

# KaldiMarket™

WHITEPAPER

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# EXECUTIVE SUMMARY

The Kaldi Company is entering the coffee industry to address serious disparities and failures in the market related to smallholder coffee farmer sustainability, a segment that produces over 60% of all coffee worldwide. Without a strategy to secure smallholder coffee farms from being priced out of the market and supported with efforts to mitigate extensional threats, the market is on a path to collapse or at the very least a supply collapse which will be felt severely at all levels of the supply chain. Not to mention the incredible humanitarian crisis that would follow suit from millions of farmers losing their livelihood, and the extreme crisis that already exists whereby almost half of these farmers are kept in poverty within the existing industry.

Kaldi enters the fray led by Professor Stefan Allesch-Taylor, an entrepreneur and executive leader with decades of publicly traded company leadership and award-winning humanitarian interventionism which has seen over 1.5 million people with a safe, clean water supply in the country of Malawi, Africa. Taking this track record of success for solving what many said over the years was “unsolvable”, he along with his team have designed a blockchain-based trading marketplace meant to support the pricing atmospherics and needs of the smallholder coffee farmer. Kaldi takes this a step further by introducing a novel cryptocurrency creation protocol that onboards farmers as major stakeholders, enabling their green coffee harvests to trigger and be the measurement for the minting of new Kaldi crypto tokens, of which they retain 30% right off the top. This asset backed token creation builds intrinsic value for the blockchain model overall, keeping smallholder coffee farmers at the forefront of the beneficial effects.

Kaldi couples this technology effort with seed-to-sale support combining sourcing, trading, purchasing, exporting, importing, storage, and end-customer shipping all under one roof, using tried and true strategies seen in competitor marketplaces like Intercontinental Exchange’s ‘C Market’, Kaldi cuts out the ‘middleman’ wherever possible so that those savings can be reinvested into the producers themselves.

At the center of all of this is a cause-driven business model where participating farms and farm representatives, like cooperatives, unions, and farm alliances, have a seat at the table, enabling them to utilize the KaldiMarket to mint new Kaldi tokens based on their product being sold through the KaldiMarket, greatly increasing their coffee sales income potential. This model also enables vast support from the Kaldi Company team of experts in farm sustainability with access to financial support from a capital fund set aside to support farmers with hardship and crop loss, natural disaster recovery, infrastructure modernization, training and education, and much more.

This radically different approach to the wholesale coffee market is summed up perfectly in the Kaldi Mission: **To ensure that all coffee farmers are profitably participating in the vibrant coffee market and are free from exploitation and poverty in all its forms.** Kaldi’s founder puts it this way:

“Studies show that almost half of all smallholder farmers live in poverty, with a quarter of those living in extreme poverty – yet everyone else in the coffee supply chain makes profitable margins, we’re going to change that.” - *Stefan Allesch-Taylor, Founder, Kaldi Company*

## SOME BACKGROUND

Coffee is one of the most prominent commodities in the 21<sup>st</sup> century, both in terms of the impact on culture, and sub-culture trends globally, and in terms of sector growth. From an investment standpoint, coffee continues to be a 'top buy' - in 2021 for example the best performing commodities were Coffee, Crude Oil, Lithium, and Coal. According to global trade data, coffee has seen an increase to futures trade value to the tune of over 75% in the last year alone, notably outperforming every agricultural commodity except Palm Oil and Oats. Looking forward, the global coffee industry is projected to grow to over \$465 billion annually by the year 2026 according to a report by [Research and Markets](#).



With this growth comes an ever evolving and expanding quality demand for the underlying source of our coffee. The shift away from instant coffees to espresso refreshments, largely based on the ease of access to more complex coffee blends from home and through better and cheaper coffee machine technology, all provide a range of viable alternatives over the local coffee shop.

However, alongside this growth is a deeply negative backdrop where coffee's punitive industry 'norms' are keeping the significant majority of the families that tend to the world's smallholder coffee farms in poverty [source: [Enveritas](#)]. While some in the coffee sector call attention to *how* coffee is getting delivered to the cup, the unsustainable cost to farmers, especially in rural and less financially stable areas of the world, is largely overlooked or completely ignored perpetuating an inescapable and increasingly desperate cycle of poverty.

This problem has been endemic to the sector for a long time. The Direct Trade or 'Fair Trade' movement was meant to address this through an effort by wholesale buyers to go directly to source farms bypassing middlemen and third-party supply and distribution points to bring a higher percentage of coffee sales directly to coffee farmers. For some, this has been successful, but for the vast majority, this movement has caused

more problems as it limited transparency of pricing and allowed large roasters and brands to pressure farmers into even worse deals.

Enter the Kaldi Company, where they bring together a lifetime of multi-sector business, decades of coffee know-how, and international multidisciplinary humanitarian intervention experience to create both shared wealth and harmony in a sector celebrating a remarkable 1,200 years of existence. Beginning with the legendary Ethiopian goat herder, Kaldi, brewing the very first cup of coffee in around 850 AD. Kaldi Company does this by marrying the producers of green coffee (that is, coffee that hasn't been roasted yet and comes directly from the farm) with the financial versatility of borderless cryptocurrency, through their own token called Kaldi. Together, these methods enable a truly transparent direct trade market capable of efficient massive volume sales on a turnkey straight forward auction-based platform.

At the Kaldi Company, their Founder and CEO, Professor Stefan Allesch-Taylor CBE FKC FRSA, leads a highly experienced team dedicated to creating value for all stakeholders through the ownership and sale of green coffee assets. However, beyond that, the goal at Kaldi is to protect the livelihoods of millions of indigenous farmers facing existential threats from the effects of global warming and a broken economic model that has forced millions into poverty, displacement and desperation – all in the name of giving us the best start to our days - a simple cup of coffee. Provenance is not a 'fad'. Caring and taking action to ensure supply chains are not built on servitude is an essential pillar of propelling mankind forward.

This isn't a new game for Stefan. A British entrepreneur, educator, award-winning philanthropist and writer, he incorporated the Kaldi Company in March 2022 in the Isle of Man. He continues to serve as the first Professor of Practice of Entrepreneurship at and is a Fellow of, King's College London. A position he has held for 8 years. He has had an eclectic 30-year career not just in broad international business but in engaging in humanitarian projects that have 'changed the rules' in several sectors of aid and development in sub-Saharan Africa.

As one of several interventions that positively affected the lives of millions of the most vulnerable people on the planet his leadership culminated in a charity he Chairs, Pump Aid, being awarded Charity of the Year (Aid & Development) at the annual UK Charity Awards 2017 for redefining an approach to eliminating water and food poverty in Malawi after 40 years of failed effort and a substantial amount of wasted aid money. Pump Aid has provided over 1.5 million people with a safe, clean water supply, focusing on the sustainability of supply by creating an entrepreneurial solution driven by both local men and women.

Most recently, Stefan was an angel investor and co-founder of Yebo Fresh, a community-driven technology startup focused on an advanced shopping service app and online platform with an innovative business model that saves its customers time, money, and hassle by delivering essential groceries at affordable prices that also has a primary mission to help feed vulnerable families in South Africa. Last year they provided 19 million total meals with 14 million going to community kitchens, putting together and contributing over 60,000 food parcels.

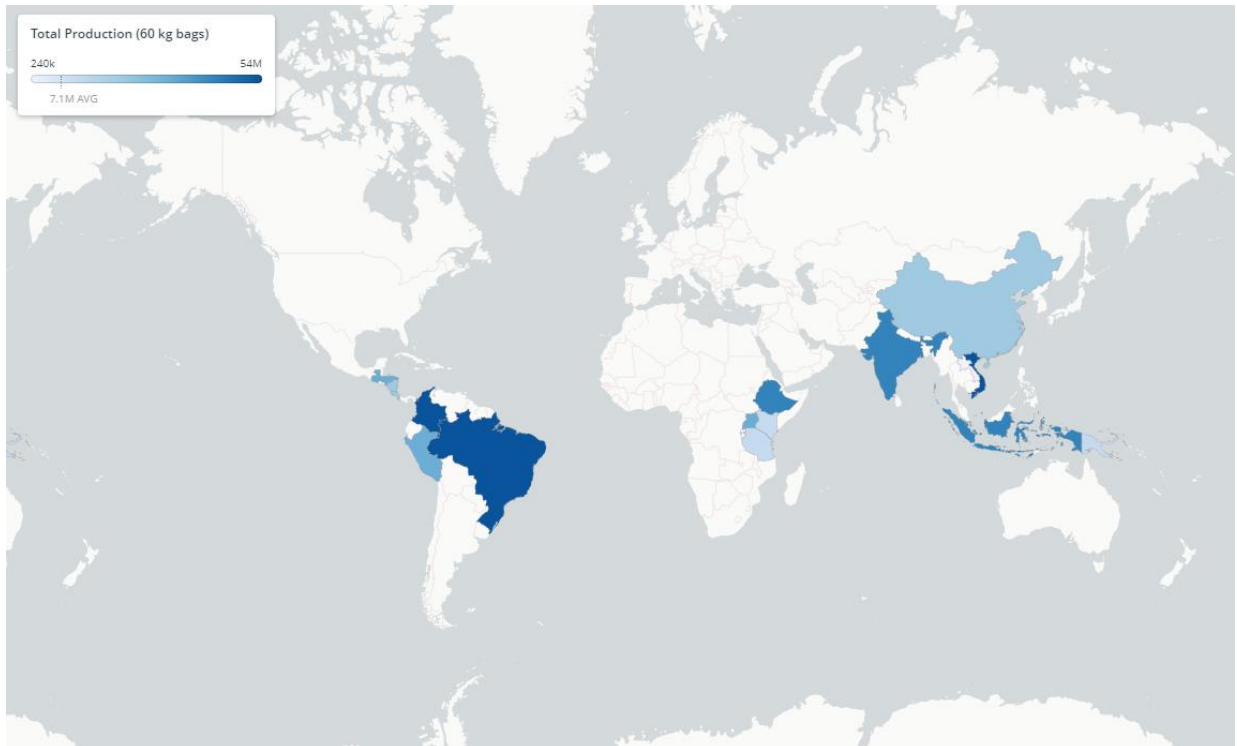


# THE COFFEE CRISIS

## Coffee Farmers are being Forced into Poverty

Coffee is a staple to the workday cycle and morning routine for billions of people worldwide. In fact, globally almost 3 billion cups of coffee are consumed every day. In the United States, driving up to a Starbucks or the local coffee stand to get a cup of 'Joe' on the way to work is more common than stopping somewhere for breakfast. At grocery stores, you'll see designer coffee beans in 1-pound bags, iced coffee in the milk section, packaged espresso, or various instant coffee machines like the ever-popular Keurig, all of this in large and small cities alike. While Americans are the 5<sup>th</sup> largest buyer of coffee by volume, surprisingly they rank a lowly 25<sup>th</sup> in the world for coffee consumption per capita. The United Kingdom isn't far behind. In a recent survey by Statista, coffee tied with tea as UK's favorite drink. European countries like Finland, Norway, Iceland, Denmark, Netherlands, Sweden, Switzerland, Belgium, and Luxembourg hold the top spots per capita and have specific cultural trends that coincide with its popularity like manual coffee breaks required by most workers' unions in Finland. However, as emerging markets have attained GDP growth, their global share of coffee consumption has risen from just 5% in 1990 to over 23% today. The outlook shows massive projected demand worldwide, especially as the global population increases with an estimated 2 billion more adults in the world in 2050 than there are today.

Coffee is grown in more than 70 tropical countries and is the second most exported commodity in the world after oil. Top coffee producing countries globally are Brazil, Vietnam, and Colombia. [Carto](#) reports that smallholder green coffee farmers produce 60% of the world's coffee. There are 12.5 million smallholder coffee farms, and almost half of these smallholder farmers can be found in Ethiopia (2.2 m), Uganda (1.8m) and Indonesia (1.3m). Vietnam, Burundi, Kenya, and Colombia each have over 500,000 farmers.



[Fairtrade International](#) takes an even broader view and states that 25 million smallholders produce 70%-80% of the world's coffee.

Yet, despite how interwoven into our global society coffee is, there is a wretched underbelly that goes largely ignored, Carto highlights this by saying,

“An estimated 44% of the world's smallholder coffee farmers are living in poverty and 22% are living in extreme poverty”.

Around 70% of a farm's costs are estimated to be for the farm labor itself, which comes with its own host of concerns, including, but not limited to many being paid less than the local jurisdiction's minimum monthly wage.

A simple shift upward in farm monetary sustainability won't fix the problem as those higher returns trickle down to bring the labor market up. An innovative and sustainable solution is urgently required to ensure coffee is a valuable community whose bounty is shared by all stakeholders.

## Coffee Farmer Costs

When looking at a study by [Caravela Coffee](#), we see a detailed survey-based breakdown of costs for green coffee farmers in Colombia, Ecuador, Nicaragua, Peru, Guatemala, and El Salvador in \$USD.

<i>Costs (USD/lb)</i>	<b>Colombia</b>	<b>Ecuador</b>	<b>Nicaragua</b>	<b>Peru</b>	<b>Guatemala</b>	<b>El Salvador</b>
Labor (Admin)	\$0.42	\$0.70	\$0.24	\$0.41	\$0.51	\$0.44
Labor (Harvest)	\$0.43	\$0.65	\$0.31	\$0.50	\$0.41	\$0.40
Labor (General)	\$0.07	\$0.16	\$0.11	\$0.11	\$0.17	\$0.02
Supplies	\$0.20	\$0.32	\$0.20	\$0.21	\$0.22	\$0.28
Infrastructure	\$0.06	\$0.06	\$0.18	\$0.03	\$0.06	\$0.08
Renovation	\$0.01	\$0.02	\$0.02	\$0.02	\$0.03	\$0.06
<b>TOTAL</b>	<b>\$1.19</b>	<b>\$1.91</b>	<b>\$1.05</b>	<b>\$1.28</b>	<b>\$1.40</b>	<b>\$1.28</b>

When compared to the average wholesale price that these green coffee farmers will receive for their crop, you see an average price of \$1.42 per pound in 2017, when these cost numbers above were captured, and an average price today of \$1.53 per pound from one source and a composite price from Specialty Coffee Retail Price Index (SCRPI) of \$1.74 at the end of 2021.

To further compound the problem, most green coffee is purchased by what's called the 'C Market'. This is a commodity coffee exchange where most coffee in the world is bought and sold. The 'C Price' is a benchmark price for the delivery of green coffee that meets a minimal quality grade. This will change based on supply and demand, the higher the green coffee supply the lower the benchmark price, and the lower the supply, the higher the price. Most coffee buyers aren't buying coffee that exists today however but are instead purchasing coffee futures. Future contracts are agreements to purchase a set amount of coffee at a specific price when the contract expires, usually over a period of months.

