system creates a fake event or engages in fraudulent activity the rating of such system falls, and if the fraud level is high, it can result in complete exclusion from the system. After the transaction is approved, the ticket system registers these conditions in event's smart contract, while also registering the distributor's wallet number to pay fees for the tickets sold with that distributor's assistance.

Now, let us consider in more detail the process of ticket purchasing with a price entered in the TKT according to the TKT/Fiat rate at a given date (Fig. 4). A visitor, who wants to buy the ticket, opens the website of the event. Via the website or a sales widget, a customer buys the ticket for fiat currency or TKT tokens. In the first case, the fiat currency is converted automatically into the system token via the exchange gateway and sent to the customer's wallet and then automatically transferred to the event's smart contract. Alternatively, the TKT tokens are transferred right to the event's smart contract address and an entry is made to the blockchain that this ticket is registered to the customer. If the user is registered in the Tickets Wallet app, he/she will immediately see the purchased ticket there. If not, then he/she will receive the instruction of how to create the wallet and access the tickets. Payment for each ticket is frozen at the smart contact address as a security, so that the visitors could have their money refunded if the event is cancelled by the organizer.

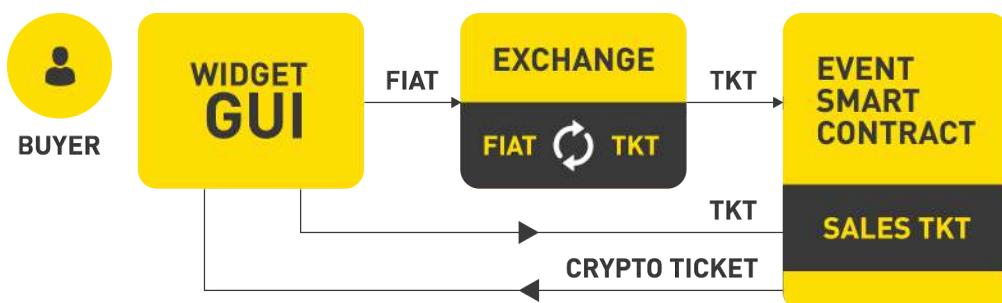


Fig. 4 - Purchase of a ticket

To return a ticket (if such option is made available by the organizer in the smart contract), the customer uses the Tickets Wallet application or API to initiate the ticket return procedure (Fig. 5). The ticket return procedure occurs automatically and is regulated by the event's smart contract. The tokens are refunded to his/her personal account with Tickets Wallet minus any fees specified by the rules for ticket return. The ticket return fee is withheld at the smart contact address until the end of the event and until the income is distributed among the event smart contract's organizers.

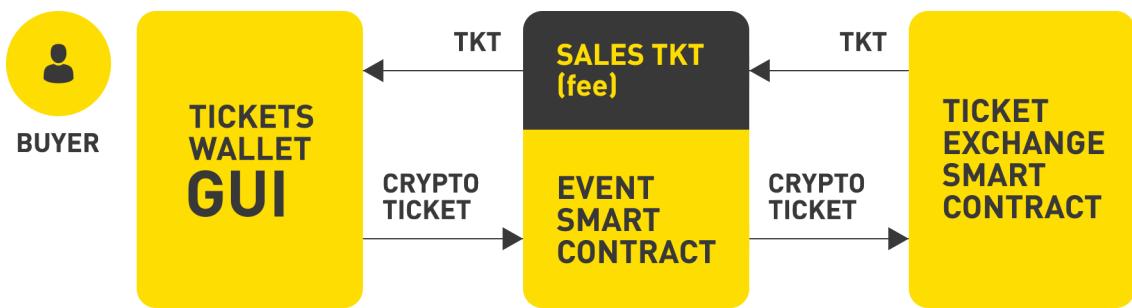


Fig. 5 – Ticket return

The system will also provide a secondary market for tickets: a decentralized online marketplace where users can resell/buy tickets (Fig. 6). In case of popular events, the user can set an auction and sell the ticket to a person, who offers the best price during a given period - all subject, of course, to the rules set by the organizer.

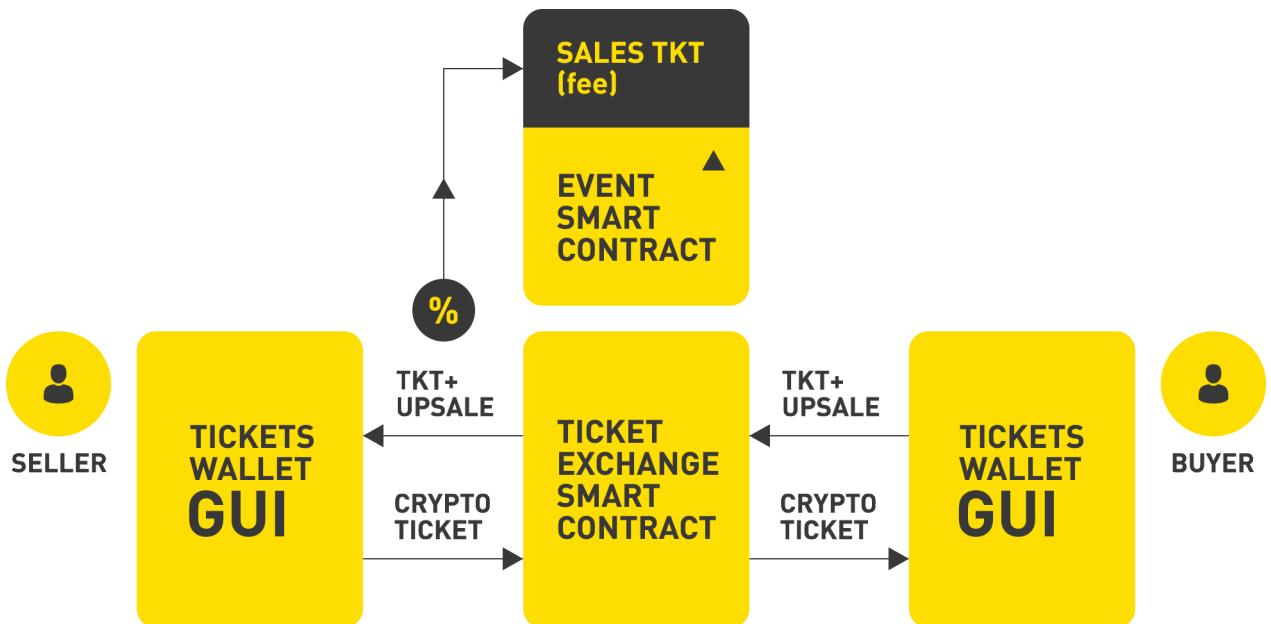


Fig. 6 - Resale of the ticket

After the end of the event, crypto.tickets distributes the funds from the smart contract between all the parties: the ticketing system, the organizer, the distributor; the organizer also can set up an automatic distribution of its profit among its partners, the artist and other parties to the event (Fig. 7).

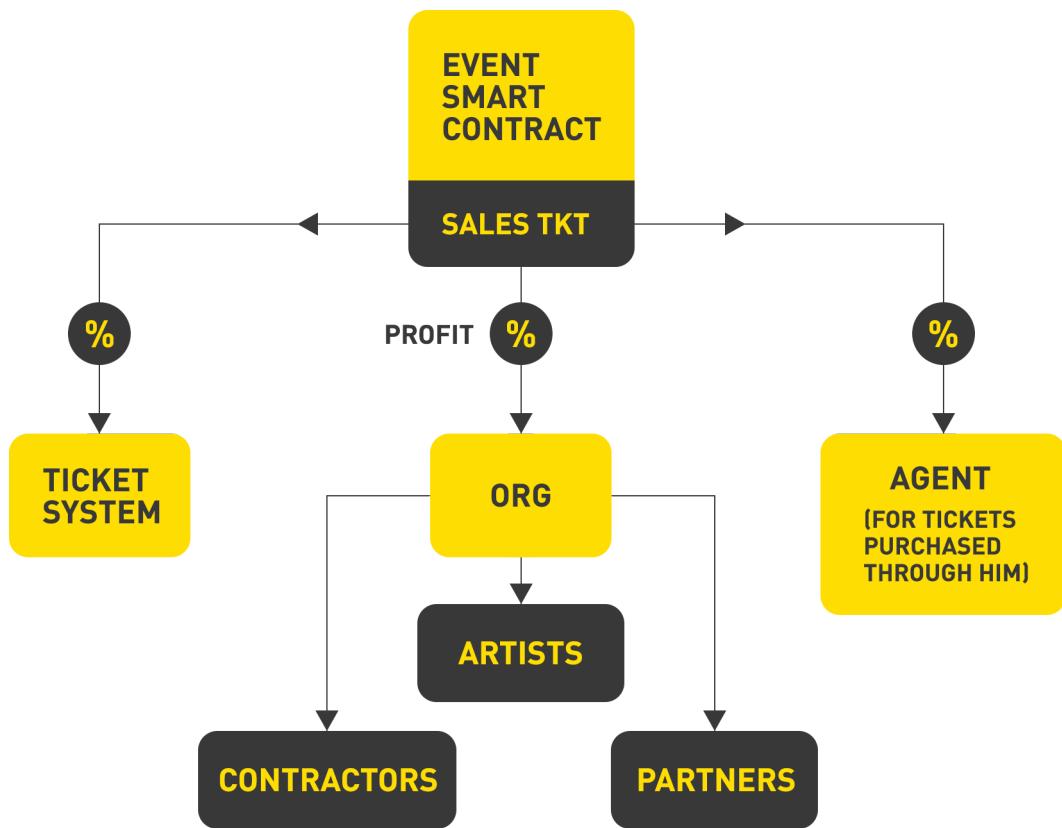


Fig. 7 - Distribution of tokens from Growth Fund among market participants

Part of the TKT token issue will be allocated for ecosystem development during the start-up period and stimulation of the first users — to attract new ticket systems, organizers and visitors (Fig. 8). For instance, having bought a ticket for 100 TKT, the visitor will get a bonus of 1 TKT. The Growth Fund will be constantly filled up from the crypto. tickets fees.

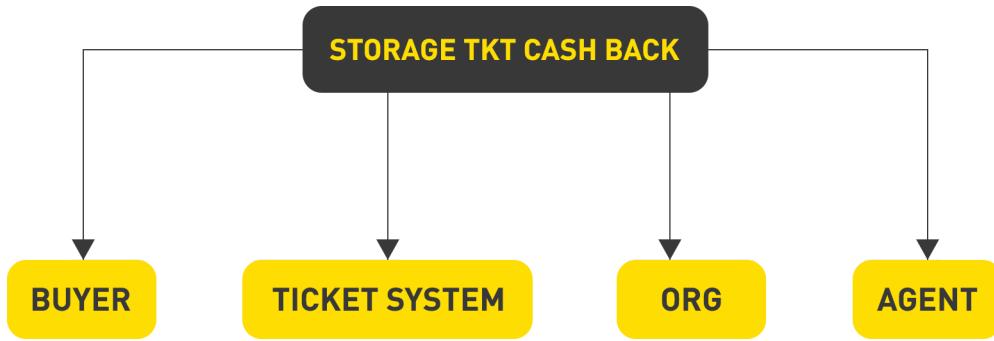


Fig. 8 - Distribution of tokens from Growth Fund among market participants

Part of the TKT token issue will be allocated for the ecosystem development during the start-up period and stimulation of the first users — to attract new ticket systems, hosts and visitors. All members will get a bonus of 1% from the system's turnover (Fig. 8). For instance, having bought a ticket for 100 tokens, the visitor will get a cashback of 1 TKT. The Growth Fund will be constantly filled up from the Tickets Chain fees.

Every member of crypto.tickets has its own wallet at Tickets Chain, where the TKT tokens are stored. You can also enable an automatic conversion of TKT tokens to fiat currency directly at the Tickets Wallet via the exchange gateway; hosts and distributors will be able to enable such exchange with the Tickets Cloud interface or other.

