



KROPS INITIAL COIN OFFERING

The World's First Agriculture Marketplace Crypto Equity ICO

A White Paper

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Risk Statement

The information provided in this White paper was not examined by any regulatory authority in any jurisdiction.

Consequently, the publication, distribution or dissemination of this White paper does not imply that the applicable laws, regulatory requirements, or rules have been complied.

Thus, to the maximum extent permitted by the applicable laws, regulations and rules across jurisdictions, Black Cell Technology Limitedv and KROPS and their respective officers, employees or agents will, in relation to the information provided in this White paper, not be liable for any damages of any kind, including, but not limited to, direct, consequential, incidental, special or indirect damages.

The damages may include but are not limited to lost profits, loss of revenue or third party loss whether foreseeable or otherwise, trading losses or damages that result from use or loss of use of the KROPS tokens.

Furthermore, Black Cell Technology Limited or KROPS shall be free from any and all responsibility for any direct or consequential loss or damage of any kind whatsoever that may arise directly or indirectly from:

- (i) reliance on any information provided by this White paper,
- (ii) possible error or inaccuracy in this White paper,
- (iii) any action resulting therefrom, or
- (iv) acquisition of tokens, made through the KROPS website. It is also understood that as the receiver of information provided in this White Paper, you acknowledge and agree that you are not purchasing KROPS tokens for purposes of investment, speculation, as some type of arbitrage strategy, for immediate resale or other financial purposes.

The information provided in this White paper may also include forward-looking statements, which may involve risks and uncertainties.

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Thus, prospective buyers of the KROPS tokens should specifically consider the factors identified in the White paper, including risks and possible forward-looking statements.

No statement in the White paper is intended as a profit forecast.

Any information that may be forward-looking in the White paper reflects the issuer's current views with respect to future events. Thus, the information is subject to risks, uncertainties and assumptions relating to the company's operations, results of operations and growth strategy as well as unforeseen events.

These forward-looking statements, although they may change in the future, was made on assumptions based on the latest available information as of the date of this White paper.

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Finally, no statement in the White paper should be interpreted to mean that the earnings of the distributor for the current or future years would be as may be implied in this White paper.

Introduction and Rationale

The tremendous rise in bitcoin price, set in 2010, at less than one percent to above the \$16,000 mark at present means that these so-called cryptocurrencies are now getting the belated recognition from the global financial community.

Traditional investors are now recognizing that these blockchain based technologies are worthwhile opportunities to park their funds. Thus, more and more investors are seeking greater exposure in the digital currency world.

Cryptocurrency is essentially a digital form of money. At their core, these digital currencies are sets of software protocol whose value is determined in its marketplace of users. It is not issued by a national government and is not regulated.

More and more individuals and institutions around the world are now seeing it as a new way of doing all sorts of business. For instance, banks and retailing giants such as Wall Mart Stores Inc. are trying blockchain technology.

More importantly, costs could be lower without a middleman doing the work of keeping track of transactions.

Against this backdrop, KROPS is providing potential investors an opportunity to be part of the blockchain-based technology by offering tokenized shares of the company that has the potential to become the world's first agriculture marketplace.

Thus, KROPS is offering tokenized shares of the company, a trailblazing agriculture hub that brings together sellers and buyers of the Philippines' agricultural products and eventually and potentially, that of the whole world.

This is the company's initial coin offering and at present, there is no public market that yet exists for KROPS tokens.

Nevertheless once the platform is running, Krops Token holders will be able to purchase services at the platform using the token

About the Company

Black Cell Technology Limited, Inc. is a company incorporated and registered under Companies Registry of Hong Kong Special Administrative Region with registration number 2475885.

The company, incorporated on January 2017, handles and manages computer data; data processing, data storage, systems design and analysis; software package development, computer programming, data communication; and other services required to deliver a wide range of IT projects.

KROPS, a start-up company, is a mobile application that is owned by Black Cell Technology Limited.

Founded by young Filipino businessman and agriculture expert Joseph Calata, KROPS is the largest agriculture hub that brings you the future of global agriculture.

It is a marketplace for agricultural products that connects buyers to sellers that are within close proximity.

KROPS currently has 6,480 registered farmers and buyers and an estimated marketplace inventory for sale worth around USD 293.20 million.

It connects buyers and sellers with the single click in its online platform. It saves individuals, investors, small and medium enterprises and the largest corporations the trouble of searching for farms in remote villages or provinces to look for certain agricultural goods. It will also save farmers the time and effort of going through the tedious process of selling their produce to potential buyers and end-users.

With just a mobile device, users will have access to thousands of buyers and sellers of agriculture products.

The user-friendly interface allows users to open an account either as a seller or buyer.

As a buyer, users can then search for the latest available products — from livestock, fruits, rice and other agricultural products. Users will have access to these wide array of products, their location and all the necessary logistical details such as price, available quantity and methods of purchase such as delivery or pick-up.

The buyers can range from market stall sellers, household owners, restaurant operators, supermarket chains and more.

On the other hand, as a seller, users can upload photos with complete details of their products as well as their location.