A report by [Bellwether Coffee](#) highlights the problem with this model, noting that,



“The scandal of the C Market is that the pricing mechanics have no sense for whether a price is sustainable, or how it impacts producer livelihood.”

This is a broken model, damaging and destroying the lives of millions of small holder coffee farmers and their families. They go on to reference the report from Caravela above saying,

“At the time of the study, the average producer in four of the five countries experienced a negative profit margin ranging from -1.7% (Colombia) to -38.7% (Ecuador). Only Nicaragua would generate a positive profit margin of 11.4%.”

Interventions like Direct or Fair Trade haven’t fixed this problem. Efforts for these movements were largely motivated by exiting the C Market intermediary to work directly with farmers. The concept is well understood especially in other agricultural industries, if you can cut out the ‘middleman’ you can, in theory, have a higher percentage of the sale proceeds go directly to the farmer. These kinds of deals have benefited many farmers and roasters who engaged in them, but for the vast majority, they’ve caused more problems for the ecosystem. The Bellwether Coffee report highlights these core issues:

“Deals made directly with farmers, if not published transparently, have zero checks and balances. There is no accountability or regulation, so there’s no way to ensure farmers are actually receiving a higher, fairer price. The phrase ‘direct trade’ became even more of a buzzword when it began appearing in marketing materials for roasters who met farmers directly, but still primarily sourced beans via importers. Ultimately, direct trade is far too nebulous to resolve our industry’s crisis.”

## Farm Labor Costs

As mentioned, farm labor constitutes roughly 70% of the coffee farmer’s cost, that doesn’t mean farm laborers are being paid appropriately. A report by the [Specialty Coffee Association](#) outlines the issue across multiple prominent coffee growing countries, highlighting some key statistics,

“In one study of coffee pickers in Guatemala, 90% of day laborers received less than the monthly minimum wage, with 97% of the women interviewed receiving less than the legal requirement.”

Labor concerns are compounded when looking at child labor and forced labor abuses in many coffee growing municipalities.

This problem is largely a trickle-down effect from farmers not making enough to make ends meet to begin with. However, that’s not the only reason. A solution needs to consider the whole picture and the supply chain needs to be secured in a way that works with local authorities, incentivizes labor protection policies, and ensures fair wages are being paid from the bottom up.

Efforts by some large roasters have seen success by securing the entire harvests and working directly with the country of Brazil and the exemplary work by the Ministry of Labor and Employment (MTE) in Brazil, which over the last 20 years has been focused on irradicating modern slavery and improving the labor market overall. The Specialty Coffee Association report mentioned above highlights it as follows,

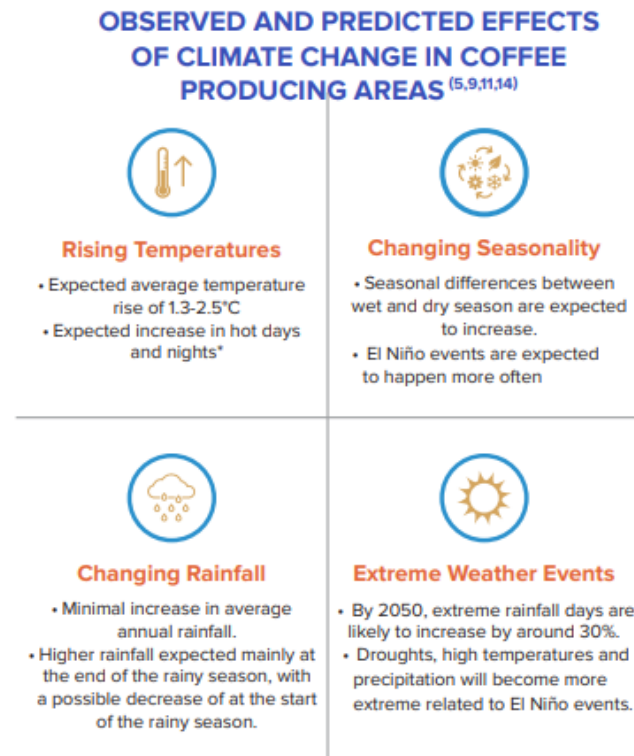
“Brazil has cited thousands of employers for violating Article 149 and freed more than 50,000 workers from modern slavery, including more than 1,000 workers on coffee farms. Brazil has also created an innovative platform for private-sector engagement: the



National Pact to Eradicate Slave Labor. At its peak, the National Pact attracted more than 350 companies representing over 30% of the country's GDP."

## Existential Threats from Weather, Pests, and Climate Change

A series of reports by the Specialty Coffee Association indicates that warming temperatures will make existing farmland unsuitable for coffee production in some key coffee growing areas, especially Colombia. One such [report](#) highlights a projection that 30% of existing coffee farmland below 1,000 meters above sea level will no longer be suitable for coffee crops by 2050 without key adaptation techniques and strategies applied. These concerns apply to many coffee growing regions, with Brazil and Africa being of the highest concern alongside Colombia by leading researchers on the topic.



We've already seen some of the devastating effects attributed in part to climate change progression, the [Inter-American Development Bank](#) reports,

"From 2012 to 2013, rising temperatures fueled a major coffee rust [disease] crisis in Central America, where unprepared farmers lacked the know-how and resources to stop it. Honduras, Costa Rica and Guatemala declared a state of emergency. In the end, more than half of the planted area was destroyed and at least 350,000 people lost their jobs."

The rising temperature over time has provided the necessary environment to better propagate the Hemileia Vastatrix Fungus, a disease that causes coffee leaf rust (nicknamed La Roya) and destroys coffee plantations. More recently, La Roya was responsible for over \$3 billion in damage according to [The Atlantic](#) from 2012 to 2017.

Aside from plant disease, farmers already have massive environmental threats to contend with in key coffee growing regions, elements like tropical storm season with hurricanes, high winds, and other flooding events,

narrow growing windows based on optimal temperature and humidity requirements for the most popular coffee strains, and the ongoing effects of nutrient degradation and loss of soil structure from year-over-year repeat coffee growing on the same farm plots (a problem not easily addressed since a healthy coffee tree takes 3-5 years of repeat growing seasons to hit maximum productivity).

That makes climate progression even more impactful to coffee farmers specifically when compared to other crops, as small variance in temperature and humidity can have a direct correlation to shorter growing windows, weakened yield due to smaller flowering size, and a myriad of other indirect effects that will ultimately directly impact the viability of coffee growth in that climate impacted area.

One of the most notable change we'll see in the immediate future is the migration and increase of insects and pests which could result in an increase of pesticide use, one of the key factors contributing to soil erosion causing unsuitability of high yield quality crops, significantly lowering a farmlands profitability. For example, increased temperatures broaden the 'growing season' for and the volume of noxious and invasive weed growth, a major contributor to pest propagation. However, there are even more complex concerns on that front, one [prominent study](#) by the Food and Agriculture Organization of the United Nations is dedicated to the impact climate change has on pests (insect, animal, plant, or pathogen) relating to biodiversity loss and host range distribution and presents data driven insights on this topic. It finds that rising temperatures create a complex cause and effect, pushing some invasive species out of one area while bringing others in. In one example the report states,

“One unusually warm winter may be sufficient for an invasive pest to establish itself in a new area. In fact, increased globalization in recent years, coupled with the increase in global mean temperatures, has created a situation that is extremely favourable to pathogen and pest movement and establishment, with concomitant increases in the risk of severe crop yield losses.”

Such pest migration could require new pesticide treatments in key areas and just as importantly, may require the application of those pesticides during different cycles of the growing timeline (earlier or later in the season or for longer times throughout the season), further impacting environmental concerns as well as soil quality and long-term coffee crop viability.

These are all serious concerns contributing to the gradual shrinking of the global coffee supply and potential green coffee yield, and even more magnify the opportunity in this space when compared to the burgeoning demand seen when crossing emerging market growth (representing over 23% of the market today) with the global expected population growth between now and 2050 – growth that is expected to add over 2 billion adult-aged coffee drinkers to the world. Put simply, these extensional threats all contribute to suitable farmland becoming more scarce, while the demand will increase exponentially.

# THE KALDI SOLUTION

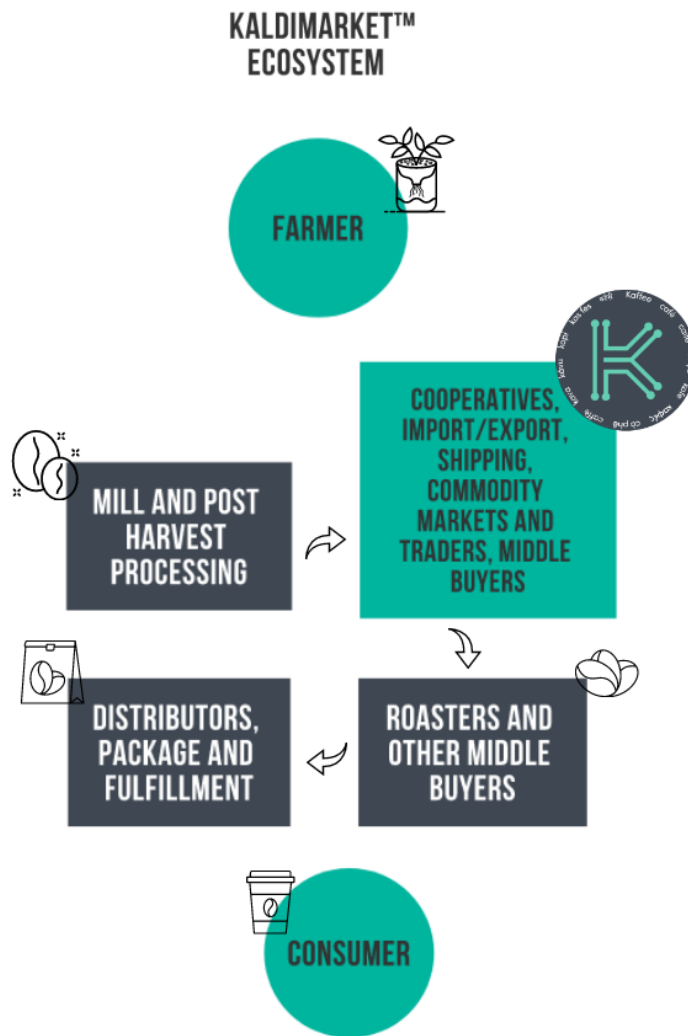
## A Direct Trade Technology Platform for Volume Sales

The Kaldi Mission is to ensure that all coffee farmers are profitably participating in the vibrant coffee market and are free from exploitation and poverty in all its forms. To support that aspiration, Kaldi is designing a technology platform built on blockchain that creates win-win scenarios for farmers and commercial coffee buyers allowing high volume specialty direct trade deals on a foundation of transparency, all in one place. This is deployed alongside a philanthropic corporate model to address things like micro-financing, infrastructure improvement, insurance, and much more.

The existing direct trade model requires a roaster or other commercial buyer to work directly with a cooperative or farmer to source their specialty coffee, usually in small batch orders. To complicate this process, the export and import process can be expensive and lengthy detracting from this method's long-term viability. If the direct trade model isn't used, there are even more middlemen involved and extensive overhead added in causing a squeeze on the farmer's earnings, putting them at the very bottom of the earning margin within the supply chain.



By bringing many of these core elements together under one banner and adding a technology layer that radically changes the way coffee is exchanged, Kaldi introduces a completely new paradigm that better insulates and benefits the farmer, reinforcing value throughout the entire supply chain.



## Kaldi Customer Focus

The Kaldi Company will protect the rights of KaldiMarket producers by working towards an insurance model against failed crops, by ensuring the equal rights of men and women, and by harnessing the skills of global specialists to ensure successful crops and access to modern and sustainable farming technologies.

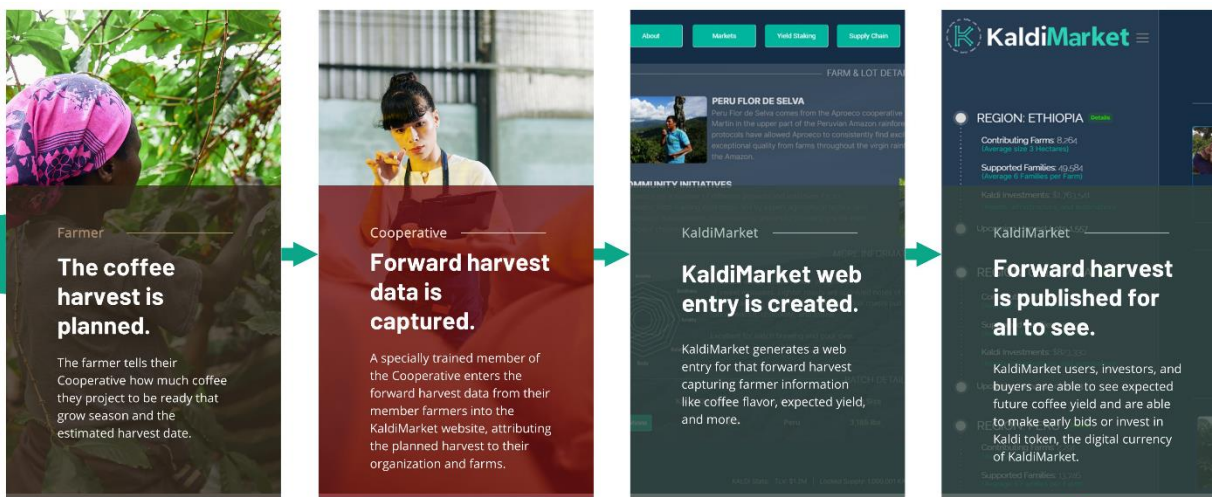
Kaldi participants who buy coffee through the KaldiMarket will be a part of a community dedicated to ending systemic exploitation in all its forms that exists in the global coffee market by putting into place supply chain and development models that end the inhumane economic imbalance that exists between millions of farmers and coffee buyers.

This approach to solve key market pain points while establishing culture changing norms to the supply chain in support of smallholder farmers is no easy task, and something that many accomplished minds and teams have attempted from various different vectors in the past.

A quote recently by Bill Fishbein from The Coffee Trust, a widely acknowledged global top expert on coffee, speaks to coffee industry disparities and succinctly puts into perspective the challenge in this space:

“For years, along with many of my compatriots in the trade, I have been frustrated that despite the work that numerous organizations have done, including my own, things look pretty much the same for producers. Of course, there are examples of successful social ventures here and there, some extraordinary. But, despite the sustainable claims made online and on retail shelves, the overall conditions for producers has largely remained the same, or have actually become worse.”