PROTOTYPE

[Tickets Wallet в App Store](#)

[Tickets Wallet в Google Play](#)

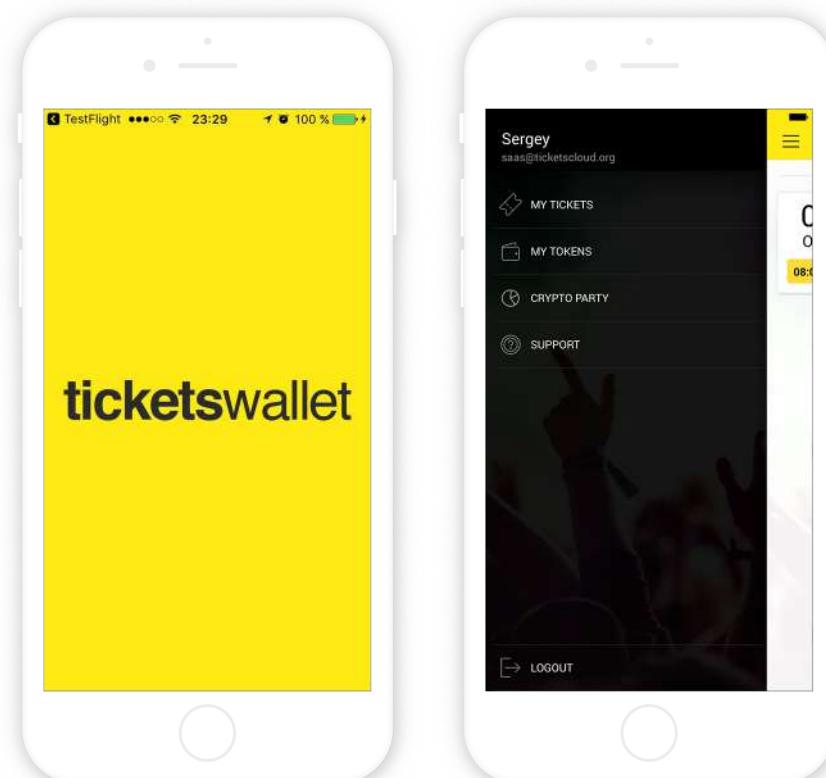
[Ticket Chain](#)

We have test prototype of crypto.tickets and Tickets Wallet available for downloading. The smart contract is currently operating in a test environment on ethereum. This allows us to test basic functionality, but is not an ideal platform longer term due to gas economy considerations. Until recently, the existing blockchain platforms were very slow, and therefore were not suitable for use by high-load systems. For example, most popular protocol in the industry, the Ethereum, could process 25 transactions per second. Together with the high cost of transactions, this has made any usage of this platform ineffective. With the arrival of the EON platform, developing the crypto.tickets project became possible.

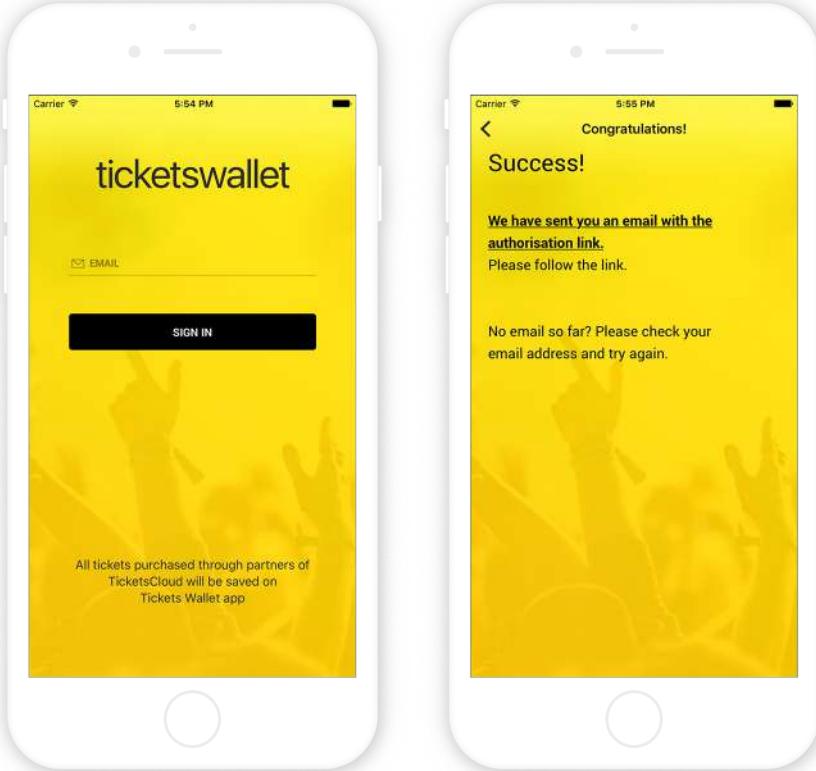
EON:

- flexibility and efficiency through lowering of the load;
- consensus by Delegated Proof of Stake principal;
- security with a new algorithm of the electronic signature Ed25519.

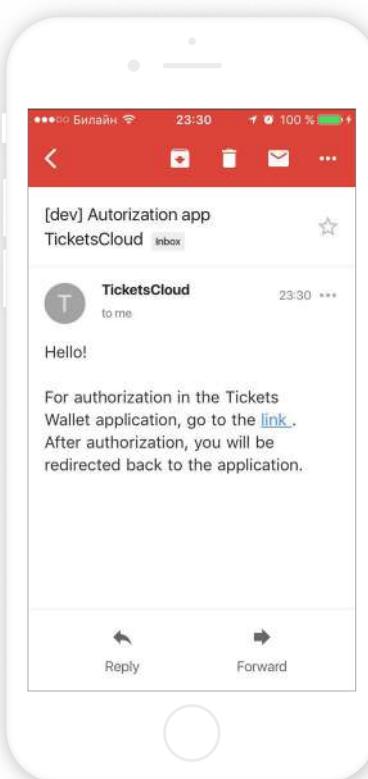
EON Technology — is live already, making crypto.tickets a reality with speed and low fixed transaction costs. Crypto.tickets holds an exclusive contract for use of EON in the event ticketing industry. <https://eontechnology.org>.



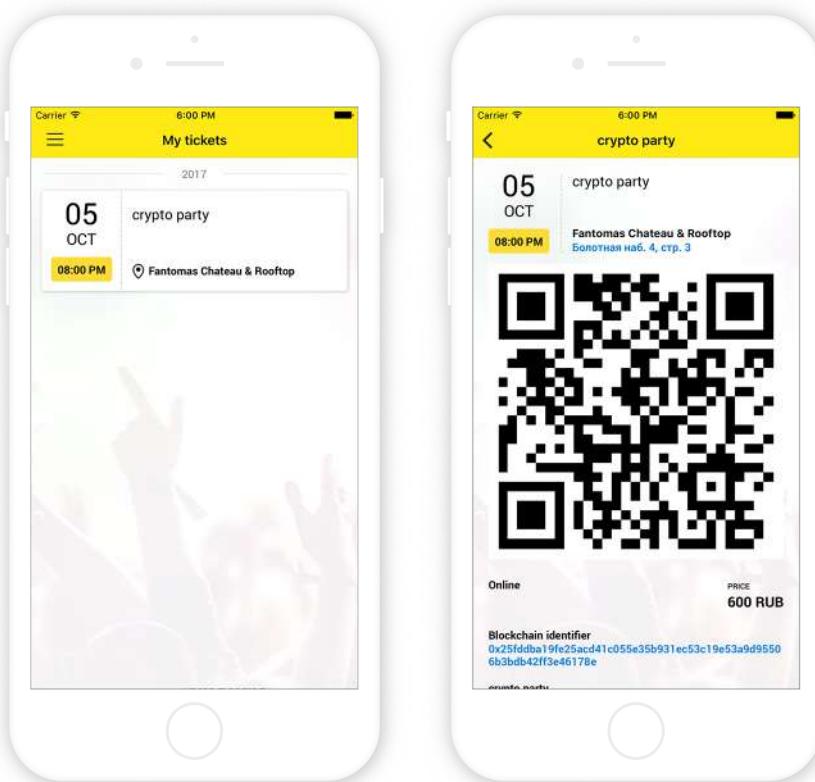
1



2



3



4

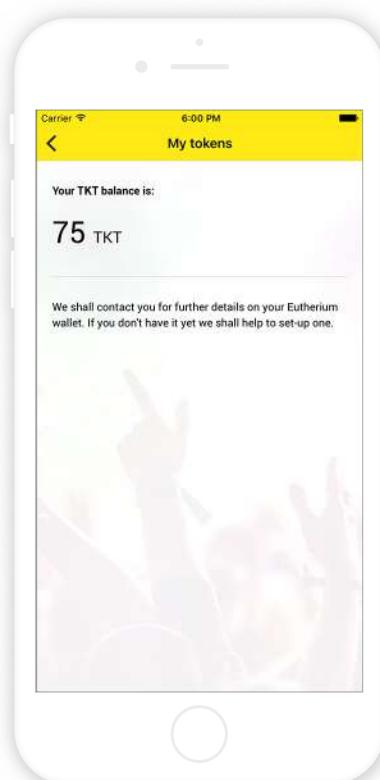


Fig. 9 - Tickets Wallet Prototype

WHY WILL THE TKT TOKEN INCREASE IN VALUE?

TKT token is the internal currency of the crypto.tickets non-centralized system and is used to set-up smart contracts and to support all transactions. The tickets will be purchased directly for TKT or any other supported fiat or crypto currency. Each time there is a purchase request for a ticket in another currency, the system places an automatic purchase order for TKT token(s) via an automated and transparent algorithm.

As the number of users and the volume of transactions grow, the demand for TKT will also grow. At the same time, the number of available tokens will be limited by the ICO, causing the value of TKT to increase relative to other currencies.

The majority of the TKT tokens will end-up distributed amongst various system participants, mostly events industry players, who will use them for active operations. A part will remain with key players to extend influence over the future of Crypto.Tickets via voting, and some will form a buffer pool that will provide liquidity and smooth out any sharp spikes due to significant increases in transactions caused by popular event sales.

TKT token will start trading on the exchanges four weeks after the end of the ICO. The launch of the Crypto.Tickets platform is scheduled for June 2018. The first ticketing system connected to the platform will be Tickets Cloud, with the current monthly turnover of 2 million USD (as of September 2017) and a monthly growth rate of 15%, guaranteeing an immediate transaction volume for the TKT token.

Our goal is to reach 20% global market share in electronic ticket sales by 2023, with the market size estimate of \$46.7 billion USD. This will enable turnover of nearly 800 million USD monthly and the expected 70x growth in USD value of TKT, assuming 30% free float in TKT, with the rest held by various participants of the ecosystem.

Early TKT token owners have an unprecedented opportunity to participate in setting the direction of this project and to benefit from the growth of the platform over time.

EXISTING PROJECTS

Currently, a number of projects are set to launch new ticket services powered by block-chain technology. These projects are based in different countries, but they all name the same problems the industry is facing, which, yet again, proves their importance in the international ticket market.

London-based Aventus is working on a blockchain solution to prevent ticket counterfeiting and profiteering. The platform enables organizers to create and manage tickets, be in full control of resale pricing and earn the associated fees and cut costs. In addition, Aventus features loyalty programs for ticket buyers where the most active users receive rewards for promoting gigs and helping spot fraudsters. Aventus has raised over USD \$18mm in an ICO.

The company has no plans to offer analytics or an API for ticketing systems, so it is not possible to integrate it into third-party processes. All the advantages are sealed within the Aventus platform, including their customer service tools. The company thus will have to compete against the entire industry, including the incumbent players clearly unwilling to yield their market share.

Another debutante, KickCity, advertises itself as Facebook meets Slack, a block-chain-based social event platform. The team of KickCity has a tremendously ambitious goal of creating a value-based social network where users could obtain any necessary information on blockchain and crypto-currencies, with rewards for those who provide it.

KickCity intends to use events and gigs as leverage to form a community around block-chain. To enable it, the team is developing a social event platform centered around the communities of organizers and attendees. KickCity is focused on creating communities around events and empowering organizers to launch, promote, and make money off events.

Essentially, the main idea behind KickCity is centered around event management and is not aimed at end users. It is tool to promote events and draw more crowds.

WHY CRYPTO.TICKETS IS DIFFERENT

Instead of competing with incumbent players, crypto.tickets provides a technology for both the existing and new players. Our team believes that a blockchain ticketing platform should be open to all market participants. That's why crypto.tickets has been designed as a decentralized platform which connects to any existing ticketing system to provide the full advantages of blockchain to its customers.

Crypto.tickets is sending the entire industry into a new orbit. With paper tickets being replaced with electronic ones, the next step of the evolution is a crypto.ticket with a self contained control mechanism (smart contract) for how tickets can be sold, re-sold or exchanged, and where cash flows from these activities can be directed.