## KaldiMarket Buying and Selling Overview

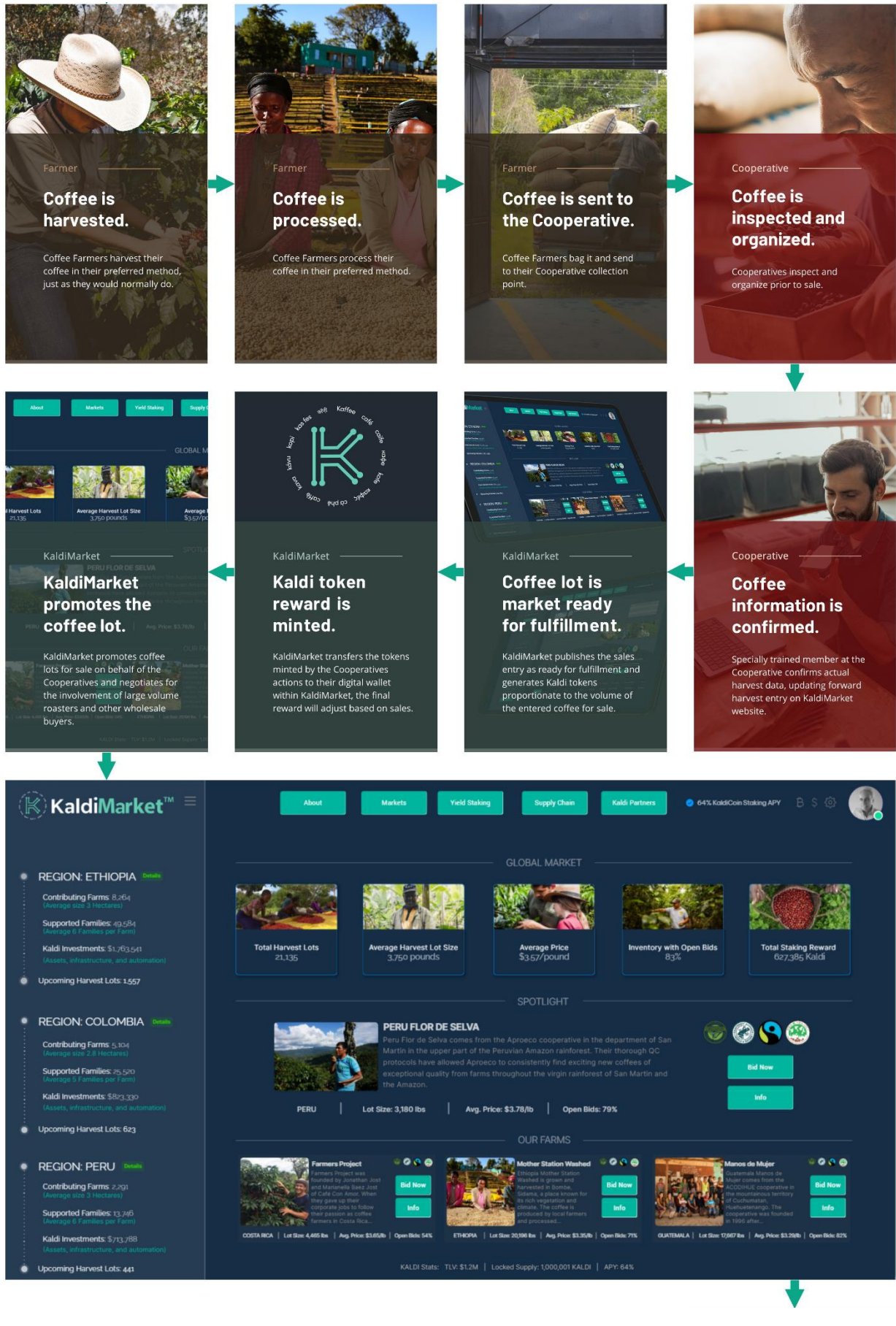


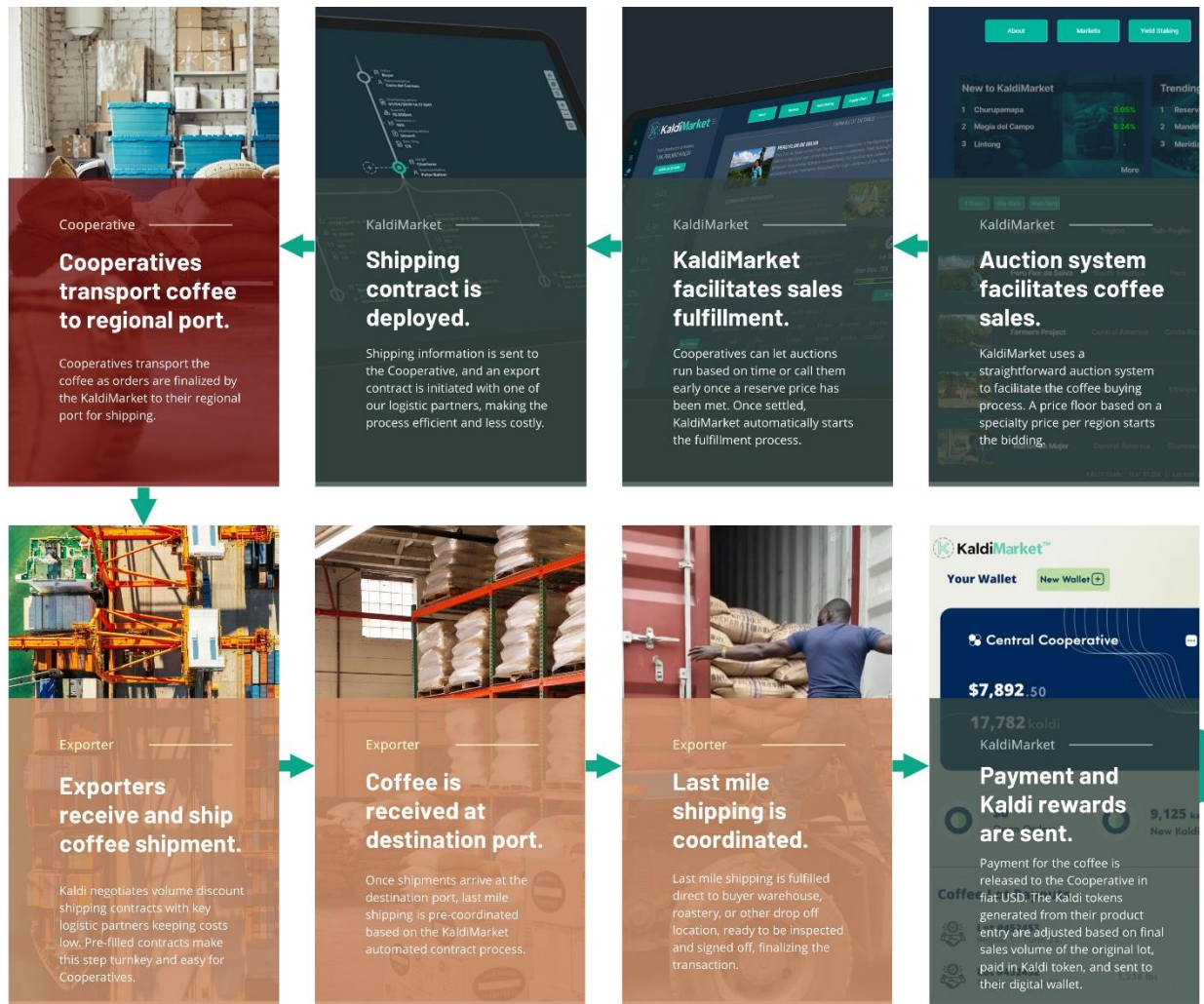
The screenshot displays the KaldiMarket interface with the following sections:

- Header:** KaldiMarket logo, navigation tabs (About, Markets, Yield Staking, Supply Chain, Kaldi Partners), and user profile (64% KaldiCoin Staking APY).
- Left Sidebar:**
  - Total Distribution to Stakers: 134,769,992 KALDI
  - EARN KALDI NOW
  - 64% Staking APY
  - 2.1m Revenue Paid to Farmers
  - 1.1m Platform Fees Paid
  - 12% Net Profit Margin
  - 100% Platform Revenue Invested in to Farmers
  - LEARN MORE
- Main Content Area:**
  - FARM & LOT DETAILS:**
    - PERU FLOR DE SELVA:** Peru Flor de Selva comes from the Aproeco cooperative in the department of San Martin in the upper part of the Peruvian Amazon rainforest. Their thorough QC protocols have allowed Aproeco to consistently find exciting new coffees of exceptional quality from farms throughout the virgin rainforest of San Martin and the Amazon.
    - COMMUNITY INITIATIVES:** Aproeco runs a number of different projects and initiatives for its members, from training workshops led by expert agricultural technicians, to compost management, to sponsoring university scholarships for their members' children.
    - MORE INFORMATION:**
      - Flavor Profile:** A hexagonal chart showing attributes: Sweetness, Acidity, Body, Balance, Uniformity, and Overall.
      - Description:** Balanced acidity, smooth body, and tones of sweet molasses. Lighter roasts are sprinkled notes of sweet cream, caramel, and grapefruit, where darker roasts pull robust walnut, chocolate, and toffee.
      - Notes:** Excellent for batch brewing and pour over.
    - Lot Details:**
      - Region: Selva Central
      - Elevation: 1100 M
      - Strain: Catuira, Typica
      - Harvest Window: March - Sept
      - Process: Sun-dried
    - Bidding Info:** Lot Size: 3,180 lbs. Open Bids: 79% | Avg. Price: \$3.78/lb. [Bid Now]
  - BATCH DETAILS:**

KALDI Distributed	Sub-Region	Lot Size	Bid Open	Bid Current	Entry Date	Harvest Date	Strain
7,696	Peru	3,185 lbs	\$3.18/lb	\$3.34/lb	2022/01/01	2022/04/01	Arabica
- Footer:** KALDI Stats: TLV: \$12M | Locked Supply: 1,000,001 KALDI | APY: 64%







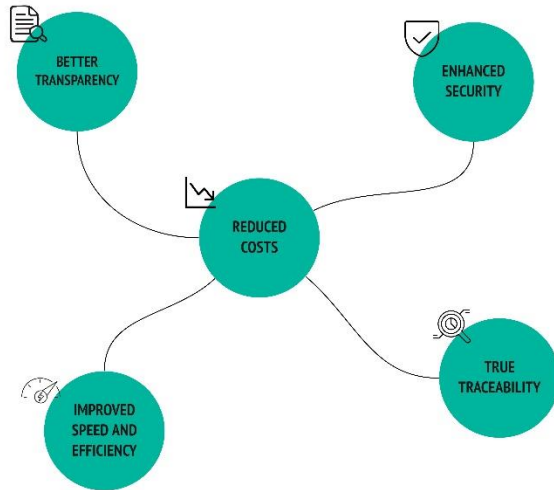
## KaldiMarket Blockchain and Cryptocurrency Token Overview

A key differentiating element to the Kaldi Company business model is the inclusion of a blockchain-based digital marketplace platform to facilitate international green coffee wholesale buying and selling. This is coupled with the utilization of a custom cryptocurrency called the Kaldi token.

Unfortunately, blockchain has become somewhat of a buzzword with many running to it as a “cure-all” for whatever technology problem might exist. The reality is that *many* online platform or app solutions are more efficient than using a traditional development stack. However, there are some use cases where blockchain clearly excels and provides unique opportunities for innovation. These differentiating factors are tied to the foundation of what blockchain is – an online ledger that natively enables the exchange of value or data between two separate parties, often unknown to one another, without the need for a trusted central counterparty between them. It does this without the requirement of additional code or development beyond the underlying blockchain infrastructure and is further verified for accuracy and secured through a global network of contributors confirming legitimate ledger entries (done differently depending on the type of blockchain – but to the same end effect).



## TOP 5 BLOCKCHAIN BENEFITS



## BENEFITS OF BLOCKCHAIN IN DIFFERENT SECTORS



### TRADE FINANCE

- DATA INTEGRITY
- STREAMLINES PROCESS
- PROGRAMMABLE PROCESS
- MARKET RE-ACTIVITY
- CODE REDUCTION



### ENERGY SECTOR

- ENVIRONMENTAL SUSTAINABILITY
- REDUCED COSTS
- IMPROVED TRANSPARENCY



### REAL ESTATE

- TOKENIZATION
- PROPER TENANT AND INVESTOR IDENTITY
- PROPERTY SALE
- REAL-TIME ACCOUNTING



### GOVERNMENT

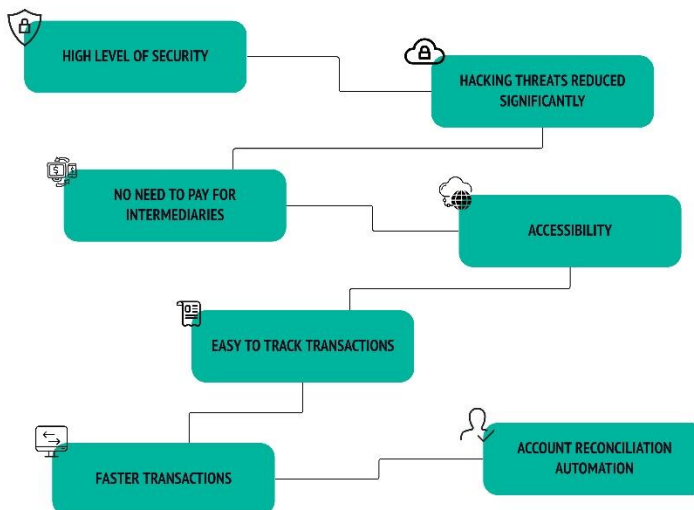
- PROPER IDENTITY MANAGEMENT
- TRANSPARENT ELECTIONS
- FINANCE MANAGEMENT



### HEALTHCARE

- UNIVERSAL PATIENT PROFILE
- DRUG TRACEABILITY
- BETTER CLINICAL TRIALS
- ELECTRONIC HEALTH RECORDS (EHRs)

## ADVANTAGES OF BLOCKCHAIN TECHNOLOGY



*Blockchain Overview – Benefits of the blockchain ecosystem.*

This element becomes paramount when the need for trustless exchange and inspectable immutable data and transaction history is a high priority – as seen when looking at supply chain tracking and chain of custody needs. Blockchain does this natively, better than any other technology solution in existence, so when considering transparency and traceability as part of a company's development needs, incredible efficiency is gained when blockchain is included at some level.