Other projects that employ blockchain to a varying degree are designed to manage events and ticketing centrally. E.g., to tap into the full potential of KickCity or Aventus, organizers are forced to abandon their current ticketing solutions: the most control they can hope for is to embed a third party widget on their website and play by rules set by others.

In turn, crypto.tickets offers an API which organizers and ticketing platforms can use to set their own rules and compete more openly, giving customers more choice.

Crypto.tickets will also enable a vibrant secondary market for tickets, a decentralized exchange where attendees will be able to resell their own tickets. For big gigs, holders will be able to auction their tickets off to a person who offers the most money within a limited timeframe.

It's also worth pointing out that the creators of crypto.tickets have a trove of experience in the ticketing industry and business in general, with 30 years of combined successful involvement in the Events industry. Their current platform, Tickets Cloud, serves over 1,000 event organizers and nearly 100 distributors, yielding a monthly turnover of 2 million USD (as of September 2017) and over 77% annual growth since launch. Tickets Cloud will be the first connected ticketing platform, guaranteeing early acceptance and trading volume.

TEAM

The team running crypto.tickets has demonstrated success via the launch of Tickets Cloud, an open distribution platform that has already processed over 1M event tickets since its launch in 2014.

The project has brought together an international team of top-notch developers, block-chain experts, marketers, managers, and support service specialists. The team has grown to over 30 people located in London, Moscow, Luxembourg, and Delaware.

Management



Egor Egerev

CEO, FOUNDER

Egor is the architect behind the business model and is responsible for setting direction for the company's products. Before crypto.tickets, he was involved in organizing festivals and shows for more than 7 years. For over 2 years, he was the founder and CEO of Nanoticket, which 3 years ago became Tickets Cloud. Altogether, Egor has over 12 years industry experience. Egor is also one of the founders of the industry's largest conference in Russia: Moscow Ticketing Forum.

[LinkedIn](#)



Katerina Kirillova

STRATEGY AND DEVELOPMENT DIRECTOR & FOUNDER

Since 2003 Katerina has been engaged in the entertainment industry. Owner of a major company, Euroshow Moscow, providing equipment and technical support for events. Founder of a portal for technical experts, Onstage.pro. Founder and CEO of the Moscow Ticketing Forum. Executive MBA London Business School and Columbia Business School graduate.

[LinkedIn](#)



Ilya Sergeenko

INVESTMENT RELATIONS AND FINANCE DIRECTOR & FOUNDER

Business owner since he was 18, Ilya started more than 10 businesses. Launched his own start-up, the city.info, in Serbia. Since 2015, he has been a business angel, early investor and co-founder of tickscloud.com. Moscow State University graduate.

[LinkedIn](#)



Dmitry Bakaev

HEAD OF ANALYTICS & PERFORMANCE

Dmitry is an expert in operations and scaling-up of greenfield projects within VC-backed and corporate environments, and across various industries. 12 years in tech, within technical and leadership roles. 3 years of events industry experience. Extensive experience in venture development and funding. MBA London Business School and Columbia Business School, MSci Computer Science, Johns Hopkins University.

[LinkedIn](#)



Varia Vasilek

HEAD OF MARKETING

Expert in executing go to market strategies and building up marketing & sales functions, with 10 years of experience. Headed the marketing department in CarPrice. Specialised in building stable and effective marketing teams, achieving fast sales growth within a start-up environment. Deep knowledge of setting-up regional sales networks. Cultivates integration of sales and marketing channels, building the structure of marketing units, deployment of effective business processes. Russian State University of Trade and Economics and Higher School of Economics.

[LinkedIn](#)



Alexey Saprin

HEAD OF SALES

Expert in building of sales departments and commercial blocks with 10 years experience. Headed the sales department in Groupon Russia. Specializes in achieving rapid growth in technology companies. Leading by example, removing sales obstacles & mentoring sales teams. Opening new markets & creating revenue from new product lines. Identifying & recruiting appropriate channels for market growth. Russian Institute of Management and Law.



Vinokurova Elena

PROJECT MANAGER

True digital enthusiast with passion and applicable experience. Worked with top global and Russian agencies specializing in digital marketing and CRM with sophisticated understanding of both B2B and B2C markets. Supports digital campaigns and projects on every stage of their life cycle: goal setting, research, conception, budgeting, design, production, quality assurance. Moscow City University.

[LinkedIn](#)



Yuliya Matveeva

CLIENT SERVICE DIRECTOR, TICKETSCLOUD.ORG

True digital enthusiast with passion and applicable experience. Worked with top global and Russian agencies specializing in digital marketing and CRM with sophisticated understanding of both B2B and B2C markets. Supports digital campaigns and projects on every stage of their life cycle: goal setting, research, conception, budgeting, design, production, quality assurance. Moscow City University.

Developers



Alexander Zelenyak

CTO

[GitHub](#)



Ivan Vasiliev

Frontend

[GitHub](#)



Kirill Klenov

Backend

[GitHub](#)



Valeriy Perfil'yev

CRM Backend



Evgeniya Sergeenko

CRM backend. MSU



Evgeny Makhmudov

Backend

[GitHub](#)



Grigory Butovichev

Backend

[GitHub](#)



Vadim Suharnikov

Backend

[GitHub](#)



Vlad Kipiani

Tester

[GitHub](#)



Della Bezelianskaya

Tester

[Facebook](#)



Sergey Kudriavtsev

Project Manager

[GitHub](#)

ADVISORS AND CONSULTANTS



Philippe Chevry

STRATEGIST & FUTURIST - A.I. & BLOCKCHAIN - CTO AT NASH

Serial entrepreneur with 20 years of experience in emerging technologies related to cybersecurity, finance, gaming and new media. L'Université du Québec à Montréal (UQAM).

[LinkedIn](#)



Andrew Zimine

CEO & Founder of EXSCUDO & EON

Andrew consults the dev team on the blockchain technology and takes part in the dev process himself. He is also a consulting expert on DAPPS Ethereum and he consults major Russian financial market players on cryptocurrency trading. Andrew is an expert on block-chain technologies and decentralized cryptographic data transfer networks. Vyatsky State University graduate.

[LinkedIn](#)



Anton Akentiev

CTO & Founder of Chain.Cloud & Dao.Casino

Blockchain Enthusiast, 8+ years experience of software development and 2+ years of leading the software development. Custom Block-chain (DLT) technology products and consulting services. The National University of Science and Technology.

[GitHub](#)



Alexander Tkachenko

Managing General Partner at 2be.lu Investments (Luxembourg)

Early stage venture capital investments. Over twenty years of professional experience in marketing, sales and business development. Business angel, member of E100 - LBS angel investor network. MBA London Business School and Columbia Business School graduate.

[LinkedIn](#)



Leonard Grayver

Startup and venture capital lawyer at Greenberg LLP (Los Angeles)

Leonard represents startup companies and venture capital funds in a wide variety of technologies, including blockchain and cryptocurrency spheres. Leonard is a partner and mentor at the Pulsar Venture Capital and Starta Capital Accelerators. A member of the Board of Directors of AmBAR (American Business Association of Russian-Speaking Professionals) and a member of the Board of Governors of the Eastern European Bar Association. UCLA School of Law.

[LinkedIn](#)



Julian Zegelman

Corporate lawyer, Partner at Velton Zegelman PC (San Francisco)

Specializes in legal support of companies operating in the cryptocurrency and blockchain sphere. Observer on the Board of Directors of Metamaterial Technologies, member of the Board of Venture Development Partners venture fund. University of California, San Diego and Minnesota University School of Law.

[LinkedIn](#)



Konstantin Kiselev

Co-founder & Chief Technology Officer at YLabs

Dynamic Pricing expert. Professional in AI technologies. Co-founder of Conundrum. Lecturer in NVIDIA Deep Learning Institute. Also Konstantin is part of team developing AI solutions for recognition of the features of aging and various diseases of human skin. The developments are based on the algorithms of computer vision and machine learning (including deep learning). PhD Lomonosov Moscow State University, Theoretical Physics.

[LinkedIn](#)



Alex Smirnov

Co-founder of Cryptoinvest fund and CEO in the blockchain-team Phenom

Programmer, Blockchain enthusiast. 8 years in R&D, author of 8 scientific papers, the author of the international patent for the technology of indoor navigation platforms. Alex specialises in the development of blockchain solutions and technical support of projects. In crypto.tickets Alex is responsible for the technical part of the company's crowdsale and the distribution of tokens. Institute of Mechanics and Mathematics of Moscow State University.

[LinkedIn](#)



Andrey Fazlyev

Co-founder of CryptoInvest fund and Partner in Phenom

Entrepreneur, Blockchain enthusiast. Participated in the launch and development of projects in the market of flexible rental of commercial real estate. Together with the partner he founded an agency for attracting sponsors to the events BRAND SEVENTS, held more than 100 brand integrations. Since 2014, he has been leading the marketing and development of SocialMart, during the work several successful products have been released. In crypto.tickets Andrey is responsible for the digital marketing campaign of the crowdsale. Institute of Mechanics and Mathematics of Moscow State University.

[LinkedIn](#)



Viktor Portnov

Data Scientist at TechnoServ

Deep understanding of math, statistics, and related skills. Wide experience of work with different types of data, business, departments and products in different roles on the local and regional levels. Telecom, retail and banking analytical tools - creation of analytical tools portfolio for concrete clients (the main is Telecom now) and the product roadmap for these industries together with commercial leaders. Biometry (facial and image recognition) methodology development, core model development, software engineers coordination, testing. Fraud detection for banks industry. MSc Applied Mathematics, Moscow State University.

[LinkedIn](#)



Alexander Politayko

Co-founder of CryptoInvest fund and Partner in Phenom

Entrepreneur, marketer, blockchain enthusiast. For over 13 years he has been involved in club and concert activity, has conducted more than 300 successful events in Europe, opened and advised the leading concert venues in the Czech Republic (Prague). He worked as a development director and was engaged in attracting investments in the BAU-ART holding. The founder and managing director of record label RTM Media (more than 50 audio and video releases). University of Economics in Prague.

[LinkedIn](#)



Dmitry Fotiyev

Venture Finance Consultant

Over 10 years in tech. Experience includes new venture development, private equity, corporate strategy, debt and equity financing. MBA London Business School and Columbia Business School, BS Electrical Engineering, University of Maryland.

[LinkedIn](#)

**Elena Ershova**

Fundraising Consultant

Elena is a founder of Afina Capital, fundraising advisory firm. She contributes to the developing of relationships with crypto assets funds. Since 2001 Elena has been involved in capital raising activities in the global markets having worked for leading Russian and international companies and banks. Executive MBA London Business School and Columbia Business School graduate.

 [LinkedIn](#)

ICO PROCEDURE

The crypto.tickets project plans to attract investments via the Initial Coin Offering (ICO) method, by issuing its own tokens (TKT) with a limited emission, corresponding to a widely accepted standard, ERC20. After the ICO, no coins will be issued, so any inflation is ruled out. The token will be issued in cooperation with Phenom Company and will use a smart contract written in the Solidity language. The principle of open and transparent funds distribution will be observed. All transactions will be shown in the smart contract.

The ICO's start is scheduled for October 5, 2017 and is going to last for 4 weeks. On the same day an event will take place for investors, leading players of the event industry, major participants to the cryptocurrency ecosystem, the press and everyone interested in the project. The event will be created in the crypto.tickets system prototype and will show basic features of the system being developed. Only visitors with crypto.tickets will be admitted to the event. The guests, who buy the tickets via our system, will receive tokens equal to 30% of the ticket price as a bonus; any investors unable to attend will be able to test the prototype by buying a crypto-ticket for the online video stream of the party for a nominal fee by signing up to the Tickets Wallet.

Maximum target figures for attracted funds during the ICO is an amount equivalent to \$23 million. The tokens can be purchased with Bitcoin (BTC), BitcoinCash (BCC), Litecoin (LTC), Ethereum (ETH).

If \$23 million is attracted (given that all the tokens will be sold out during the first two days), 914.869.281 TKT tokens will be issued.

On the first two days of the ICO, investors will get a 20% bonus to their tokens, 10% bonus on the third and fourth days, and 5% bonus on the next three days. On the rest of the days, the tokens will be sold with no bonuses.

A preliminary private offering is planned for the pioneers of the crypto-community and the ticket industry, who are going to be some of the first clients of the crypto.tickets ecosystem and will get a bonus of 30%. The number of tokens in the private offering will be limited up to \$2m with a minimum investment of \$50k. Investors will get the TKT tokens within 7 days after the sale is closed, including the 30% bonus of the ICO price (in tokens). A part of the funds attracted during the private offering will be used to finance the ICO.

Depending on the amount of attracted funds, the TKT tokens will be distributed as follows:

If \$23 million is attracted (given that all the tokens will be sold out during the first two days):

- | | |
|----------------------------------|-----------------------------------|
| ● 68.86% — ICO-investors | ● 7.64% — Private offer investors |
| ● 3% — Tickets Chain Growth Fund | ● 2% — Bounty |
| ● 15% — Tickets Cloud team | ● 3.5% — Advisors |

Stimulation programs are planned for B2B and B2C segments, that is why 3% of tokens are expected to be reinvested for stimulation of the first sales from the market participants who join the system and to promote their first events with crypto.tickets. Stimulation is also provided for distributors and first users of the Tickets Wallet.

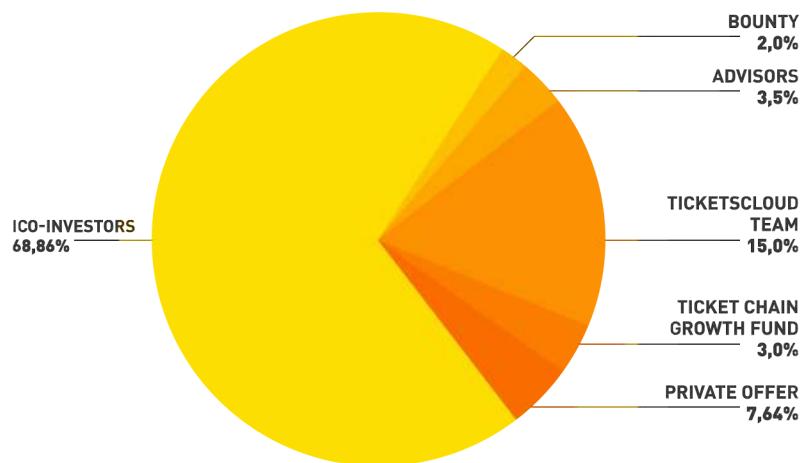


Fig. 10 - Token distribution

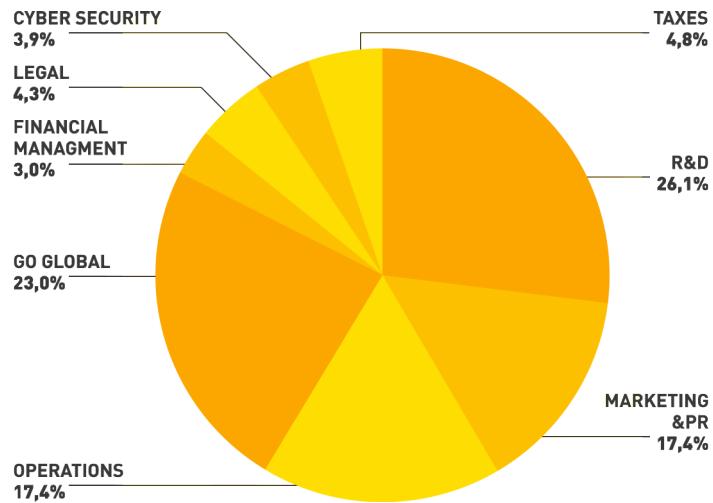
ROADMAP

The crypto.tickets project development includes 7 stages (Stage 1 has already been implemented):

Year	
2014	<ul style="list-style-type: none">- Tickets Cloud LLC — venture seed \$300K.- Developed: back-end, front-end, open distribution platform- 1.0, ticket sales widget 1.0
2015	<ul style="list-style-type: none">- ticketscloud.org launched.- 100 contracts / 50,000 tickets sold.- Developed: deals and analytics: deals, showroom, event admission control 1.0, venue's layouts designer.
2016	<ul style="list-style-type: none">- Tickets Cloud LLC — Venture Seed \$600,000.- 300 contracts / 200,000 tickets sold.- Developed: CRM, UTM analytics, cloud box office 1.0, event admission control 2.0
2017	<ul style="list-style-type: none">- Tickets Cloud LLC — Venture Seed \$700,000.- 400 contracts / 550,000 tickets sold.- Developed: multicurrency, multilanguage, solution for theatres, ticket sales widget 2.0
August-September, 2017	<ul style="list-style-type: none">- Tickets Wallet MVP launched in App Store and Google Play.- Launched crypto.tickets prototype powered by Ethereum.
October 2017	<ul style="list-style-type: none">- Crowdsale.
2017 Q4	<ul style="list-style-type: none">- Tickets Cloud UK and Europe expansion starts.- Tickets Wallet development.- crypto.tickets development.
2018 H1 (If the cap of \$4 mln is reached)	<ul style="list-style-type: none">- crypto.tickets powered by EON.
2018 H2 (If the cap of \$4 mln is reached)	<ul style="list-style-type: none">- crypto.tickets v.1 release.- Decentralized ticket system release.- API for integration with ticketing systems.- Integration with exchanges to convert tokens into fiat currency- Tickets Wallet v1.0

Year	
2019 H1 (If the cap of \$10 mln is reached)	<ul style="list-style-type: none"> - crypto.tickets v.2 release. - Dynamic pricing implementation. - Legal patent for Europe. - Voting system for customers. - Integration with KYC partner.
2019 H2 (If the cap of \$15 mln is reached)	<ul style="list-style-type: none"> - crypto.tickets v.3 release Legal patent for Asia. - Asian market expansion. - Integration with secondary market exchanges. - Tickets Wallet v 2.0. - White label for other sdk applications - Loyalty programme for b2b clients.
2020 H1 (If the cap of \$23 mln is reached)	<ul style="list-style-type: none"> - Loyalty programme for ticket buyers. - Tickets Wallet v 3.0. - Entry management system supporting biometric and face authentication. - Integration with popular music streamers. - Tokens for individual events issued by organizers which can be used to buy tickets, merchandise or pay at the bar. - Crowdfunding campaigns for organizers.

CRYPTOTICKET COST STRUCTURE



LINKS

[Crypto.tickets](#)

[Apple Store](#)

[Tickets Cloud](#)

[Google Play](#)

[Tickets Wallet](#)

LEGAL CONSIDERATIONS

We have carefully examined the various legal implications of the TKT Token crowdsale and the business model of crypto.tokens in the jurisdictions where we plan to operate. In the United States, we worked closely with Velton Zegelman PC, a Silicon Valley law firm actively representing blockchain and cryptocurrency clients. In Luxembourg, the jurisdiction of Crypto.Tokens S.a.r.l, we work with Elvinger, a leading law firm, founded in 1964. It is the opinion of our legal counsel that the legal status of TKT Tokens is as functional utility tokens designed for the crypto.tickets platform. TKT Tokens are not securities. TKT Tokens do not give you the right to vote or participate in Crypto.Tokens, S.a.r.l., or any of its affiliated companies. TKT Token holders have no equity, governance, or any other rights in any such companies.

FUNCTIONAL SPECIFICATION OF THE PLATFORM

Glossary

CTP — crypto.tickets platform.

TAPP — ticketing app; represents any ticketing system that connects via crypto.tickets API.

ORG — event organizer.

CM — crypto-currency exchange, enabling legal exchange of various currencies: crypto <-> fiat, crypto <-> crypto.

USER — event-attending user.

TW — Tickets Wallet, a universal app, belonging to the crypto.tickets ecosystem, that enables users to store and manage tickets. It is universal app for all users buying tickets from any participating ticketing system or a distributor operating on the crypto.tickets platform.

TKT — crypto.tickets Token, the official utility token of the crypto.tickets ecosystem that is employed in the system's internal transactions.

ET — Event Token, a ticket/event token whose properties can be defined by event organizers.

Top level specification

Purpose: to enable a unified and transparent tickets marketplace through a single platform open to all participants.

Stack: blockchain + smart contracts (smart transactions).

Tokenization: the system operates several kinds of tokens:

- **ERC20 tokens** — are to be distributed among the project backers during the ICO and are the internal currency of the system;
- **Ticket tokens** — are issued individually for each event;
- **Event crowdfunding tokens** — There are also plans for separate token emissions within the framework of crowdfunding campaigns (a Kickstarter for events).

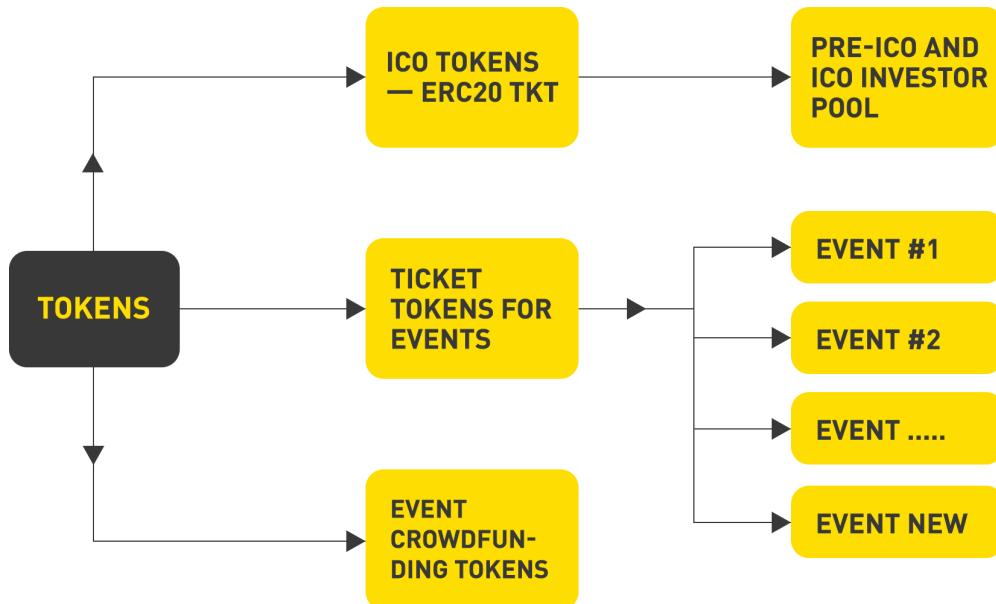


Fig. 11 - Various tokens used in the system

GLOBAL ROLES WITHIN THE CRYPTO.TICKETS PLATFORM

Event attendees (users)

Event attendees must be able to (in accordance with event rules):

- buy a ticket;
- return a ticket and receive a refund;
- resell a ticket to another user;
- give a ticket as a gift (invite someone to an event);
- receive a ticket from another user;
- attend an event using a ticket;
- vote within the framework of an event;
- contact organizer and/or distributor.

Organizers

Organizers of events via any ticketing platform connected to the crypto.tickets API must have the following capabilities:

- Create events;
- Cancel events;

- Set policies for tickets to individual events:
 - pricing;
 - refund policy;
 - resale policy;
 - purchase and ownership policy (such as tickets per person limit, or sales to KYC users-only, gifting or transfer, etc.);
 - entry rules;
 - principal transaction currency.
- Flexible rules on discounts and exclusive deals;
- Establish distribution agreements specifying:
 - commissions;
 - quotas.
- Perform voting;
- Mark tickets as used at event entrance;
- Define commissions from resale by speculators;
- Cancel events;
- Communicate with the user base directly;
- CrowdFund events.

Ticketing systems

Ticketing systems (resellers; direct sales services; open distributed systems) must be able to:

- perform KYC checks of event organizers;
- manage the work of organizers;
- connect distributors/brokers/intermediaries;
- perform KYC checks of distributors;
- add and remove organizers from their platforms;
- book tickets;
- buy tickets out;
- refund tickets;
- re-sell tickets.

Distributors, brokers, intermediaries

Distributors on Tickets Cloud or any other ticketing platform must be able to:

- book tickets;
- buy tickets out;
- refund tickets;
- sell tickets;
- set their own ticket prices.

CONNECTION OF PARTICIPANTS (ORGANIZERS, TICKETING SYSTEMS) (MAIN TICKETING MARKET ACTORS)

Concept 1: Ticketing system registration

Ticketing system registration and connection is executed through the crypto.tickets website by the ticketing platform representative or by a crypto.tickets representative. Once KYC checks are complete and the service agreement is signed, the technical connection is executed by granting of the crypto.tickets API admission key.