Therefore, when building an online marketplace for trading commodities with the added need for supply chain transparency and import/export automation, the foundation of blockchain allows a differentiated level of exchange *efficiency* capable of facilitating industry-level *scalability* with millions of participants while maintaining extremely low barriers to entry due to the cross-border and inclusive nature of the existing cryptocurrency market. In fact, because of the existing open protocols of blockchain and therefore cryptocurrency markets, there is no other financial medium in the world that is as easy or inclusive to participate in and use to exchange value across international borders, as cryptocurrencies.

These benefits of using blockchain can be accomplished by building on blockchain regardless of the inclusion of our own custom cryptocurrency token. Nevertheless, we are also issuing our own currency for one very key and powerful reason – the ability to create incentives for participants and stakeholders at little to no cost for that inclusion while adding exceptional return on investment potential for those intended recipients.



*Kaldi Token Issuance 1 – New cryptocurrency value gain example.*

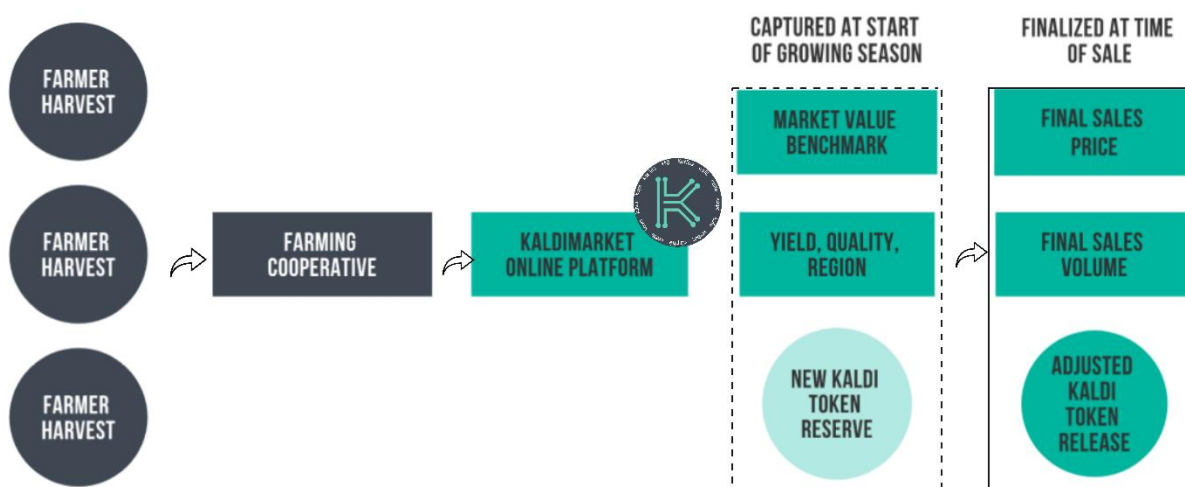
This approach creates the same or similar benefit a small country might gain by issuing its own currency - they can create incentives at only the cost of issuance (we'll ignore the broader nuance of inflation and deflation for simplicity of this example) where the value of such issuance fluctuates based on the confidence and utilization of that currency in various economic sectors. Within cryptocurrency and more specifically the microeconomy within the KaldiMarket, these economic elements are tied to stock-market-like trading of the secondary cryptocurrency market which boasts a market cap that has fluctuated between \$1 and \$3 trillion this year with trading volume in excess of \$50 billion to \$200 billion daily across multiple segments of which KaldiMarket holders can participate and diversify at very little cost. Further benefits include the interchangeability of the Kaldi cryptocurrency token into other major crypto and fiat currencies at minimal fees worldwide and the underpinning of intrinsic demand of the sales of the green coffee that passes through the KaldiMarket - as all harvest lots listed for sale have listing fees that are paid in Kaldi tokens. Beyond this, as you will see below, Kaldi has other considerations being built that add to overall demand, trading depth, and market stability adding to the value proposition for Kaldi token holders.

## Kaldi Token Protocol

The Kaldi token represents a novel protocol tailored to coffee as a commodity and by using that commodity to back and reinforce the value of the currency. A series of incentives alongside inflationary and deflationary mechanisms orbit around a core concept: green coffee harvests trigger the minting or issuing of new Kaldi tokens.

In the blockchain world, and especially in the subsegment speculative cryptocurrency market, the idea of a cryptocurrency ecosystem and consensus model revolving around a ‘reward for participation’ through the minting of new coins or tokens is well understood (i.e., the Proof of Work model used by Bitcoin that is intended for both trustless consensus and in part, the security of the blockchain itself, which triggers a reward of newly minted coins for miners that contributed).

For the sake of clarity early on, with the first release of KaldiMarket, we are **not** designing a new blockchain and consensus model with minting rewards based on the involvement of green coffee harvests. We are, however, designing a token that lives on top of an existing smart contract enabled blockchain with Ethereum Virtual Machine (EVM) capabilities, that layers on top its own inflationary and deflationary triggers and mechanisms to support the economic health and sustainability of the micro-economy tied to Kaldi token. Their main nested inflationary or “issuance” mechanism, and reward for participation, is the minting of new Kaldi tokens by green coffee harvests so that those tokens entered into the KaldiMarket economy are underpinned by real world assets - in this case the green coffee, and a portion of their corresponding real world fiat value at the time of sale.



*Kaldi Token Issuance 1 - Farm and cooperative input.*

This proprietary smart contract-tokenized system allows Kaldi cooperatives to enter green coffee harvest details, certified by existing industry quality norms, directly into the KaldiMarket trading platform interface as simply as an eBay listing.

The platform interface is accessed via the web through desktop computer, or via mobile app on phone and tablet. The coffee harvest details once entered and accepted generate a Non-Fungible Token (NFT) representation of that harvest.

NFTs are most well-known for their association with digital art, acting as a kind of trading card of sorts that represents an underlying digital asset. For us, NFTs are acting as transparent markers for the system, allowing quick independent inspection by regulators, suppliers, roasters, and consumers in a uniform and secure format. It also seamlessly facilitates the optional entry of brokers into the system, allowing the NFT representing the harvest to pass hands to middle buyers prior to a final sale (although brokers are not required in this model).

The Kaldi harvest NFT also standardizes the presentation and transfer of products through the sales pipeline, making it easy for brokers, commercial buyers, roasters, and other end purchasers to interact and safely buy with some key added features, such as having the typical legal purchase contracts used to finalize such a transaction largely (if not entirely) facilitated via digital pre-programmed smart contracts associated with the NFT, making the entire experience turnkey and standard from one jurisdiction to the next.

### Kaldi Coffee Harvest to Cryptocurrency Lifecycle and Farmer Incentive

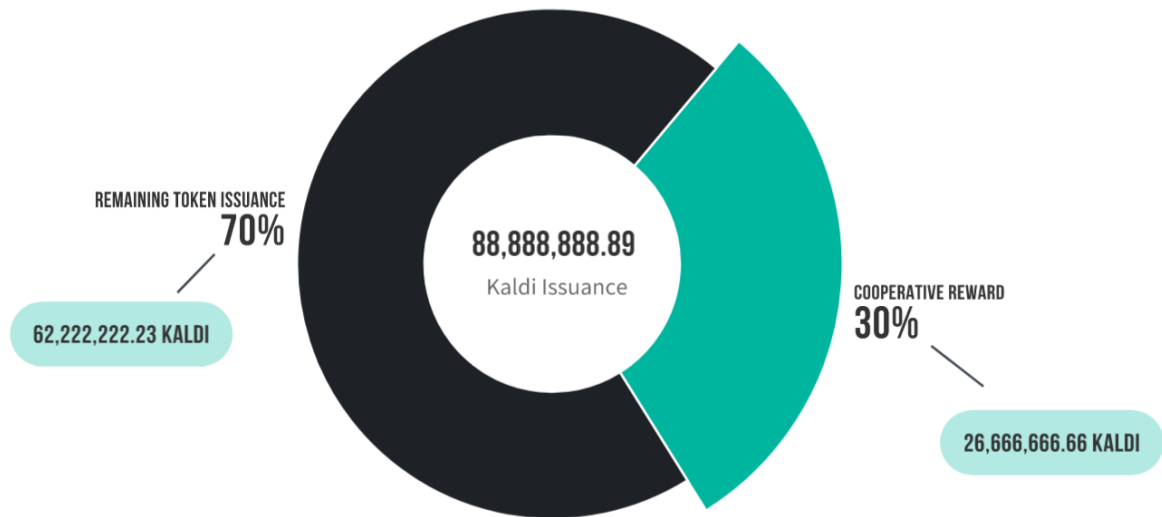
As a green coffee harvest is entered into the KaldiMarket, a projected fiat market value is generated based on harvest size and accompanying quality benchmarks. That market value goes into a formula to generate a relative number of Kaldi tokens, this takes place 3 times throughout the year, batching all submitted coffee lots based on the window of time in the year that they were submitted. The Kaldi tokenomics modeling is based on a static supply of 1 billion total new tokens that can be issued in this manner. This issuance formula evolves over time based on market trends but even using very conservative modeling we project a 1 billion *whole* token issuance to take over 25 years to finalize, with fractional token issuance continuing much longer. The following is an example of this formula in action, this isn't representative of the final formula as the target mint percentage to sales value will fluctuate based on market effects. As part of this mint schedule, we expect a burn of 15 million to 25 million Kaldi tokens per year, bringing our net "new issuance" lower than modeled here:

20,000 FARMS \$160M PROJECTED VALUE	75,000 FARMS \$612M PROJECTED VALUE	250,000 FARMS \$2.064B PROJECTED VALUE	700,000 FARMS \$5.869B PROJECTED VALUE	1,500,000 FARMS \$12.72B PROJECTED VALUE
TARGET MINT OF 10% OF SALES VALUE	TARGET MINT OF 5% OF SALES VALUE	TARGET MINT OF 2.5% OF SALES VALUE	TARGET MINT OF 1.20% OF SALES VALUE	TARGET MINT OF 0.68% OF SALES VALUE
<b>\$16M WORTH OF KALDI IS MINTED</b> Projected Average Price of \$0.18/Kaldi	<b>\$30.6M WORTH OF KALDI IS MINTED</b> Projected Average Price of \$0.35/Kaldi	<b>\$51.6M WORTH OF KALDI IS MINTED</b> Projected Average Price of \$0.60/Kaldi	<b>\$70.46M WORTH OF KALDI IS MINTED</b> Projected Average Price of \$0.83/Kaldi	<b>\$86.496M WORTH OF KALDI IS MINTED</b> Projected Average Price of \$1.07/Kaldi
<b>88,888,888.89 NEW KALDI ISSUED</b>	<b>87,428,571.43 NEW KALDI ISSUED</b>	<b>86,000,000 NEW KALDI ISSUED</b>	<b>84,850,120.48 NEW KALDI ISSUED</b>	<b>80,837,383.18 NEW KALDI ISSUED</b>

*Kaldi Token Issuance 2 - Coffee sales value generating new Kaldi tokens.*

These newly created tokens are divided up into separate payout 'buckets' which will be covered in more detail below, however the first payout goes directly and immediately back to the farm cooperative or growing union representing the individual farmers. Their percentage is 30% of the total newly minted tokens. Using the example above for the first 20,000 farm model which generated 88,888,888.89 new Kaldi, assuming that was the net final number (meaning 100% of sales targets were

hit, sales under that performance would adjust the final mint downwards proportionately), participating cooperatives would receive a share of 26,666,666.66 Kaldi tokens in relation to their own volume of product sold through KaldiMarket.



*Kaldi Token Issuance 3 - Cooperative harvest lot minting reward overview.*

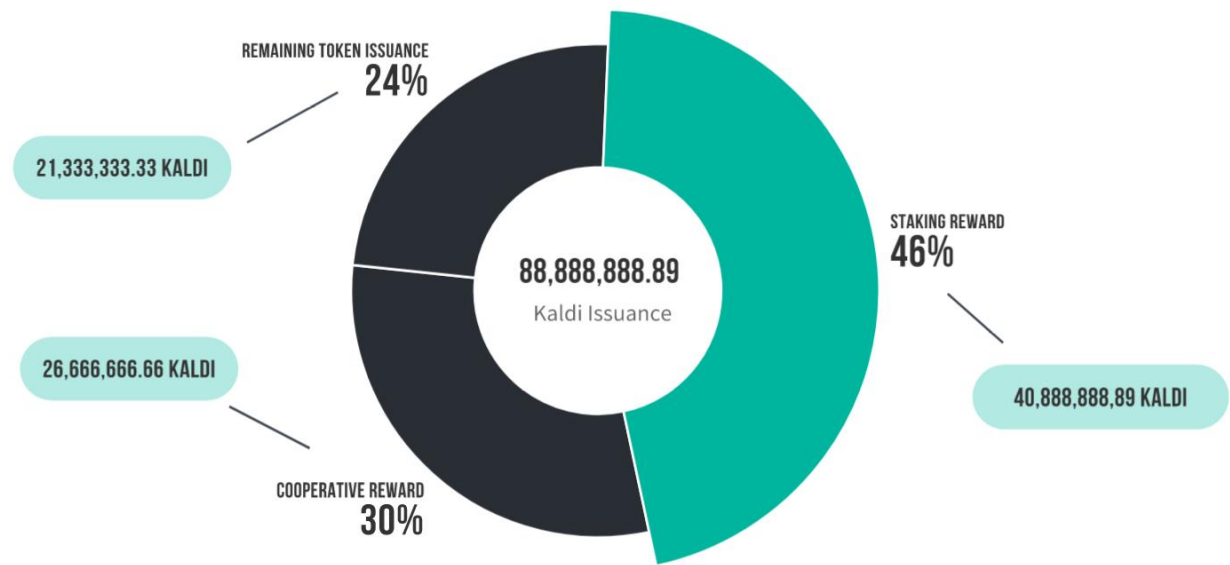
The strength of this model for the farmers directly, is that we are creating a high-volume specialty market where smallholder farmers can move massive quantities of their green coffee through our platform similar to what you might see with the C Market or specialized large volume trade brokers like Olam. Except, with region specific pay differentials included so that a competitive *specialty* coffee price (which is typically much higher than the baseline C Price) is consistently executed, and without or much reduced added settlement or middleman fees other solutions impose.