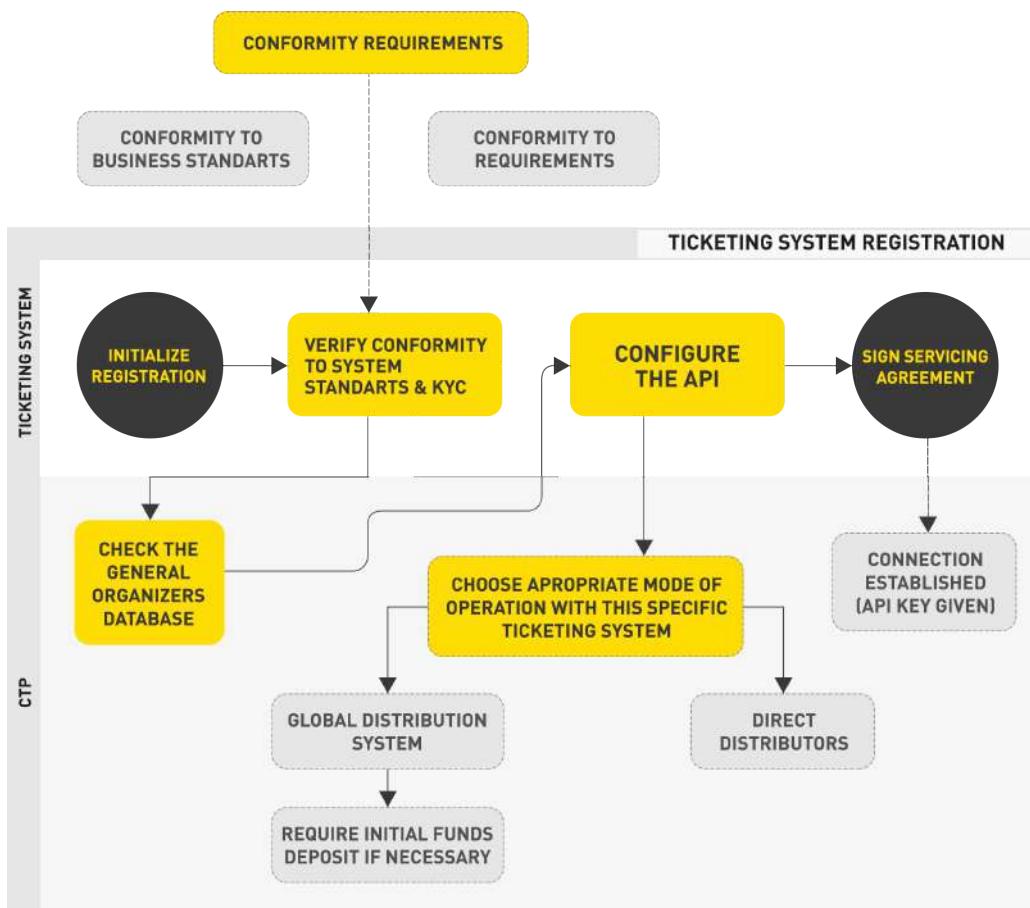


Fig. 12

Concept 2: Event organizer registration

Event organizer registration and connection is executed through a personal account or a ticketing system website/API which in-turn connects to the crypto.tickets API.

All organizers are verified in the crypto.tickets organizers database in order to track dishonest organizers, who may “travel” from one ticketing system to another as a result of their eviction from other systems due to substandard or fraudulent conduct. During registration, the organizer should open an account in their specified target currency, to which the received funds from ticket sales will be deposited after being converted from TKT.

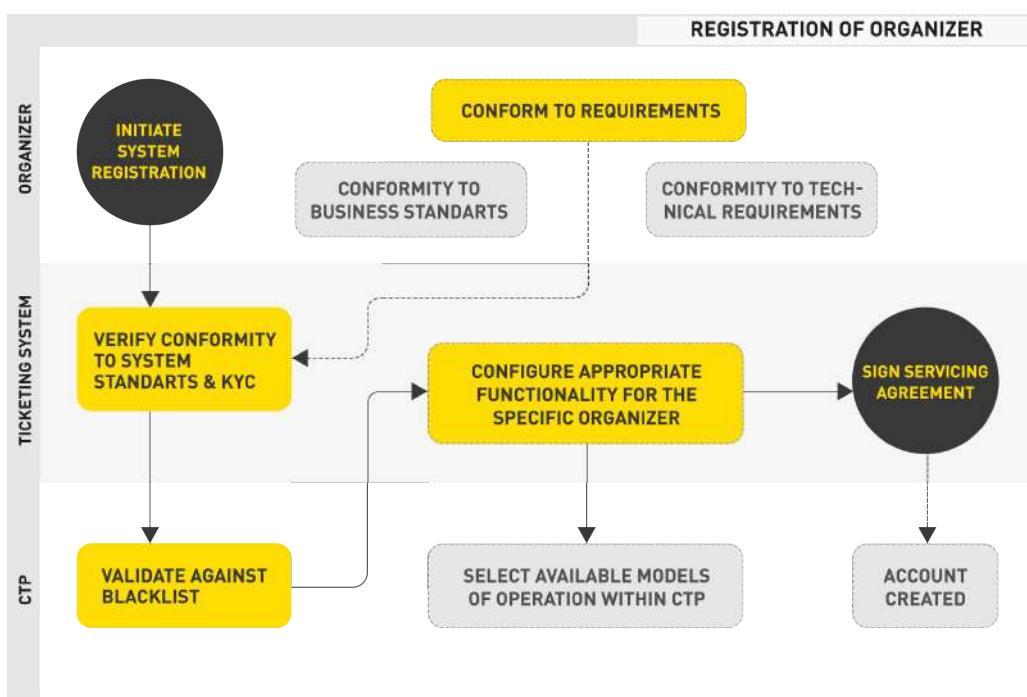


Fig. 13 -
Event organizer registration

Concept 3: Event creation (publishing) by organizers release of tickets

The emission of ticket tokens for an event takes place once when the event is created in the system through the organizer's personal account within a ticketing system or an organizer's app (assuming they enabled this capability when connecting to the crypto.tickets system). During the ticket emission for the event, the main ticket properties and their abilities are defined:

- the main ticket categories;
- the quantity of tickets in each category;
- the pricing;
- refund policy;

- exchange policy;
- the ability to vote using tickets;
- the resale policy and upsell commission;
- commissions for agents;

After the ticket emission, all event tickets are available to all ecosystem participants with predefined conditions transparent to all users. All tickets are sold from the “common pool” and each market participant can obtain information about tickets availability on both the primary and the secondary market.

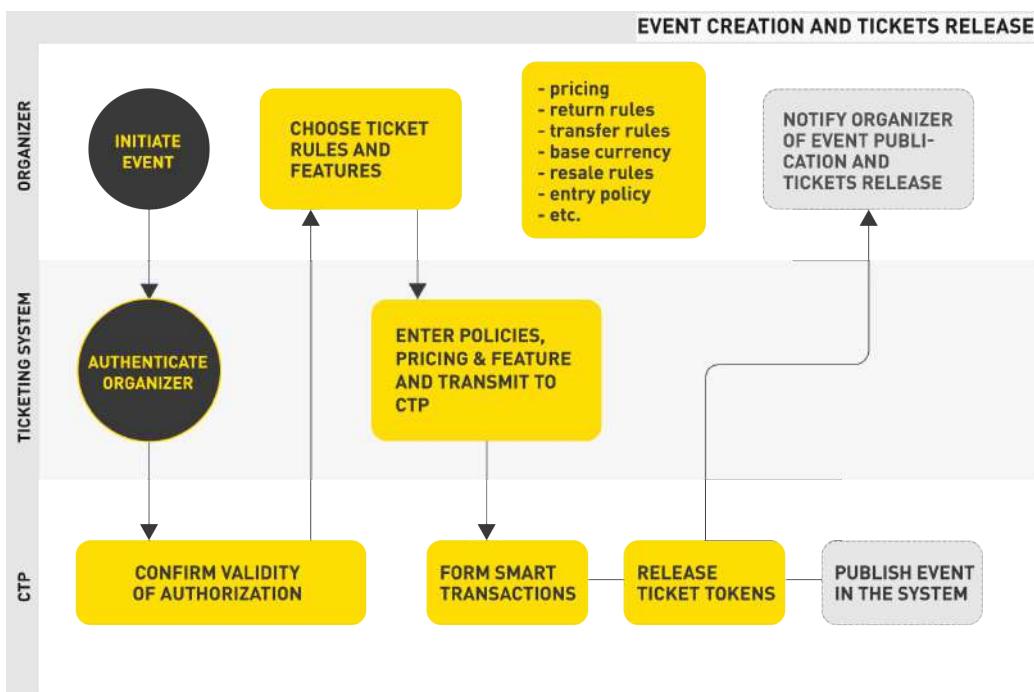


Fig. 14 -
Event creation
(ticket emission)

Concept 4: Event crowdfunding by organizers with ticket tokens emission

When publishing an event for crowdfunding, the main criteria for a successful event is not the quantity of tickets sold but the quantity of funds collected for the event. Tokens are issued for crowdfunding just like for the tickets with policies defined on them:

- crowdfunding packages categories;
- the cost of each type of crowdfunding package;
- the quantity of each type of package;
- policy for receiving reward by the event backers.

If the sufficient amount for event execution is gathered, the compulsory procedure of event creation is initiated in the system just like in Concept 3.

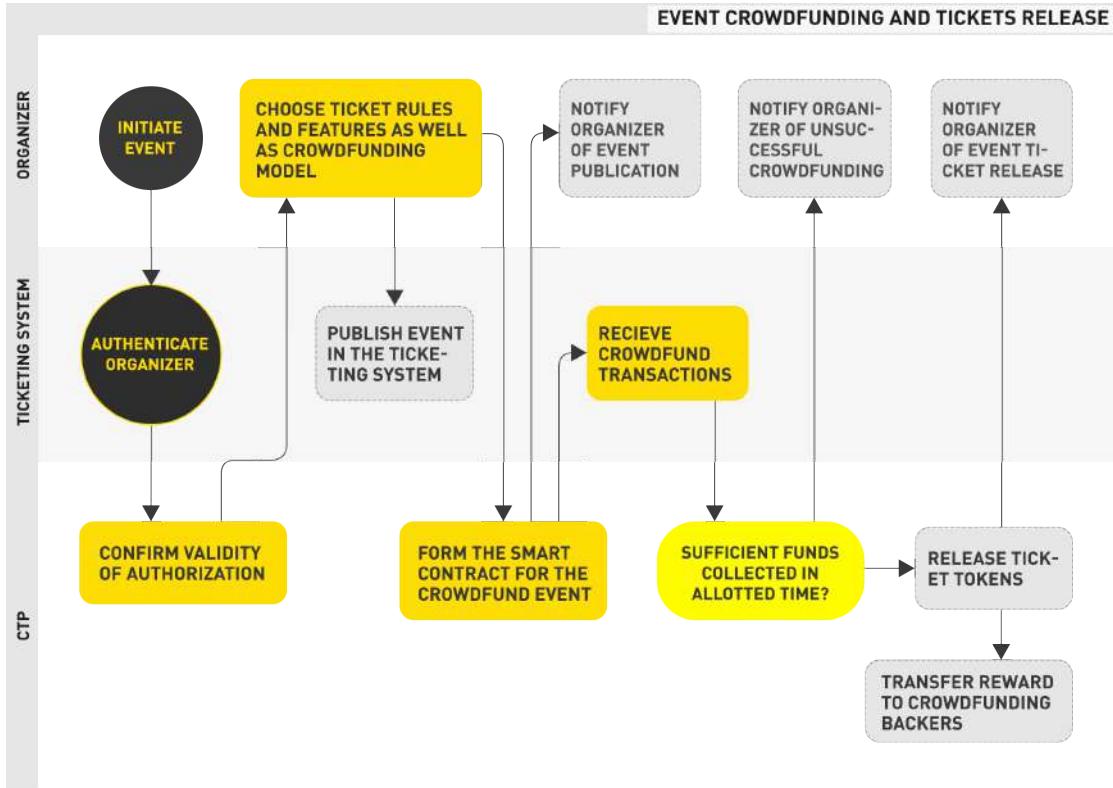


Fig. 15 - Publishing event for crowdfunding (with follow-on ticket emission)

CONNECTION OF PARTICIPANTS (ORGANIZERS, TICKETING SYSTEMS) (MAIN TICKETING MARKET ACTORS)

User (event attendee) Actions in the System

The user actions leveraging the blockchain are as follows:

- purchase tickets;
- re-sell tickets;
- redeeming tickets (event attendance);
- return tickets;
- give tickets as a gift.

Purchase tickets

Users may perform this type of activity via any ticketing system or distributor applications that communicate with the crypto.tickets platform through its API. These can be dedicated applications, or additional modules for existing applications or ticketing platforms.

Both cryptocurrencies and fiat currencies are accepted as ticket payment methods, with the crypto.tickets system tokens (TKT) used for all internal transactions.

External services are used for exchanging fiat currency into cryptocurrency.

When using a service connected to crypto.tickets to purchase a ticket, fiat or crypto currency is exchanged into TKT via an external service in real-time according at the current TKT rate. The TKT then gets attached to the the event smart contract that manages the flow of funds within the system.

When the system acknowledges that the event has been successful, the funds collected from tickets are released to the organizers.

If the system acknowledges that the event has been potentially unsuccessful, then, depending upon the settings, the system may start a voting process amongst the ticket buyers that addresses the issue of event cancellation and refund of the tickets.

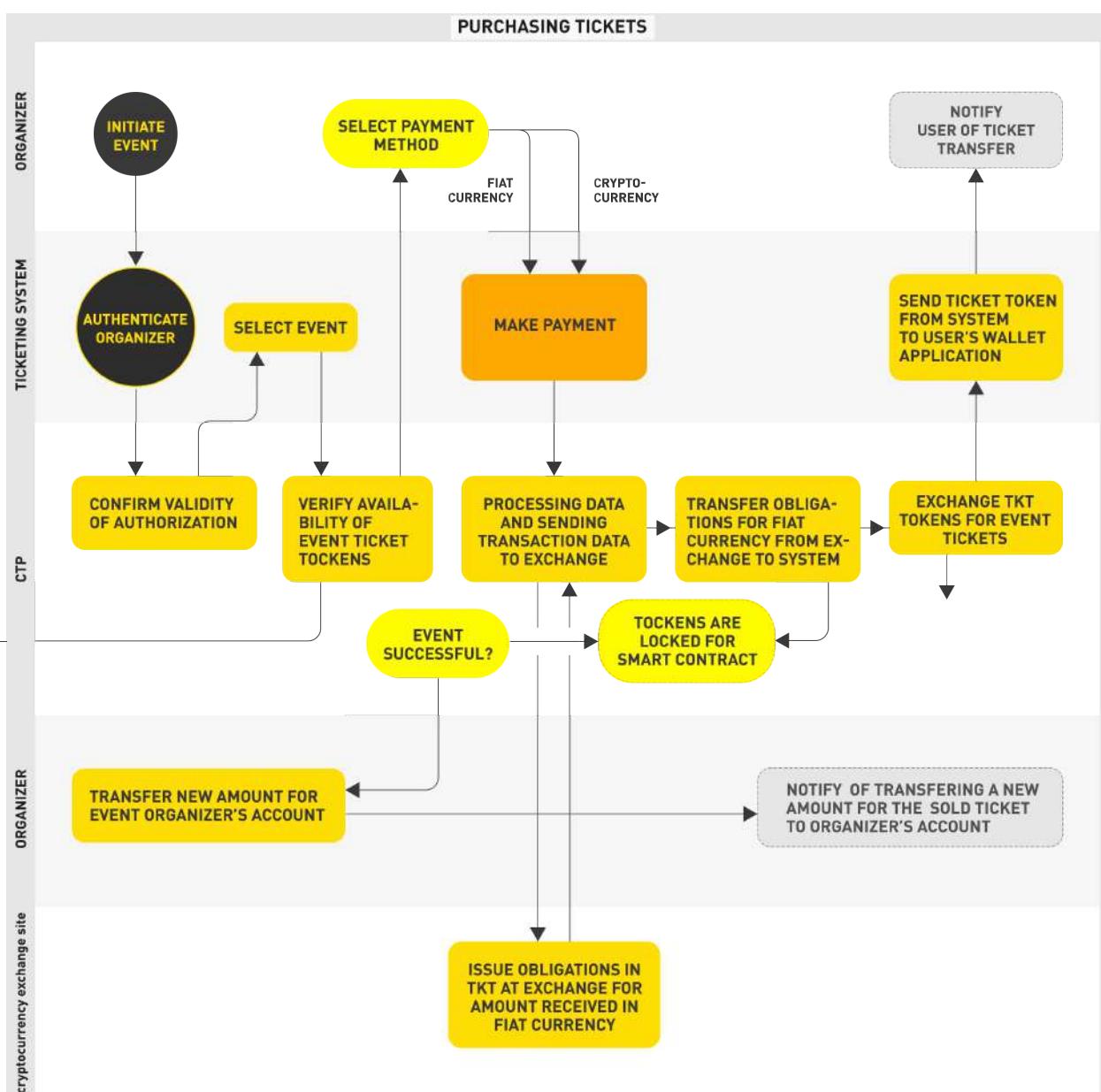


Fig. 16

User (event attendee) Actions in the System

Reselling of tickets from one user to another user involves:

- a secure transaction between two accounts;
- a fee withheld for the benefit of the organizer.

The fee can be zero or nonzero, depending on the crypto-ticket properties set during the initial tickets emission.

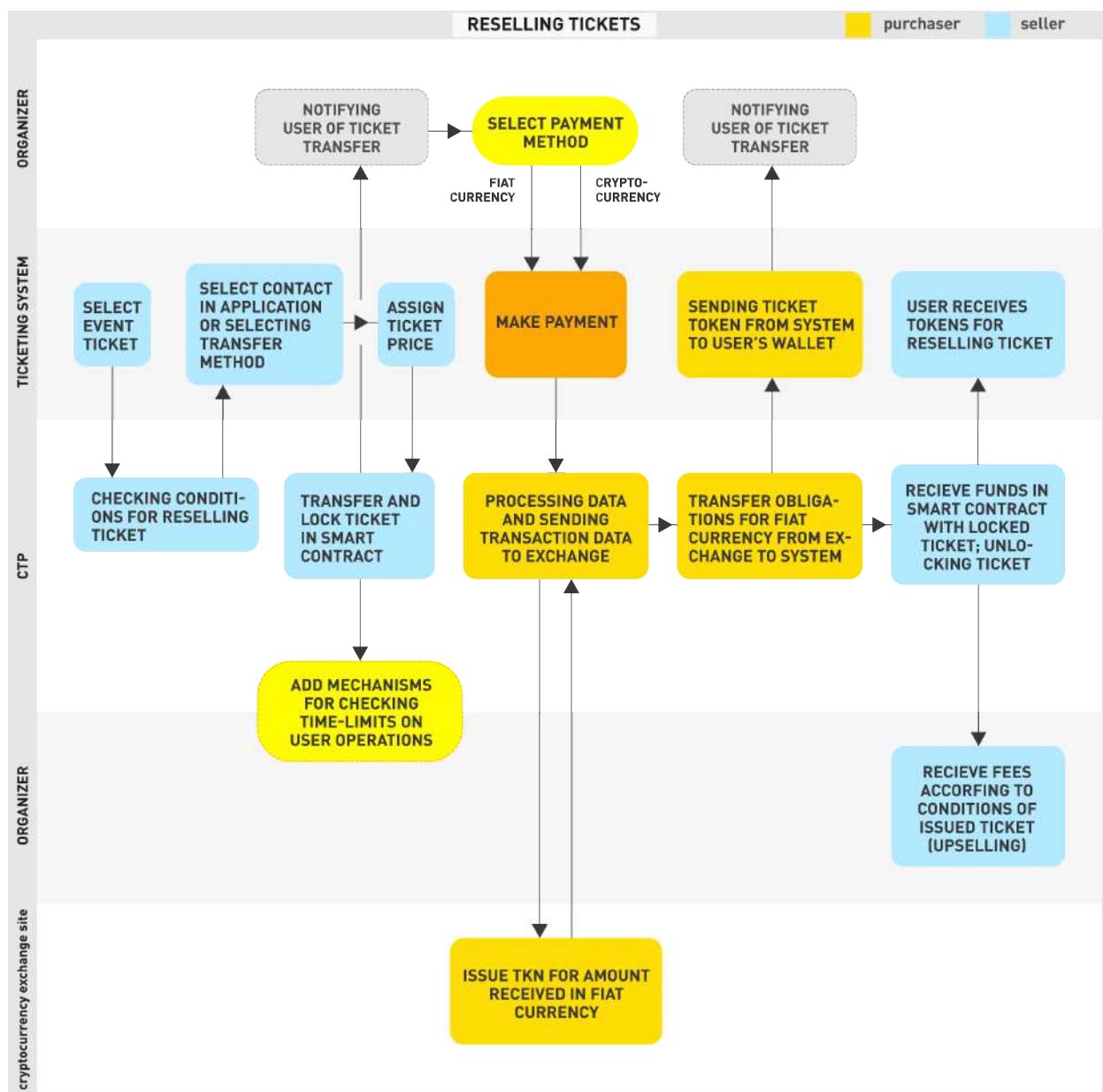


Fig. 17

Redeem tickets

A ticket can be redeemed both online and offline.

- **On-site, physical event redemption.**

Through an account within their respective ticketing system, organizer registers the “crypto.tickets organizer” application, which is installed on the devices of access control staff. To complete registration, all of the ticket collectors download this application for ticket control onto their smartphones. Event visitors present their ticket within the TicketsWallet app.

- **Online, virtual event redemption.**

Tickets are redeemed online by presenting unique ticket codes to the system of the organizer within the portal for the event, thus unlocking a live stream of the event.

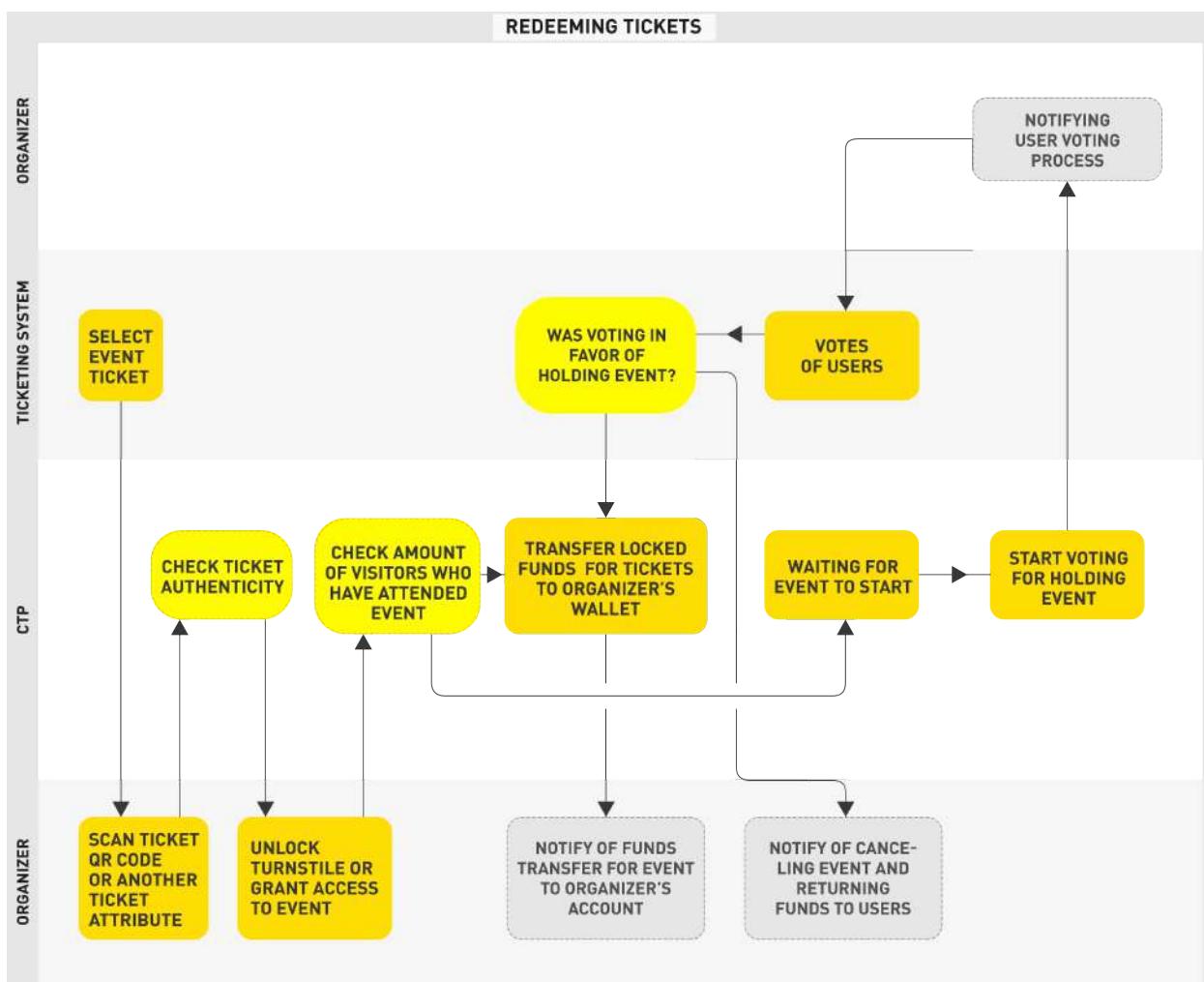


Fig. 18

Return tickets

Returning tickets is possible only in the Tickets Wallet app. The process of returning a ticket is based on the ticket rules that are set during creation of the specific event. These rules may allow for full, partial or no refund as well as assign deadlines for returns. Tickets are returned into the common ticket pool of the event and are made explicitly available to the crypto.tickets platform participants. In case of a refund, the funds are transferred from the organizer's account.