Therefore, the distribution to the overarching farm cooperative as outlined above, that the individual farm is a member of, is now gaining an additional benefit to these volume sales - that is significant additional capital from these Kaldi token distributions. This gives them access to on-platform investment options, the ability to invest directly into their local communities, coffee operations, or into individual member farms based on the cooperative's judgement. Since most cooperatives are owned by the participating farmers where the farmers have equal votes, it empowers them to self-regulate and use these added resources to their advantage. For further context, on average in year 1, we expect this distribution of Kaldi tokens as outlined above going to cooperatives to be worth between \$6 million and \$8 million, which will likely be split between 2 or 3 early participating cooperatives. The value of this distribution grows with the value of Kaldi and with the growth of the platform in terms of green wholesale coffee that gets entered by participating cooperatives.

### Kaldi Staking Reward

The second payout is set aside as a staking reward to incentivize endemic investors in the cryptocurrency market to not only buy Kaldi tokens but to stake them (lock them up) for a period of 3-6 months. The reward for participating in this feature gives them a share of 46% of the token mint for that batched timeframe. Using the example above for the first 20,000 farm models which generated

88,888,888.89 new Kaldi, those staking would receive a share of 40,888,888.89 Kaldi tokens in relation to how many Kaldi they staked compared to the overall pool of staked Kaldi.



*Kaldi Token Issuance 4 - Staking reward overview.*

Staking is a powerful feature, it helps mitigate against massive selloffs in market downturns and smooths out Kaldi price fluctuation during token exit to fiat (or other cryptocurrencies) especially around key times of the year, like when cooperatives are paid out and are potentially looking to turn their Kaldi into usable local fiat cash.

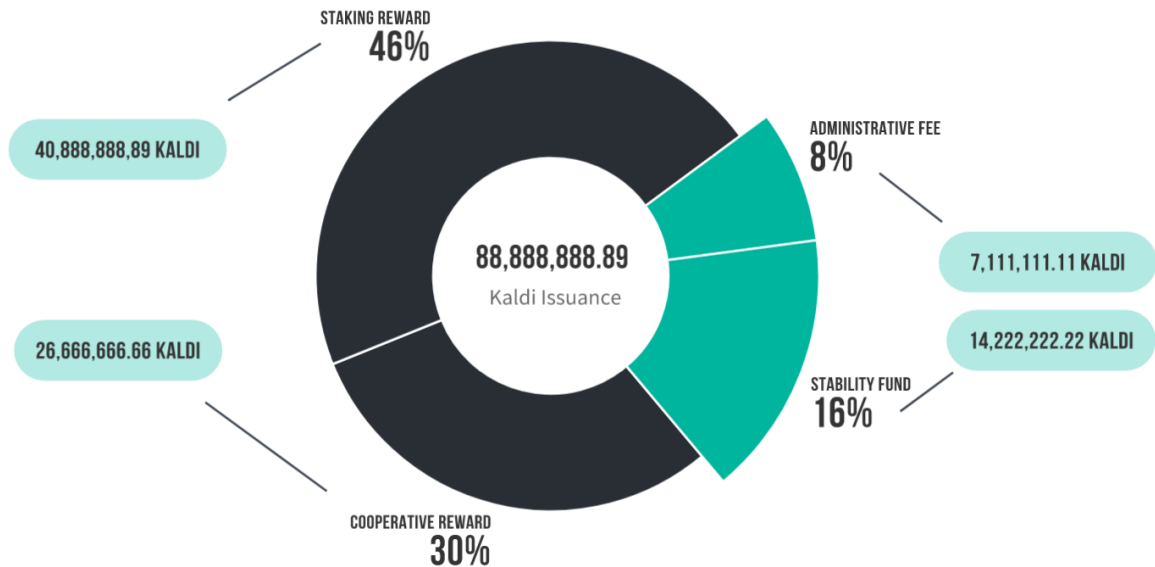
While staking is a common DeFi term (Decentralized Finance – a subsector of cryptocurrency), Kaldi's design of this familiar process poses no risk to the owner of Kaldi tokens other than removing their ability to realize gains or losses while the Kaldi tokens are locked up. Also unique, is that rather than a dedicated APY based on lending or performance of a specific crypto-trading pair as seen on decentralized exchanges, Kaldi's staking return is based on actual newly minted tokens which are only executed by real-world coffee sales, and therefore quite stable.

### **Administrative Fee and Stability Fund Fee**

The final allocation from a batch of newly minted Kaldi tokens is an 8% administrative fee that goes to the KaldiMarket for maintaining the system, and 16% that goes toward the KaldiMarket Stability Fund for the benefit of Kaldi price stabilization.

Price stability in the cryptocurrency trading and exchange market is important. Unlike regional markets like the NYSE, there are no trading hours, and the market effects are directly global (as opposed to indirect). This can cause unplanned or unexpected volatility.





*Kaldi Token Issuance 5 – Administrative fee and Stability Fund overview.*

The Stability Fund has a key and very powerful role in the KaldiMarket ecosystem. At distribution when the KaldiMarket price meets certain criteria for being healthy (criteria like 30-day Relative Strength Index (RSI), 60 and 90-day Simple Moving Average (SMA), Exponential Moving Average (EMA), trading volume, and other signals or trade elements), it will convert Kaldi tokens into a basket of various stable cryptocurrencies (like USDC, TUSD, PAX, BUSD, and others). This fund acts as a price stability treasury, when the price starts to drop below certain thresholds based on similar criteria as mentioned above, it starts to buy back Kaldi from the market to help mitigate volatility or sudden down turns in market price due to external factors. This system is governed by a complex set of rules that buys back Kaldi in tranches, looks for market equilibrium signals, and either abates or continues a buy strategy.

Following each tranche, the Kaldi tokens purchased are **burned from circulation forever** and using AI assisted formulation alongside that removal of tokens from circulation, and in conjunction with the fund's recent purchase, goes into a decision engine on whether or not the fund continues to unlock more 'buy tranches', or considers the market stabilized.

To show the potential strength of such a deflationary mechanism, consider this scenario:

- Kaldi has a price of \$1.87, alongside a circulating supply of Kaldi tokens numbering 254,143,976, giving us a total market capitalization of \$475,249,235.12 (that is our price of \$1.87 \* our circulating supply of 254,143,976).
- Daily average trading volume is between \$30m and \$36m, due to a huge market slip with Bitcoin and Ethereum, the price does a sudden plummet to \$1.84, then \$1.81, then \$1.79; at this point criteria for market stability has signaled that the KaldiMarket stability protocol initiates and makes a purchase based on the average trading volume at that time, in this case, let's say that first tranche to unlock was equal to half of the day's trading volume, or roughly \$15m to \$18m.



- It then starts to buy up Kaldi tokens in \$10k to \$30k chunks, spreading the buys out to avoid adding even more pendulum volatility to the Kaldi token price. This causes the downward price to slow and bottom out at \$1.67, then enables some sideways trading fluctuating from \$1.67 to \$1.68 and back again for several intervals.
- External market effects cause an even larger slide pushing past the KaldiMarket stability protocol to slide all the way to \$1.58. This activity has now brought us into the next trading day, and another tranche has opened, but now the average daily trade volume has dropped to a rate equivalent to \$18m to \$22m, so this tranche is smaller than the first.
- At the same time, regular social media and web updates have been published showing that the previous tranche purchased approximately \$17.1m worth of Kaldi at an average price of \$1.68, which ended up burning 10,119,048 Kaldi tokens from circulation, impacting market sentiment in a positive way, these updates are pushed to market trackers and exchanges as well.
- With these localized market effects, the stability protocol begins buying Kaldi again, this time it steadily rises, and finds equilibrium at an average price of \$1.78. More social and web updates are published showing the results of the second tranche, this time a total of \$13.4m was spent at an average price of \$1.72 for an additional 7,790,698 KaldiMarket tokens burned.
- At this point, the price steadily rises organically and the previous price range of around \$1.87 is achieved over the course of the next trading day, except now the external market effects have ceased, Bitcoin and Ethereum are climbing again, and the demand for Kaldi hasn't changed since the slip, but the circulating supply has decreased from 254,143,976 to 236,234,230, making everyone's holdings more valuable. This drives the price much higher than the previous range, easily breaking past \$1.95, and finding equilibrium just below the \$2.00 point. Even with this quick climb, because of the token burn, the overall Kaldi market cap is actually lower than before the slide. If the new average price was \$1.98 and we multiplied that by the new circulating supply, we have a new market cap of \$467,743,775.40 (down from the previous \$475.25m from before the market dip).
- If demand continues to stay the same, then our price will likely breakout above \$2.00 over the next few days and find stability above that price point moving forward.

When adding these localized effects to the organic demand on the token through the fees generated by green coffee listings in the Kaldi token and the staking incentive to keep investor funds locked up for long periods of time (to further mitigate price fallout when there are market sell offs like described in this scenario), then through the entry of new coffee product, we see strong balancing mechanisms that promote a smooth upward price arc. Or at least one that helps smooth out particularly volatile events.



*Stability Fund Figure 1- Stability protocol summary.*

A final note on this subject. This mechanism is **not** intended to be used to peg the price of Kaldi to a specific fiat target, or to somehow use the value of underlying green coffee assets as price discovery for some sort of price peg and then use a mechanism like this to reinforce that peg. Kaldi is **not** a stable coin, some terms used in this whitepaper when skimmed over may seem like it is intended to be, but to be clear this system is not meant to be a stable coin of any kind.

It is meant to organically grow with the minting of new Kaldi tokens underpinned by the organic external driving demand of coffee sales. This external coffee listing and purchasing demand element is meant to strengthen the value proposition of the Kaldi token alongside speculative investor trading. The stability protocol is then simply meant to smooth out volatility, an added measure to promote long-term sustainability – nothing more, if it is exhausted through a particularly long market downturn (in a so-called crypto winter scenario), it will organically refill through the continued entry of new coffee product and the cycle will continue.

### Buyer Participation Incentive

While not rewarded with newly minted coins, buyers are incentivized to participate through the ethical and direct support of smallholder green coffee farmers that the KaldiMarket supports. Participation means they are contributing to the ending of the inhumane exploitation of smallholder coffee farmers all over the world.

Beyond the values approach, Kaldi is creating a mechanism to allow the transacting of large volume specialty coffee. This essentially becomes a direct trade effort but leverages technology to do it at scale in a more cost-effective and efficient way, making it more beneficial and viable for sellers and buyers.

## DEVELOPMENT AND MARKET RESEARCH

The Kaldi ecosystem development plans are a crossover between blockchain and cryptocurrency development and on-the-ground development with cooperatives and groups representing the combined efforts of thousands of smallholder coffee farmers. These efforts happen in tandem but there are some key priorities we'll be focused on in the beginning.

### Target Market

The Kaldi Company is building a multi-faceted solution targeted at smallholder coffee growers worldwide. As we laid out earlier in this paper, smallholder coffee producers comprise about 60% of all green coffee seen in the market today. That makes Kaldi's main target customers, the smallholder coffee farm cooperatives and growing unions looking to sell wholesale coffee; second, coffee wholesale buyers looking for bulk high-quality specialty coffee; and third, investors and traders in the cryptocurrency space.

### Smallholder Coffee Segment

While Kaldi's focus is on smallholder coffee growers, they are not putting any hard limits on who can join the KaldiMarket and take part in the Kaldi Mission.

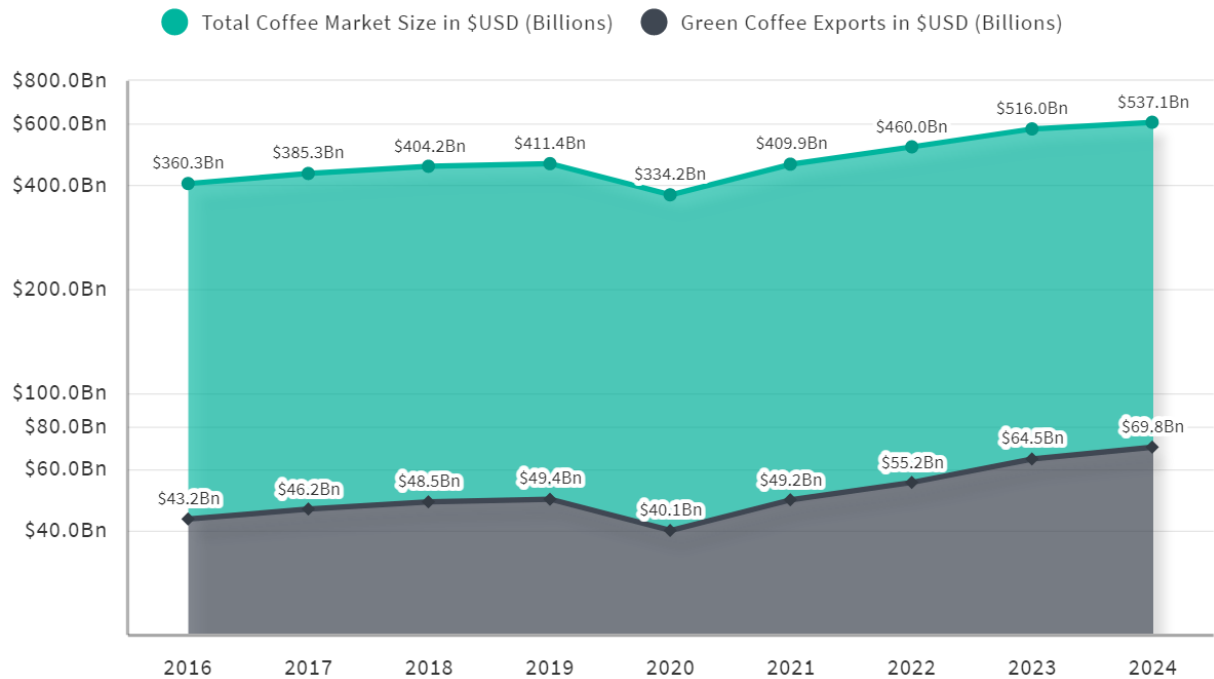
They assess their target smallholder coffee growers to farm between 1 and 20 acres, at an average size of about 6 acres, with an average yield ranging from 300 to 700 pounds of green coffee per acre. Kaldi expects these market participants to be from Ethiopia, Uganda, Indonesia, Vietnam, Burundi, Kenya, Colombia, Brazil, Peru, Nicaragua, Guatemala, and various other tropical countries from Central and South America, Eastern Africa, India, and throughout Asia.

At launch, a key priority is to onboard one or several mid-sized coffee cooperatives or growing unions. This is already underway, and these early participants will be Kaldi's first customers, giving them first mover advantage in this new marketplace. Some of these key targeted first customers already have over 200,000 source member farms from various coffee cooperatives and unions representing Peru, Nicaragua, Guatemala, and Ethiopia. Of those farms, Kaldi has a target to launch the KaldiMarket with 20,000 smallholder farms. This controlled launch enables them to execute multiple market elements in parallel, like investing into their co-op participants as Kaldi quality control and distribution logistic hubs, ensuring their cryptocurrency-based KaldiMarket is manageable and scalable with projected static parameters during their first year, and enables specific forecasting on green coffee yield and overall revenue generation for all involved.