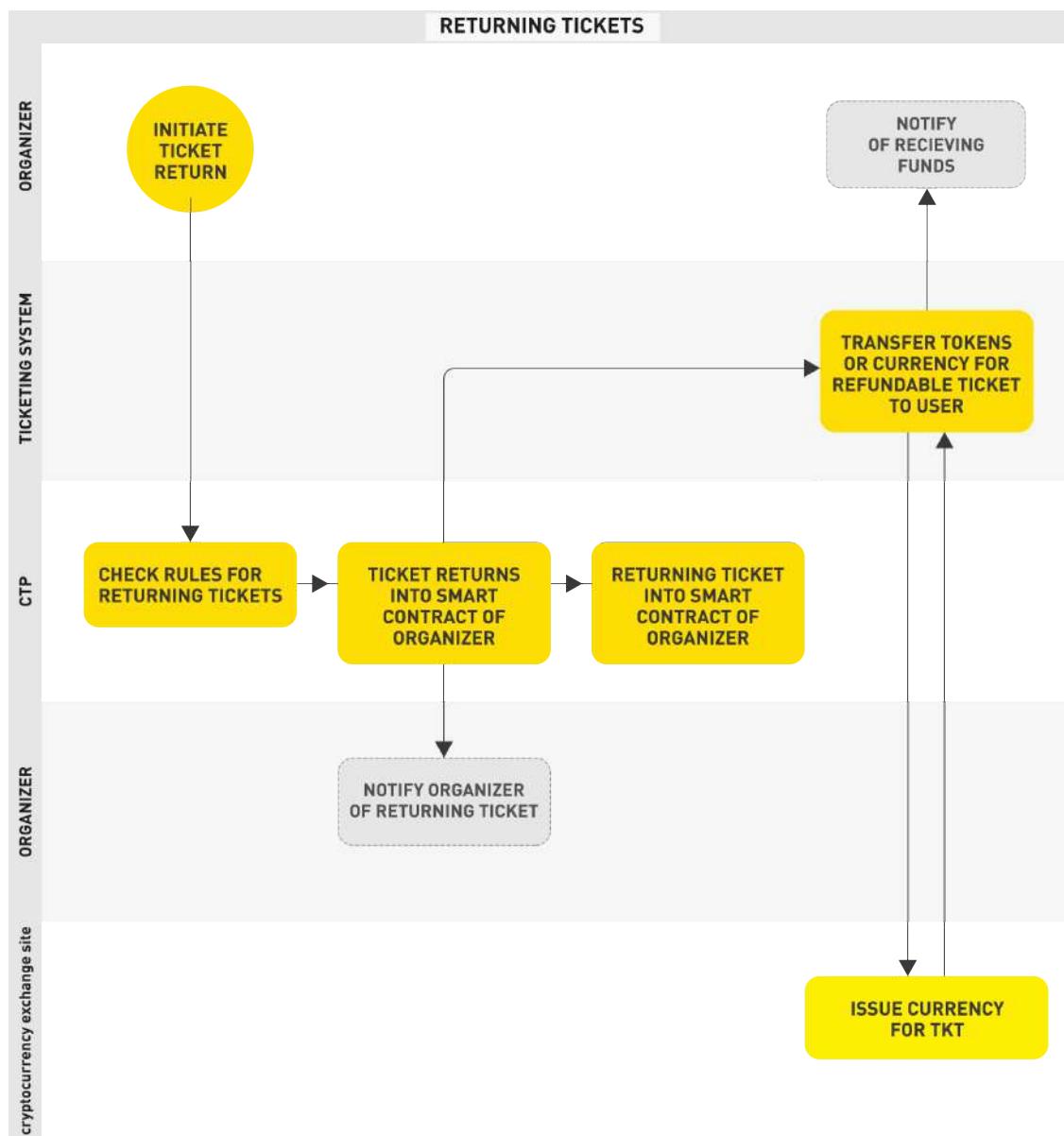


Fig. 19

Giving tickets as a gift

Giving tickets as a gift (transferring a ticket) to another person is available only in the Tickets Wallet app and is possible only if the ticket has had this feature enabled during event creation. A non-transferable ticket is registered to a specific name in accordance with the conditions of the event. This means that the ticket is bound to the account, which prohibits transferring it to another account. If the ticket is transferable, then the transfer can be carried out within the crypto.tickets application through the built-in functionality (sending to an application, sending to an email address, etc.).

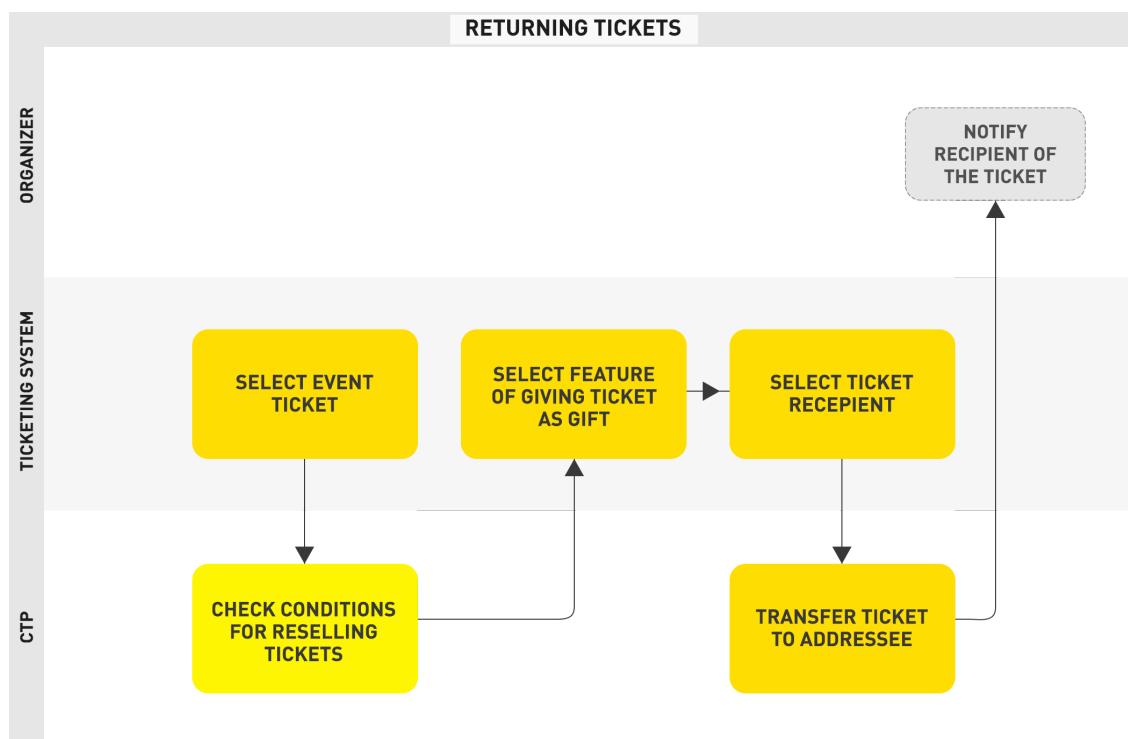


Fig. 20

PRICING SYSTEM

Crypto.tickets will support dynamic and differentiated pricing. It is a service based on artificial intelligence algorithms, segmentation, and historical data that can increase profits from ticket sales.

Pricing service is implemented with two main variants, both can be used simultaneously:

- Differentiated starting prices for each fixed seat or place available for such events/venues that support differentiated seating (such as theaters, a show at a venue, a sports match, etc.), taking into account historical data.
- A dynamic price which changes during the sales period with the purpose of maximizing the overall ticket sales revenue.

Pricing service uses the information indicated below:

- Historical ticket sales data for specific event types, locations, seats.
- Comprehensive segmentation based on:
 - event type;
 - location type;
 - ticket price history for similar events;
 - user type.
- Change in demand, which depends on the following:
 - price changes across ticket segments;
 - organizer marketing activity:
 - a. related to intentions for changing ticket prices;
 - b. related to launching marketing campaigns (advertising).
 - competition between various events;
 - stage of sales lifecycle (the beginning or the end of sales period).
- Information about restrictions being introduced by event organizer:
 - minimum and maximum prices for specific tickets;
 - occupancy limit;
 - restrictions on revenue gained from the event;
 - possible restrictions for the frequency and range of price changes.

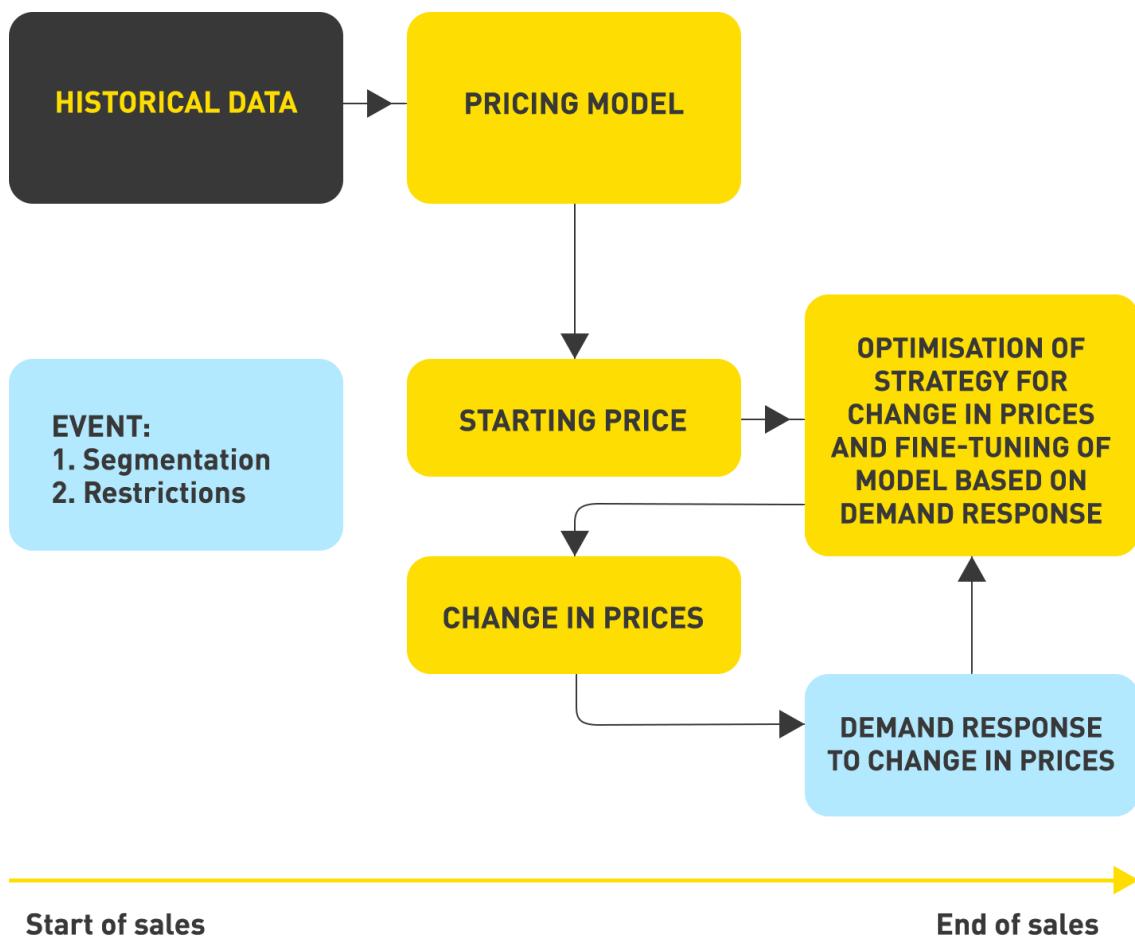
The pricing model utilizes deep reinforcement learning algorithms when offering ticket prices to maximize event profitability taking into account current situation and sales dynamics.