During the first year, Kaldi's invite only 20,000 farms are expected to generate over \$100 million in gross revenue, as they expand to 100,000 farms or more the second year, they project gross revenue to be around \$500 million and above. Overall growth potential in this subsector of coffee farmers is in excess of 12 million smallholder farms, which is expected to account for over \$70 billion in annual gross green coffee sales by 2024 according to [Statista](#). Kaldi expects this number to grow substantially as quality post-harvest processing infrastructure is added to these various coffee growing municipalities, both from local investment and from Kaldi's own participant investments. These numbers are conservative as they consider a slightly higher average than the existing price floor seen

on major coffee exchanges like the C Market, based on source region differentials, but lower than typical specialty coffee sales numbers already seen in small boutique markets.

Global coffee market demand continues to expand at a strong pace, especially as emerging country GDP in many areas of the world sees significant growth, putting more disposable income in the hands of new coffee consumers, contributing to a compound annual growth rate (CAGR) of 5.30% according to [Statista](#) between 2022-2025. This will affect both growth of the industry in terms of volume consumed and the price of green coffee, especially since usable coffee farmland is decreasing year over year even as consumer demand continues to increase.



Market Figure 1 – Shows overall coffee market size in USD alongside green coffee export size according to Statista.

According to a report by [Coffee Barometer](#), of the total global coffee market, approximately 12% account for green coffee exports, or about \$55 billion based on 2022 numbers. This is a more realistic target market size that removes retail and other direct consumer sales from the picture. However, over time Kaldi expects their participation in the market to raise the percentage of overall revenue introduced to the market by green coffee exports through a higher percentage of coffee margins being shifted to farmers via their pricing mechanisms.

In the beginning, Kaldi is controlling the introduction of new farm participants to the market, but this approach brings the added benefit of an accompanying dedicated list of base-line buyers with a priority to purchase coffee at a premium where the needs and sustainability of farmers are paramount.

As Kaldi grows, external coffee buyers will onboard organically, but their goal is to seed as many elements of the system in the beginning as is reasonable and prudent to ensure launch success.

### Cryptocurrency Trading Market Segment

A cornerstone strategy for the success of the KaldiMarket, and subsequently the Kaldi token, is the use of decentralized finance (DeFi) mechanisms. Staking Kaldi against harvests in return for a portion of

the freshly minted tokens from that harvest as a main example – essentially guaranteeing investors a positive APY (that is a dedicated increase of Kaldi tokens in addition to their staked amount).

For that reason, this segment can really be looked at from two fronts. The first is the stock market-like trading Kaldi will do on third party exchanges like Kraken, Bittrex, and later potentially on multi-jurisdictional exchanges like Binance and Coinbase. Investor speculation of Kaldi tokens is an important liquidity element that will directly support our commodity ‘market making’ efforts as it gives the needed trading depth that makes Kaldi token an attractive settlement medium between buyers and sellers of the green coffee product as it passes through the KaldiMarket. Currently, cryptocurrency trading has a market cap of over \$1 trillion to \$2 trillion with daily trade volume fluctuating between \$100 billion and \$200 billion. For context, the US NASDAQ stock exchange’s daily volume is typically between \$240 billion and \$270 billion when looking at comparable timeframes.

Having listing fees paid in Kaldi tokens is an important part of the Kaldi business model as it directly benefits smallholder coffee farmers through the ease and interchangeability between larger cryptocurrencies like Bitcoin and Ethereum, local fiat currencies, and major first world currencies like the dollar and euro through third party vehicles. This can often be a significant benefit as some local fiat currencies can carry a significant risk of devaluation and volatility due to unstable external economic conditions. A good example of this is the swing volatility seen in the Colombian Peso when the crude oil supply is unstable. Therefore, Kaldi becomes a hedge to local economic downturns, allowing farmers to liquidate when needed to cover farming and living expenses, and save or invest what remains in financial vehicles they would otherwise have a high barrier of entry to realize.

The second front is the DeFi subsegment of locked value, often referred to as ‘yield-bearing’ investments. According to [DeFi Pulse](#) there is over \$26 billion in locked value as of September 2022, with a peak of over \$90 billion this year. This subsegment is currently valued at over \$40 billion when considering locked and transitional trade volume and has over 4 million unique investors speculating on various yield-bearing instruments. Capturing even 1% of this market share will provide over \$260 million in locked Kaldi value for 4-8 months at a time, significantly strengthening the stability of Kaldi's price on a recurring basis.



Market Figure 2 – Shows total locked investment value in the Decentralized Finance segment of cryptocurrency.

## Competitor Analysis

Kaldi's position in the market is focused on being a volume-based direct trade solution. This is important because direct trade today is only accomplished in very small batch means, with no effective options to buy in volume at specialty prices. Beyond direct trade, competitors fall into 2 main categories: broker (20%-30% of

the coffee market is sold using this method) and C Market (over 50% of the coffee market is sold using this method). The C Market plays a key role in the industry, here's some background on what they do.

The C Market (short for Centrals Market) is world's largest coffee commodity futures trading platform. As a futures market, it has an important place in creating market liquidity and enables growers and industry participants to more accurately forecast demand. It also allows trading of these future contracts by end-buyers (who are buying to acquire wholesale physical green coffee) and speculative investors (who are buying and selling the contract in the same way you would buy and sell stocks, to make a profit on those trading margins, most often selling the contract prior to its expiration to avoid acquiring the green coffee itself). This creates a secondary liquidity layer further hedging the price and mitigating volatility. Due to its size and worldwide utilization, its benchmark coffee C Price, is used as a baseline for price discovery for other spot and future markets. The main downfall is that the price, while based on supply and demand, does not consider the majority of growers - smallholder farmers, as the fluctuating C Price can often fall below their costs to grow, and the complexity of using the C Market bars entry for many smallholder farmers.

KaldiMarket takes some of the tried-and-true concepts of the traditional C Market and innovates on those concepts for a blockchain enabled, and cryptocurrency backed, trading platform that vastly improves sustainability for a demographic of coffee growers that make up over 60% of worldwide producers. While the C Market is not Kaldi's main competitor, as they're firmly positioned as a volume direct sales facilitator as opposed to a volume enterprise and regulated futures commodity solution, it's worth highlighting how their platform compares, as one serves the enterprise farmer (the C Market) and the other the smallholder farmer at scale (KaldiMarket).

	KaldiMarket™	Intercontinental Exchange - C Market	Fairtrade International - Coffee
Product or Service	Coffee futures via blockchain NFT and spot market fulfillment	Coffee futures trading and spot market fulfillment	Coffee spot market fulfillment with producer to consumer focus
Market Share	Pre-Launch	50%	2%
Growth	Pre-Launch	18%	16%
Target Audience	Volume Smallholder Farmers	Enterprise Farmers	Smallholder Farmers
Price Structure	Variable harvest lot auctions with flat listing fee after product sells	Product contract trade fees + membership fees	Producer to consumer variable lot size fees + membership fees
Marketing Strategies	Strategic farm coop promoters, blog, ad placement, socially responsible branding	Market leader	Blog, ad placement, socially responsible branding
Sustainable Practices	Digital currency for ease of cross-border access with added benefits like micro-finance support, as well as local farm infrastructure improvement and relocation support	Standardization for ease of import/export globally	Widely accepted ethical seal
Strengths	Significant crypto-economic incentives tied directly to smallholder farmer green coffee harvests with global specialty coffee volume sales capability bringing much higher returns back to the farmer	Volume system able to handle 10s of millions of pounds at a time	Financial premiums included in cost structure to promote higher farmer return
Weaknesses	Not designed for large enterprise farm utilization	Massive barrier to entry for majority of smallholder coffee farmers due to complex trading system, license requirements, and high fees	Bloated bureaucracy of certification blocks smallholder farmers it was designed to help, but enables large enterprise farms
Key Advantage	Strong economic incentives, coops as stakeholders, specialty coffee volume sales solution, greatly improved logistics facilitation	High trading liquidity for large volume sales	Recognized as ethical certification seal

Market Figure 3 – Shows competitive comparison to the ICE C Market and Fairtrade International.

There is a big opportunity to fix problems that have emerged in the Fairtrade model due to bureaucracy introduced through their certification process and the inequality introduced through misaligned incentives that create barriers to participation by those farmers who need it most.

On the trading front, exchanges like the C Market have built a foundation catering to enterprise farmers, which produce the largest volume of green coffee on a disproportionately smaller number of farms. This leaves over 60% of global coffee farmers at a severe disadvantage. While it is not the job of a free-market exchange to somehow manipulate market behavior in favor of one participant over the other, there is an opportunity to create a solution that facilitates competitive pricing scenarios while also supporting the foundational producers themselves.

This is already a well-established market behavior, especially in agriculture. For example, we see government subsidization for US farmland and specific agricultural crops, especially when supporting broader market sustainability as early as the 1930s, and similar programs in the EU much earlier than that. These programs are built to sustain small farmers and protect the production of staple crops that support nationwide food production priorities, and other incentivization categories. Today the US alone spends over \$27 billion on farm subsidies and as of 2021, these subsidies made up 23% of total farm income. Without consideration for smallholder coffee producers' sustainable pricing needs at a global scale, we are continuing down a path that will displace massive amounts of coffee farmland into other crops (or no crops), adding to an exponential supply downsize. Beyond the impact on the farmers themselves and the humanitarian needs attached to that element, the damage this continued trend will have to the market will be felt on all levels. A markedly different approach is needed by new market entrants to reverse this direction.

Kaldi's **key differentiating advantage**, therefore, is its utilization of blockchain technology for market-making efficiency removing layers and layers of bureaucratic paper trail drudgery, and through Kaldi owned and issued cryptocurrency to create a microeconomic system with incentives that natively include a subsidization-type model through token minting rewards to increase value to smallholder coffee producers without relying only on significant price hikes, which as we've seen with Fairtrade does not allow you to stay competitive at capturing a significant share of the market.

## Marketing Focus

Kaldi's marketing plan starts with its token fundraising launch. They are looking to participate with innovative launch networks and labs attached to their final blockchain decision with a priority on the influencer, investor, and academic authorities in the blockchain and cryptocurrency space.

The blockchain space is still forming and networking between existing projects and teams is incredibly important for early success. Beyond that, Kaldi is focused on digital marketing and traditional marketing channels for the overall marketing strategy.

The Kaldi founding team also has a history of leading in humanitarian interventions and they plan to leverage their existing network, relationships, and reputation on that front for their efforts to improve the green coffee farmer's posture in the coffee marketplace. This includes academic leadership, social responsibility, and cross-over supply chain model leadership for existing prominent coffee industry participants.



## Platform Development Focus

Kaldi has relationships with some leading blockchain development teams. These relationships are augmented with specialist experts in cryptocurrency modeling, tokenomics, software and smart contract dev oversight and management, cyber security, regulation, and legal compliance allowing our roadmap and launch plan to mitigate most catastrophic failures and to ensure they minimize critical risk every step of the process.

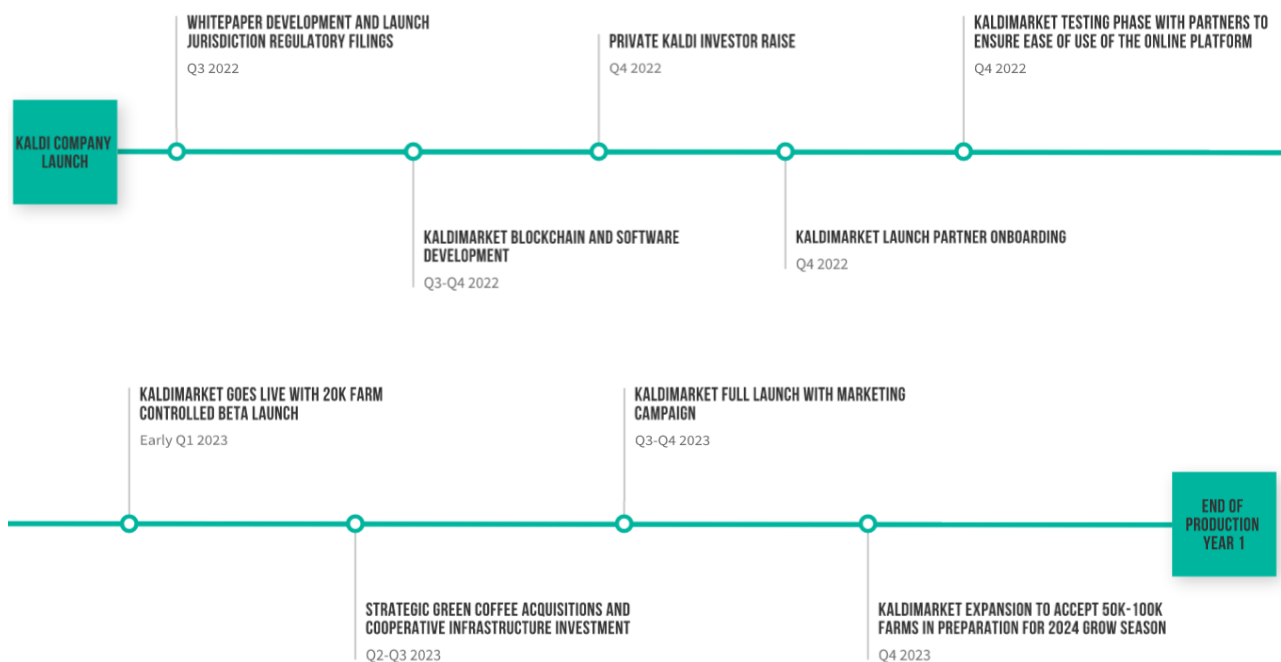
Following the crypto funding raise, Kaldi will have the framework, system models, and personnel needed to start development. Their roadmap includes the planned onboarding of smallholder green coffee farm participants that will be utilizing KaldiMarket on day one, which is targeted at over 20,000 smallholder farms in the beginning.

This will account for an over \$100m projected transaction volume at 100% of sales after the first harvest and will act as the Kaldi launch control case for what their system models are built to anticipate. As real-world economic dynamics and atmospherics are applied to model theories, adjustments will be made, and the pool of farms allowed to access the KaldiMarket will be increased for follow on harvests.

Kaldi's target network of smallholder green coffee farm groups (unions and cooperatives mainly) account for over 200,000 smallholder coffee farms representing almost \$1b in potential commodity sales in the beginning, giving them access to a fantastic collaborative group of participants to launch the KaldiMarket and Kaldi cryptocurrency token with.

## Roadmap

The Kaldi launch strategy treats their blockchain development effort the same way a software development cycle would be managed in a traditional company, this is done in tandem with development efforts on the participant, planning, logistic, and infrastructure avenues of the Kaldi Company business model.



# KALDIMARKET TOKEN LAUNCH STRATEGY

KaldiMarket will be launched on an Ethereum Virtual Machine (EVM) enabled blockchain. By nature of the EVM compatibility, these solutions are also all smart contract enabled allowing custom tokens/currencies and decentralized apps (dApps) to live on them.

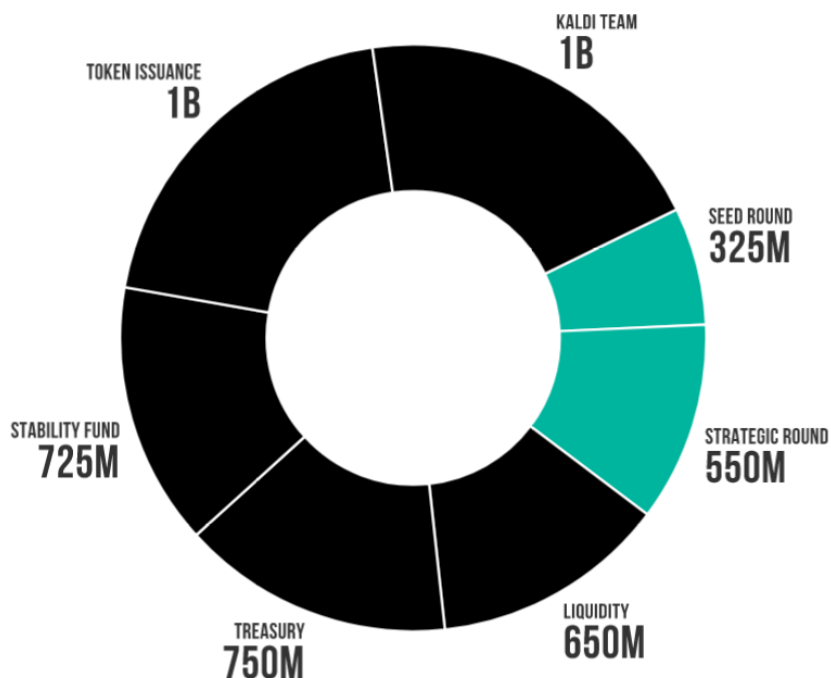
While these candidates are still being assessed, it will not change the Kaldi development plan or cycle, or the launch plan as these blockchains all have a common development language and similar programming libraries. The key takeaway is that Kaldi is utilizing a smart contract enabled blockchain to issue its token and launch KaldiMarket.

## Kaldi Token Issuance

Kaldi is authorizing 5,000,000,000 (5 billion) Kaldi tokens in total at launch. These tokens will go to supporting The KaldiMarket goals and priorities and will adhere to the following distribution and vesting plan:

### *Tokenomics Schedule*

- Seed Round 6.5% (325m) – 18 month vesting period w/ 6 month cliff
- Strategic Round 11% (550m) – 24 month vesting period w/ 6 month cliff
- Liquidity 13% (650m) – 10% (65m) initial release then 36 month vesting period w/ 6 month cliff
- Treasury 15% (750m) – 8% (60m) initial release then 48 month vesting period w/ 10 month cliff
- Stability Fund 14.5% (725m) – 15% (108.75m) initial release then 48 month vesting period w/ 10 month cliff
- Token Issuance 20% (1b) – Custom release schedule based on the entry of green wholesale coffee
- Kaldi Team 20% (1b) – 48 month period w/ 12 month cliff



Token issuance, commonly referred to as tokenomics, is very similar to a company's capitalization table (CAP table). Except, in place of stock issuance, you have token issuance and tokens don't typically carry any sort of ownership or voting right (unless specifically configured that way as seen in some decentralized projects). The total tokens planned to be minted by the project based on their needs and reward mechanisms is like a company's total shares *authorized*. The circulating supply, or portion of tokens available for trading out of that total planned supply is most akin to a company's *issued* shares. When a cryptocurrency project launches and starts trading its custom token or coin via third party exchanges (i.e., Coinbase, Binance, Kraken, etc.), those tokens are traded almost identically to the way a public company's stocks are traded on London Stock Exchange, Toronto Stock Exchange, New York Stock Exchange, and other similar marketplaces. When comparing the cryptocurrency market to traditional markets, it's easiest to think of a cryptocurrency company launch as a reverse IPO. They are publicly issuing a unit representing the potential value of their future company plans and endeavors, versus an IPO where they've already proven their value and are now making units to represent that value available for public speculative investing.

The latter is still largely investing in the future potential value of the company, but it has years of performance already established to base that investment decision on. This is in part why you see so much volatility in the cryptocurrency market. However, its global utilization, and much broader audience involvement (there are fewer restrictions on who can buy or sell with a global unified audience) means you see liquidity levels for token trading that absolutely dwarf smaller traditional fiat-based OTC markets, and easily compete with some of the top 10 global traditional stock exchanges for trading volume, like the London Stock Exchange in the UK which has a \$3.8 trillion market cap and Hong Kong Exchange with a \$5.4 trillion market cap.

So, when looking at the Kaldi issuance, they have several different token pools that are being assigned a token allocation. In a traditional company, these would be people or other companies who are being issued shares with a vesting schedule. In crypto, those allocations go to companies or individuals as well but are also often divided into various internal funds. The tokens are then considered a kind of hybrid stock/cash crossover in this scenario. For our investment rounds shown above, tokens are issued in exchange for fiat cash in the same way stock is issued during a Seed, Angel, Series A, etc. investment round. This is advantageous for investors because unlike an IPO where the initial value of shares is set based on extensive bank audits and other valuation techniques, the crypto company has a lot of freedom in how they assess value and issue tokens so that investors are directly benefited within the general market norms of supply and demand (i.e., creating return scenarios with starting valuation metrics that are in tune with market demand of early projects).

Looking back at the Kaldi issuance table above, this puts their initial circulating supply at 233,750,000 Kaldi tokens, funding several key company ecosystem protocols, a liquidity pool for early exchanges (both centralized and decentralized), and issuance to investors for a sizeable early launch development fiat-based raise.

Seed to Strategic round fund raising is designed to give significant ROI to the earliest investors. Since Kaldi can project how much green coffee product is going to pass through the market at first harvest, they can encourage price equilibrium at launch through early access NFT staking and by publishing the future harvest projections (planned to be in excess of \$50m that first year), further promoting a strong return for early investors based on the backing Kaldi token has by real-world assets, an element that provides organic buy pressure underpinning the entire system.

## Target Raise Structure

As outlined above, Kaldi plans on having two (2) funding rounds to facilitate a **total target raise of \$68m**. These are planned as private SAFT style offerings with fully compliant KYC/AML documentation marketed toward professional investors, VCs, and other cryptocurrency priority investment funds.



## Regulatory and Compliance Considerations

Kaldi has partnered with Suntera Global, a law firm with a global presence including a specialty compliance firm in the Isle of Man, the place The Kaldi Company is headquartered and the jurisdiction they'll be launching Kaldi token in, to execute a legal and top of class token launch that meets all regulatory standards for the Isle of Man. This includes KYC/AML compliance for the Kaldi token sale to a small group of investors and VCs.

The Kaldi corporate vision is underpinned by the social responsibility indicative of doing 'the right thing' by smallholder green coffee farmers and the labor market that support those farmers within the coffee industry. That means going above and beyond on many fronts to be transparent, inclusive, and solution oriented.

Their approach in the blockchain and cryptocurrency space is no different, they're taking extra steps to establish legal opinion, inclusive community practices, responsible promotion and marketing, partnerships with those that have a similar vision and values in the space, and other socially responsible and aware actions from working with environmentally friendly blockchain consensus models to creating sustainable decentralized finance protocols that protect investors and consumers alike for the long term.

## OUR TEAM

The Kaldi Company is founded by a team of passionate humanitarians with a lifetime of experience solving complex intervention problems while not relying on donor driven financial support, but entrepreneurial self-sustainment.

They have deep expertise in not only the coffee business, but also the micro-level needs, logistic concerns, and other atmospherics at a community level within many of the coffee growing villages and cities in Central America and parts of Africa.

### Founding Team

#### Professor Stefan Allesch-Taylor - Founder and CEO



Professor Stefan Allesch-Taylor CBE FKC FRSA is a British entrepreneur, philanthropist, broadcaster, writer and educator. He was appointed a Commander of the Order of the British Empire (CBE) in HM The Queen's 2014 New Year's Honours for services to Charity and Philanthropy in Africa and the UK. Stefan was appointed as the first Professor of the Practice of Entrepreneurship by King's College London in December 2016. He was made a Fellow of King's College London in 2020 for continued 'outstanding service'.

Stefan was named one of London's most influential people in both 2017 and 2018's 'Social Pillars: Charity and Philanthropy' section of the London Evening Standard's Progress 1000 list. He's been described by the London Evening Standard as 'one of the Square Mile's foremost financiers'.

As a chairman, CEO and Senior Director in business, Allesch-Taylor specializes in public companies. He first served as Chief Executive of a UK public company at 27 years old. He has co-founded or invested in more than 100 companies across 15 countries and 12 sectors over the past 25 years.

While Stefan has had an eclectic 30-year career in broad international business, his passion is for joining philanthropy and humanitarian interventions with these endeavors. Among his involvement in many charities, those that highlight his commitment as a values and cause-based entrepreneur the most, are the humanitarian projects that have 'changed the rules' in several sectors of aid and development in sub-Saharan Africa.

As one of several interventions that positively affected the lives of millions of the most vulnerable people on the planet his leadership culminated in a charity he Chairs, Pump Aid, being awarded Charity of the Year (Aid & Development) at the annual UK Charity Awards 2017 for redefining an approach to eliminating water and food poverty in Malawi after 40 failed years of wasted aid money. Pump Aid has provided over 1.5 million people with a safe, sustainable, clean water supply.

Most recently, Stefan was an angel investor and co-founder of Yebo Fresh, a community-driven technology startup focused on an advanced shopping service app and online platform with an innovative business model that saves its customers time, money, and hassle by delivering essential groceries at affordable prices that also has a primary mission to help feed vulnerable families in South

Africa. Last year they provided 19 million total meals with 14 million going to community kitchens, putting together and contributing over 60,000 food parcels.

Stefan is an internationally recognized advocate of using entrepreneurship as a force for positive change and a profound believer in self-sustainable as opposed to donor driven humanitarian interventions.

### Ashley Lopez COO



Ashley Lopez is a Chicago native who studied in Minnesota and later in London. She started in the coffee business leveraging her leadership abilities to become a Director of the Department of Coffee and Social Affairs in March 2012, awarded as the leading coffee company in the UK in 2019 by Allegra Awards. She quickly progressed in that role and moved to Chief Operating Officer in March 2013 and a few short years later in January 2015, she was appointed Chief Executive Officer. This experience created a strong expertise in sourcing, purchasing, and trading green coffee at an international

level and would lead her to later become President and CEO of publicly traded Café Holdings company, in the US, a position she held until 2020 and was at the helm through 16 company acquisitions in 18 months.

As with the rest of the founding team, Ashley shares a love for philanthropy and cause-driven initiatives. She is a Founding Member of the Central London Rough Sleepers Committee. The CLRSC provides meals and services to the homeless and socially vulnerable in Central London and has regularly served the most vulnerable in London society for over 12 years. In June 2015, Ms. Lopez joined the Board of Business for Social Progress, a new forum established by University College London Institute for Global Prosperity, where business leaders discuss how to implement the United Nations Sustainable Development Goals in today's business world.

In January 2016, Ashley was appointed a Trustee of the award-winning water charity Pump Aid, which has provided over 1.35 million of the poorest people in Sub Sahara Africa with clean water. She holds a BA in Law from Winona State University, an MSc in Law & Finance from Queen Mary University, London, and a MA in Management from the University of Westminster, London. In July 2016, she was chosen as the UK business magazine, Management Today's, top 5 businesswomen in the UK under 35 years old.

### Professor Miguel Tirado Strategic Partnerships and Sustainable Development



Dr. Tirado's career spans business, academia, and government service. He has been a Founding Faculty and Graduate Dean at California State University Monterey.

Dr. Tirado has held positions involving international marketing and negotiations, strategic planning, executive development, regulatory oversight, and telemedicine. These roles include European Marketing Director for Pacific Telesis International, Director of Management Development for Pacific Bell, International Sales Manager for the American International

Group, and Economic Development Officer with the US Foreign Aid Program. After joining a Silicon Valley consulting group founded by fellow Stanford Graduate School of Business alumni, he worked with such companies as Compaq Computer, Agilent Technologies, and Hewlett Packard.

Since forming his own management and marketing consultancy firm he has served domestic and international clients such as Banco Nacional de Mexico, the Ital Orient Group, Bricklin Automobile Industries, UC San Francisco, the Department of the Navy, and the California State Legislature.

Alongside a recent focus on the uses of distributed ledger technology where he cofounded the Crypto Scholars Forum bringing together experts in the application of blockchain technology, Dr. Tirado was also recently selected by the Stanford Graduate School of Business to serve on its ACT Management Consulting team offering his marketing and management expertise to leaders of emerging MedTech companies in the Bay Area.

His life-long history of corporate business and deep involvement in academics is further augmented by his knowledge and skill in managing nonprofit foundations, having served as Special Assistant to the Director of the Inter American Foundation established by the US Congress to administer foreign aid to agricultural cooperatives in Latin America. Last year they oversaw investments of over \$121 million directly and an additional \$157.6m from counterparties in areas like sustainable agriculture and food security, community asset mobilization, civic management and human rights, natural resource management, investments into over 5,300 small businesses and enterprises, and much more directly benefiting over 3.5 million community members.

### **Daniel Ball** Blockchain and Cryptocurrency Design and Integration



Daniel Ball is a technologist and award-winning entrepreneur with expertise in blockchain, telecommunications, cryptocurrency, and big data analysis. He started his executive leadership path in the Fortune 500 space with telecom company T-Mobile, where he led the training and launch of specialized technology teams and business units in support of the very first smartphones and the US's first rollout of a fiberoptic-backed 4G network.

He would later follow in his father's footsteps, joining the US Army as a Signals Intelligence Analyst, where he thrived due to his foundation in telecom. He was introduced to distributed ledger technology (DLT) applications (the origin of today's blockchain platforms) and rose quickly as a subject matter expert on all things digital communications where he wrote several whitepapers and tradecraft documents on novel crossover integration between DLT and modern networks like Digital Mobile Radio.