More specifically, the system uses deep reinforcement learning (Q-learning, where Q is a function of profit prediction from ticket sales, depending on the selected pricing strategy) adopted for continuous states and actions. The Q function is expressed by the following formula:

$$Q(s_t, a_t) \leftarrow \underbrace{Q(s_t, a_t)}_{\text{old value}} + \underbrace{\alpha}_{\text{learning rate}} \cdot \left(\underbrace{r_t}_{\text{reward}} + \underbrace{\gamma}_{\text{discount factor}} \cdot \underbrace{\max_a Q(s_{t+1}, a)}_{\substack{\text{learned value} \\ \text{estimate of optimal future value}}} - \underbrace{Q(s_t, a_t)}_{\text{old value}} \right)$$

The specific structure of the neural network or the learning specifics is a trade secret.

The block diagram of the common usage of the pricing model is shown below.



RISK FACTORS

PLEASE CONSIDER THE RISKS RELATING TO PURCHASE, SALE, AND USE OF TOKENS LISTED BELOW VERY CAREFULLY BEFORE PURCHASING THE TKT TOKENS.

- **Risk of Losing Access to TKT Tokens Due to Loss of Private Key(s) or Custodial Error.**

A private key, or a combination of private keys, is necessary to control and dispose of TKT Tokens stored in your digital wallet or vault. Accordingly, loss of requisite private key(s) associated with your digital wallet or vault storing TKT Tokens will result in loss of such TKT Tokens. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a third party wallet service you use, may be able to misappropriate your TKT Tokens. Any errors or malfunctions caused by or otherwise related to the digital wallet or vault you choose to receive and store TKT Tokens, including your own failure to properly maintain or use such digital wallet or vault, may also result in the loss of your TKT Tokens.

- **Risks Associated with the Ethereum Protocol.**

Because TKT Tokens and the Ecosystem are based on the Ethereum protocol, any malfunction, breakdown or abandonment of the Ethereum protocol may have a material adverse effect on the crypto.tickets ecosystem (the “Ecosystem”) or TKT Tokens. Moreover, advances in cryptography or other technical advances could present risks to the TKT Tokens and the Ecosystem, including the utility of the TKT Tokens for use in the Ecosystem, by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol.

- **Risk of Mining Attacks.**

TKT Tokens are susceptible to attacks by miners in the course of validating Token transactions on the Ethereum blockchain, including, but not limited, to double-spend attacks, majority mining power attacks, and selfish-mining attacks. Any successful attacks present a risk to the Ecosystem and the TKT Tokens, including, but not limited to, accurate execution and recording of transactions involving TKT Tokens.

- **Risk of Hacking and Security Weaknesses.**

Hackers or other malicious groups or organizations may attempt to interfere with the Ecosystem or the TKT Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing.

- **Risks Associated with Markets for TKT Token.**

The TKT Tokens are intended to be used solely within the Ecosystem, and Company will not support or otherwise facilitate any secondary trading or external valuation of TKT Tokens. This restricts the contemplated avenues for using TKT Tokens to the provision or receipt of Services, and could therefore create illiquidity risk with respect to the TKT Tokens you own. Even if secondary trading of TKT Tokens is facilitated by third party exchanges, such exchanges may be relatively new and subject to little or no regulatory oversight, making them more susceptible to fraud or manipulation. To the extent that the TKT Tokens are characterized as securities, they would likely be prohibited from trading on many third party exchanges. Furthermore, to the extent that third-parties do ascribe an external exchange value to TKT Tokens (e.g., as denominated in a digital or fiat currency), such value may be extremely volatile and diminish to zero.

- **Risks Associated with Uncertain Regulations and Enforcement Actions.**

The regulatory status of the TKT Tokens and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing regulation with respect to such technology and its applications, including the Ecosystem and the TKT Tokens. It is likewise difficult to predict how or whether legislatures or regulatory agencies may implement changes to law and regulation affecting distributed ledger technology and its applications, including the Ecosystem and the TKT Tokens. Regulatory actions could negatively impact the Ecosystem and the TKT Tokens in various ways, including, for purposes of illustration only, through a determination that the purchase, sale and delivery of the TKT Tokens constitutes unlawful activity or that the TKT Tokens are a regulated instrument that require registration or licensing of those instruments or some or all of the parties involved in the purchase, sale and delivery thereof. Company may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.

- **Issuance of TKT Tokens May Constitute the Issuance of a “Security” Under U.S. Federal Securities Laws, the Monetary Authority of Singapore, and Canadian Securities Administration.**

TKT Token is a utility token that has a specific use within the crypto.tickets platform — i.e. it allows participants in crypto.tickets platform to process distribution of tickets. Due to the nature of TKT Token, we do not think it should be considered a “security” as that term is defined in the Securities Act of 1933 (as amended). On July 25, 2017, the United States Securities and Exchange Commission (the “Commission”) issued a Report of Investigation under Section 21(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) describing an SEC investigation of The DAO, a virtual organization, and its use of distributed ledger or blockchain technology to facilitate the offer and sale of DAO Tokens to raise capital. The Commission applied existing U.S. federal securities laws to this new paradigm, determining that DAO Tokens were securities. The Commission stressed that those who offer and sell securities in the U.S. are required to comply with federal securities laws, regardless of whether those securities are purchased with virtual currencies or distributed with blockchain technology. The Commission’s announcement, and the related Report, may be found here: <https://www.sec.gov/news/press-release/2017-131>.

After reviewing the Report of Investigation, we believe that TKT Tokens are substantially different from DAO Tokens, and should not be considered a “security” under U.S. federal securities laws. Nevertheless, as noted by the Commission, the issuance of tokens represents a new paradigm and the application of the federal securities laws to this new paradigm is very fact specific. If TKT Tokens were deemed to be a security under U.S. federal securities laws then the crowdsale may need to be suspended, pending the registration under the Securities Act and we may be required to register to such issuance under the Securities Act. The registration of TKT under the Securities Act would result in significant delay in the issuance of TKT Tokens and would require us to incur substantial additional expense. Similarly, Monetary Authority of Singapore (the “MAS”) has clarified its regulatory position on the offer of digital tokens in Singapore on August 1, 2017. MAS took an analogous position to the Commission in its treatment of digital currency offerings. On August 28, 2017, the Canadian Securities Administration (the “CSA”) also issued a report stating that many of the digital currency offerings would in many cases be considered securities or derivatives, again taking a similar position to the Commission. To the extent that the TKT Tokens are found to be securities under the MAS and CSA regulations, we would need to register the crowdsale pursuant to these regulations in order to target the token purchasers in these jurisdictions. Such registration would again result in significant delays and result in additional substantial expenses. We note that we expect that many other jurisdictions would take the similar position to that of the Commission, MAS, and CSA.

- **Risks Arising from Taxation.**

The tax characterization of TKT tokens is uncertain. Your purchase of TKT tokens may result in adverse tax consequences to you, including withholding taxes, income taxes and tax reporting requirements.

- **Risk of Insufficient Interest in the Ecosystem or Distributed Applications.**

The event promotion and ticket distribution industry is to a significant extent controlled by large well-funded players. It is possible that the Ecosystem will not be used by a large number of individuals, companies and other entities or that there will be limited public interest in the creation and development of distributed ecosystems (such as the Ecosystem) more generally. Such a lack of use or interest could negatively impact the development of the Ecosystem and therefore the potential utility of the TKT tokens, including the utility of the TKT tokens for obtaining Services.

- **Risks Associated with the Development and Maintenance of the Ecosystem.**

The Ecosystem is still under development and may undergo significant changes over time. The development of the Ecosystem heavily depends on the number of TKT tokens sold during the crowdsale. If the crowdsale is not successful, there may not be sufficient funds to develop the Ecosystem. Furthermore, despite Company’s good faith efforts to develop and participate in the Ecosystem, it is still possible that the Ecosystem will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the Ecosystem and TKT tokens, and the potential utility of the TKT tokens, including the utility of the TKT tokens for the use within the Ecosystem.

- **Risk of Dissolution of the Company or Ecosystem.**

It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of ETH, BTC or other cryptographic currencies, decrease in the TKT tokens' utility, the failure of commercial relationships, or intellectual property ownership challenges, the Ecosystem may no longer be viable to operate or the Company may dissolve.

- **Risks Arising from Lack of Governance Rights.**

Because TKT tokens confer no governance rights of any kind with respect to the Ecosystem or the Company, all decisions involving the Company's products or services within the Ecosystem or the Company itself will be made by the Company at its sole discretion, including, but not limited to, decisions to discontinue its products or services in the Ecosystem, to create and sell more TKT tokens for use in the Ecosystem, or to sell or liquidate the Company. These decisions could adversely affect the Ecosystem and the utility of any TKT tokens you own, including their utility for obtaining Services.

- **Technology Risks.**

The TKT tokens are intended to represent a new capability on emerging technology that is not fully proven in use. As the technology matures, new capabilities may dramatically alter the usefulness of the TKT tokens or the ability to use or sell them. The functionality of the TKT tokens is complex, will require enhancements and product support over time, and full functionality may take longer than expected. The full functionality of the TKT tokens is not yet complete and no assurance can be provided of such completion.

- **Unanticipated Risks.**

Cryptographic TKT Tokens such as the TKT tokens are a new and untested technology. In addition to the risks included herein there are other risks associated with your purchase, possession, and use of the TKT tokens, including unanticipated risks. Such risks may further materialize as unanticipated variations or combinations of the risks discussed herein.

- **Operational Risks.**

The Company is a young company and the growth of the team and its capabilities may take longer than expected to result in the intended usefulness for the TKT tokens. The TKT tokens are just one product in a highly competitive market, and broad adoption by other users and developments by technology partners may take longer than expected. The usefulness of the TKT tokens depends on the extent of widespread adoption of the offered technology by the marketplace. The Company is a young company and the growth of the team and its capabilities may take longer than expected to result in the intended usefulness for the TKT tokens. The TKT tokens are just one product in a highly competitive market, and broad adoption by other users and developments by technology partners may take longer than expected. The usefulness of the TKT tokens depends on the extent of widespread adoption of the offered technology by the marketplace. In order to attract and retain a client base and increase business, we must establish, maintain and strengthen our name and the services we provide. In order to be successful in establishing our reputation, clients must perceive us as a trusted source for quality services. If we are unable to attract and retain clients with our current marketing plans, we may not be able to successfully establish our name and reputation, which could significantly affect our business, financial condition and results of operations. We could experience growth over a short period of time, which could put a significant strain on our managerial, operational and financial resources. We must implement and constantly improve our certification processes and hire, train and manage qualified personnel to manage such growth. We have limited resources and may be unable to manage our growth. Our business strategy is based on the assumption that our customer base, geographic coverage and service offerings will increase. If this occurs it will place a significant strain on our managerial, operational, and financial resources. If we are unable to manage our growth effectively, our business will be adversely affected. As part of this growth, we may have to implement new operational and financial systems and procedures and controls to expand, train and manage our employees. If we fail to develop and maintain our services and processes as we experience our anticipated growth, demand for our services and our revenues could decrease. Our market is characterized by rapidly changing technologies, evolving industry standards, frequent new product and service introductions and changing customer demands. To be successful, we must adapt to our rapidly changing market by continually enhancing our existing services and adding new services to address our customers' changing demands. We could incur substantial costs if we need to modify our services or infrastructure to adapt to these changes. Our business could be adversely affected if we were to incur significant costs without generating related revenues or if we cannot adapt rapidly to these changes. Our business could also be adversely affected if we experience difficulties in introducing new or enhanced services or if these services are not favorably received by users. We may experience technical or other difficulties that could delay or prevent us from introducing new or enhanced services. Furthermore, after these services are introduced, we may discover errors in these services which may require us to significantly modify our software or hardware infrastructure to correct these errors. We are still in the process of evaluating the work quality of new employees and the suitability of new hires for specific roles. If we are unable to attract and hire qualified management, technical and marketing personnel or retain key employees, our operations and prospects may be adversely affected.