Mr. Ball is also a big advocate for cause-driven philanthropy and charities spending over 20 years volunteering for local non-profits himself, geared toward feeding and clothing the poor and homeless and participating in infrastructure improvement projects in Mexico and destitute areas of L.A. He's a firm believer that entrepreneurship can and should be a facilitator of positive cause-driven change.

Since that time, Daniel has transitioned to the private sector where he has founded several companies, successfully exited a few and helped launch several more, including the US's largest military only sports and gaming leagues. He also operates as an ongoing blockchain, cryptocurrency, and technology integration consultant for the US Department of Defense, other government agencies, and Fortune 500 companies alike.



### **Michael Chuter** Non-Profit Executive Leadership and Social Impact



Michael is a Fellow of the Institute of Chartered Accountants and has spent much of his working life in the retail and consumer sectors. But, after a 30-year career, including senior positions at Gillette, Spillers, Hertz, and Arcadia, he moved into the not-for-profit sector.

He is presently Chief Executive of Pump Aid, a multi-award-winning NGO working in the water and sanitation sector. Under Michael's leadership Pump Aid has been transformed from a traditional NGO into an innovative social impact business that is creating economic opportunity and delivering sustainable access to water in one of the poorest countries of the world. Pump Aid's pioneering business approach has been twice shortlisted for UK Charity Innovation of the Year and was highly commended by the Financial Times Transformational Business Awards.

Michael brings a wealth of commercial, financial and strategic experience and now seeks to harness the power of economic development to deliver positive and lasting social change. It is this passion that first attracted him to Pump Aid and this mission that now drives him to deliver it throughout the world.

### **Jonny Mulligan** Executive ESG Advisement and Strategic Finance



Jonny Mulligan is a consultant and board advisor. He supports companies and investors to better understand the ESG transition and in developing a coherent strategy. He has been responsible for capital (debt and equity) fundraising, investor engagement and ESG strategy for Mubadala Sovereign Wealth Fund (AUM \$248 billion), Abu Dhabi Ports Group and Saudi Aramco.

He has senior-level experience working as a trusted advisor and providing CSR (ESG) strategic counsel to organisations including Microsoft, Unilever, Sony Mobile, Marks and Spencer, the U.K. government, and the Carbon

Trust.

With over twenty-five year's international experience in politics, business, and society he has a broad range of sectorial experience including finance, education, logistics, shipping and global supply chains, energy markets, consumer, healthcare, infrastructure, utilities, technology, and aviation, and the public sector.

He is co-founder of the Connemara Maths Academy, Irelands leading STEM education business which is revolutionising the way children learn and how we teach STEM subjects.

He holds a BA in Humanities from the University of Ulster, a Master in Political Communication from Dublin University, an MBA from the University of Warwick and a Certificate in Sustainable Finance from Cambridge University.

## Zara Haghanah-Shirwan PR and Strategic Communications



Zara is a public relations consultant and senior strategic communications specialist. With 18+ years' experience at the highest international level of PR and corporate reputation management, Zara has led, implemented, and consulted on a broad range of campaigns and projects for individuals and global brands.

A specialist in media strategy, crisis communications, brand participations and corporate messaging, clients have included high profile institutions, tech start-ups, global corporations, and crypto exchanges. As a personal profile advisor, Zara has provided counsel to a wide variety of clients including philanthropists, entrepreneurs, celebrities, and CEOs.

Zara has a BA, and MPhil from Cambridge University and an MSc in Psychoanalytic Theory from University College London (UCL). She is also an honorary researcher at University College London.

## Kian Sarreshteh Executive Leadership Crypto-as-a-Service Infrastructure



Kian entered the crypto space professionally in 2015. Since 2015, he has consulted with numerous Blockchain, Cryptocurrency and FinTech focused companies across the U.S., giving him unique insight and perspective into the space.

In 2015, Kian founded an IT recruiting and consulting company focused on fintech/crypto and transformed the company into a multi-million-dollar operation. Also in 2015, he acquired a 35-year-old background check company that focused on regulated industries including financial services. He led new product development, including the development of a blockchain database to store background check records. Prior to his departure, Kian was instrumental in the company's growth with a 50% increase in revenue.

In 2020, Kian founded CryptoFi, Inc. - a Crypto-as-a-Service (CaaS) company enabling financial institutions to integrate both retail and commercial cryptocurrency solutions, which is his main focus today.

He has a Dual Bachelor's in Marketing and International Studies, University of Missouri.

## Kelly Fenemore International Sales and Strategic Blockchain Fundraising



Kelly is an executive leader with a focus on international business spanning the US, UK, Europe, India, Africa, and more with expertise in equity and debt fund raising, crypto fund raising, import/export sales, real estate, Fintech, Medtech, and Agritech.

She's worked extensively in Sub-Sahara Africa with farmers, chieftains, city and state leaders, and business moguls on cause-driven and various commercial endeavors to improve infrastructure, production, and other

entrepreneur and philanthropic driven initiatives for the benefit of the African people. She's recently worked with Shipfinex, a blockchain-based logistics solution focused on tokenizing major shipping assets in the import and export market, shaping their fundraising strategy and crypto-market entry point.

### **Sunil Arora Maritime Executive Leadership and Blockchain/AI Logistics Innovation**



Sunil has over 25 years of senior leadership experience as an engineer and a strategic finance executive in marine shipping, private equity, and computational fluid dynamics (CFD). He's worked at senior levels in Fortune 100 companies including BP Energy, CMA CGM, and global private equity intelligence company PEI as well as launched several of his own companies including blockchain-based asset tokenization platform, Shipfinex and its accompanying cryptocurrency, Marine Coin which provides a web3 infrastructure that brings real world assets on-chain in the form of maritime ships.

While Sunil has extensive corporate and entrepreneurial experience, he is also heavily active on the academic side involved with ongoing activities and programs as an Alumni of MIT Sloan Artificial Intelligence and University of Oxford's Fintech Programme. He serves as a Doctoral Committee Member of the Indian Maritime University and holds an MBA from Aston University, UK as well as BS in Marine Engineering from DMET, India.

Sunil's understanding of leading technology fronts and how they intersect with traditional industries like maritime shipping and global logistics ranks him as a top authority in the world on blockchain, AI, and computational fluid dynamic applications for advancing and innovating in one of the oldest logistic sectors still operating today.

### **Kawal Arora Blockchain and AI/ML Senior Leadership**



Kawal is a software engineer with decades of experience programming for large Fortune 100 and 500 companies like Tesla and Esurance as well as launching several of his own companies as founding CTO. He's written peer-reviewed papers in the AI-driven computer vision space, developed crossover tradecraft between blockchain and AI, and patented technology in the computer vision space like facial recognition liveness anti-spoofing.

He's developed blockchain trading marketplaces and exchange backends for various sectors within blockchain and developed a robust fully developed AI-driven facial recognition biometrics suite for verifying identity with global leading benchmarks like 100ms face match speed and 99.8% accuracy for all faces including notoriously hard to detect dark complexion faces of color. This solution is added natively to the backend of his applications giving features like KYC/AML capabilities out of the box for companies and projects needing robust due diligence solutions baked in.

## Bryant Thornton Cybersecurity and Compliance



Bryant is an experienced cyber professional and passionate entrepreneur. He got his start as a Signals Intelligence Analyst in the US Army where he worked closely on digital communication protocols, threat analysis, and big data analysis.

After leaving the military, he joined a DC-based government contracting firm as a cyber threat analyst where he was a founding team member to a technology-focused spinoff from a larger firm. That new company was Dark Wolf. He worked for Dark Wolf in a senior analyst position, supporting some early company wins like number 1 at BSides DC 2016 and 2018, and winner of DEFCON 2017.

He went on to become a subject matter expert on cyber threat hunting, data analysis, blockchain security, and blockchain project viability analysis. After nearly a decade in the government contracting space, he started his own consulting company, which was later acquired by Elysian Intelligence - a blockchain and web3 specialist firm. Now as a senior partner he guides and directs development with a priority for security-minded tradecraft and distributed ledger protocols in Agritech, Fintech, Medtech, Adtech, and DeFi.

## Stan Hammett NFT and DeFi Design and Integration



Stan brings over a decade of corporate operations management experience for technology companies like Apple and T-Mobile and years of executive level leadership as a technical software director for a specialist firm focusing on large scale municipal solutions at a state level in various places across the US.

More recently he launched a startup called Wovven acting as founding CTO, an NFT and DeFi integration and design company. He brought together a talented group of developers and designers gaining fast traction and becoming one of the top 5 NFT communities on the Fantom blockchain based on NFT collection sales within the first year of launch, having more than one collection sell out in less than 10 minutes. He's also the author of the first nested custom variable NFT generation script deployed to Ethereum, Fantom, Avalanche, Solana, and Polygon based on HashLips Art Engine.

Stan is a big supporter of developing utility and broad usability for NFTs beyond static artwork and contributes regularly to tradecraft documents for the development of those novel use cases.

# KALDIMARKET SUSTAINABILITY

As outlined earlier, Kaldi has some key mechanisms meant, in large part, to help quickly achieve price equilibrium and mitigate against price swing volatility. While it isn't the goal of Kaldi to become a stable coin, it is important for them to encourage stable and predictable pricing for the benefit of farmer co-ops and unions who are utilizing this system as a coffee market for exchange and are gaining additional rewards paid in Kaldi.

## New Kaldi Tokens are Underpinned by a Real-World Commodities

All new Kaldi token minting is done by green coffee farm representatives (cooperatives, unions, and other professional participants) who enter details about their certified green coffee harvests into the KaldiMarket just like they would if they were selling on the C Market or through a broker like Olam. Tokens minted in this way represent the actual physical harvest and the coffee's potential wholesale value. All or most product listing and bidding fees are received in Kaldi tokens, the main revenue generator of the platform.

Cooperatives are paid for their coffee sales in fiat, but their Kaldi minting reward is issued in Kaldi tokens. There are incentives to keep Kaldi rewards "in Kaldi token" when and where possible. The Kaldi Company will eventually maintain certain product relationships and service partnerships that enable utilization of Kaldi for farm related services and solutions after launch, with the first priority being agricultural insurance.

By following this approach, as listing and bidding fees are paid for new coffee wholesale listings, organic buy volume puts upwards pressure on the price of Kaldi.

## Staking Rewards

When a coffee harvest lot is entered into the KaldiMarket, an NFT is generated that represents the metadata of that harvest. Each green coffee harvest NFT can accept any number of staked Kaldi tokens. This feature is inspired by decentralized finance (DeFi) concepts and gives a guaranteed return of up to 46% of the newly minted Kaldi tokens from a respective harvest lot. This gives a speculative opportunity for investors allowing a buy decision based on historic sales performance of a given farmer's produce, quality grade metadata, and other elements. The buy process requires a pledge of Kaldi locked from spending or other utilization until either a sale occurs, or the harvest lot expires. These lockup periods also add to the overall ecosystem stability, as they cannot be sold in market downturns and volatility.

## Tokens are Burned for Product Sales that Underperform

When new tokens are minted, they are generated on a projected wholesale value of the coffee, if the coffee harvest lot does not meet those sales projections, a percentage of Kaldi tokens proportionate to sales that fall short are later burned or removed from circulation.

This shrinks supply increasing the value to all existing KaldiMarket token holders.

## KaldiMarket Stability Fund

The stability fund is built to buy back Kaldi in a 'down' market based on specific sets of criteria. It is funded by a share of newly minted Kaldi tokens from each harvest lot, it then converts those tokens into a basket of various stable cryptocurrencies (like USDC, TUSD, PAX, BUSD, and others). As Kaldi price starts to fall beyond normal +/- swings (as measured over 30, 60, and 90 day formulas), those stable coins are converted back to Kaldi tokens to create buy pressure and then burned from circulation to shrink supply further supporting price stability.



# APPENDIX

## General Disclosures

- The Kaldi token may be subject to significant volatility even with our mitigating elements outlined in this whitepaper by nature of the cryptocurrency trading marketplace where it can be traded in a free supply and demand market that is already heavily affected by large value swings from time to time. Trade at your own risk.
- The Kaldi Company is developing a completely new commodities-based trading platform with unique blockchain elements, this adds layers of complexity that could cause the project to run into significant launch delays. While we will do everything in our power to proactively mitigate such delays, we encourage everyone to keep this in mind as this initiative progresses.
- The use of Kaldi tokens could come under scrutiny of governmental institutions, and while we are taking every step to ensure full compliance in each jurisdiction we enter, the cryptocurrency space is relatively new and regulations are still in development globally.
- The features and mechanisms outlined in this whitepaper are subject to change as development progresses and necessitate adjustments to our planned approach.

## Glossary of Terms

- **AML** – *Anti-Money Laundering* is a set of regulations and procedures that financial institutions follow to prevent and detect money laundering or terrorist financing activities.
- **Crypto** – *Cryptocurrency* a digital currency that can be used to buy goods and services but uses an online ledger with strong cryptography to secure online transactions.
- **CS** – *Circulating Supply* refers to the number of cryptocurrency coins or tokens that are publicly available and circulating in the market.
- **dApp** – *Decentralized Application* a computer application that runs on a distributed computing system. DApps have been popularized by distributed ledger technologies such as the Ethereum blockchain, where dApps are often referred to as smart contracts.
- **DeFi** – *Decentralized Finance* a blockchain-based form of finance that does not rely on central financial intermediaries such as brokerages, exchanges, or banks to offer traditional financial instruments, and instead utilizes smart contracts on blockchains, the most common being Ethereum and Binance Smart chain.
- **KYC** – *Know Your Customer* or know your client guidelines in financial services require that professionals make an effort to verify the identity, suitability, and risks involved with maintaining a business relationship. The procedures fit within the broader scope of a bank's Anti-Money Laundering policy.
- **NFT** – *Non-Fungible Token* is a unit of data stored on a digital ledger, called a blockchain, that certifies a digital asset to be unique and therefore not interchangeable. NFTs can be used to represent items such as photos, videos, audio, and other types of digital files or data.

- **PR** – *Public Relations* (also used to refer to *Press Release*) is the practice of deliberately managing the release and spread of information between an individual or an organization and the public in order to affect the public perception.
- **ROI** – *Return on Investment* is a performance measure used to evaluate the efficiency or profitability of an investment or compare the efficiency of a number of different investments.
- **SAFT** - *Simple Agreement for Future Tokens* (SAFT) is an investment contract offered by cryptocurrency developers to accredited investors for the promise of the future issuance of tokens based on specific criteria and performance. Typically used with projects that are still in very early in development.