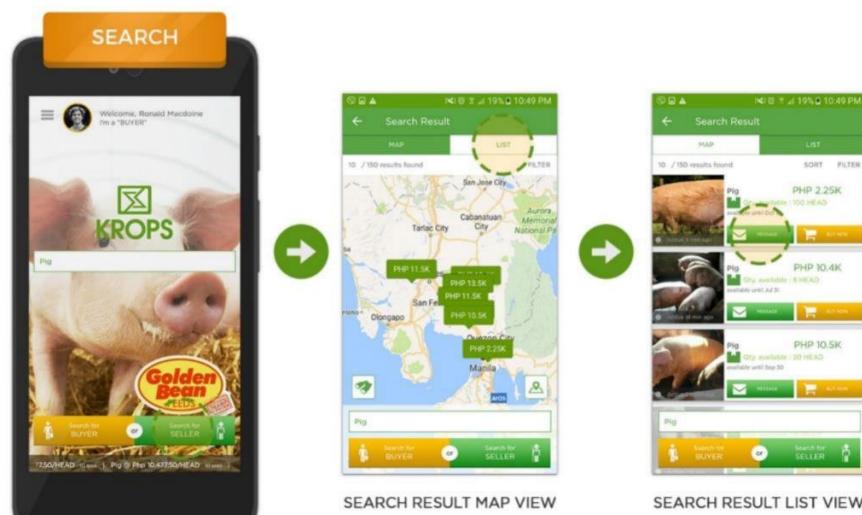
Once the whole buyer-seller virtual meet-up process is complete, users can then proceed with the payment procedure. Options for payment include credit card payment, bank deposit or the use of the Krops wallet.

Sellers are no doubt assured of sure buyers of their products at competitive prices. There is a messaging function and they can coordinate delivery details as well.

Users are assured of the best possible price as the search shows thousands of products with the latest available price.

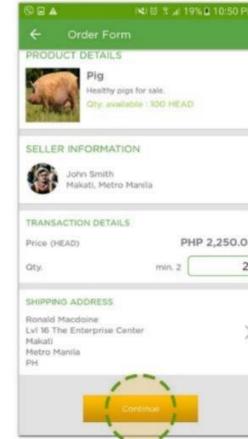
It is essentially like going through a giant marketplace for your agriculture needs but without leaving the comfort of your homes.

APP DEMO (BUYER)

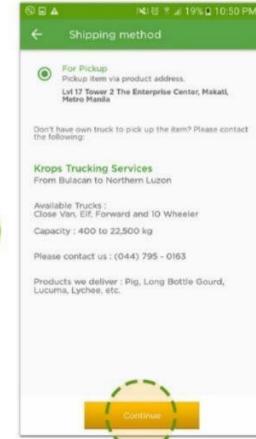




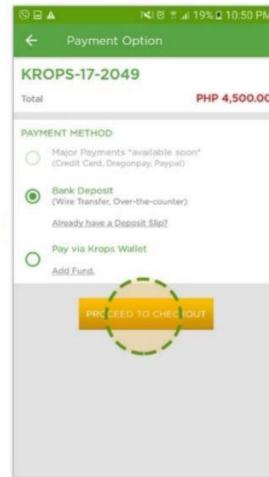
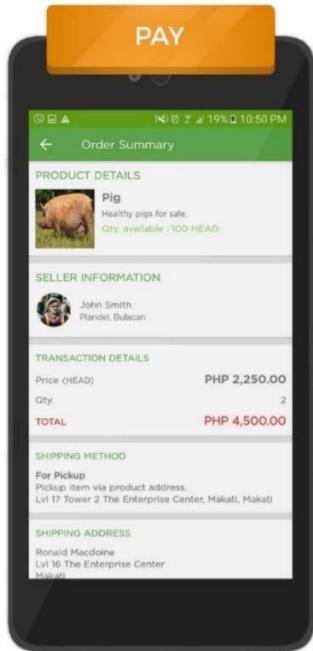
PRODUCT PROFILE



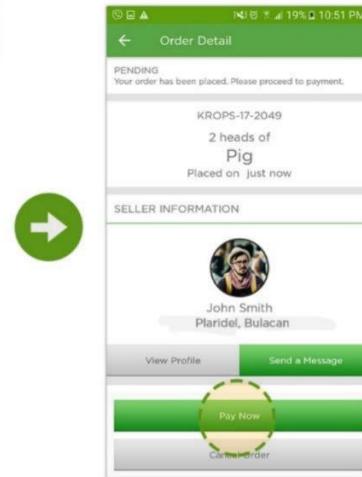
ORDER FORM



SHIPPING METHOD

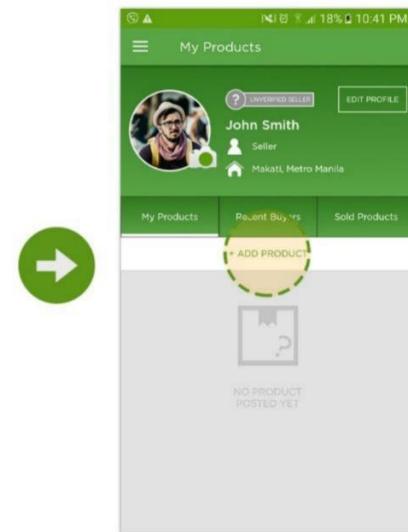
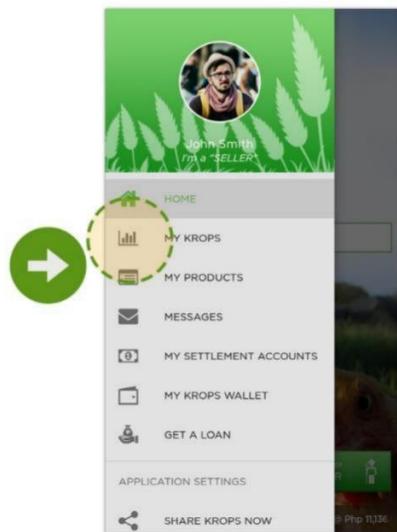


PAYMENT OPTIONS



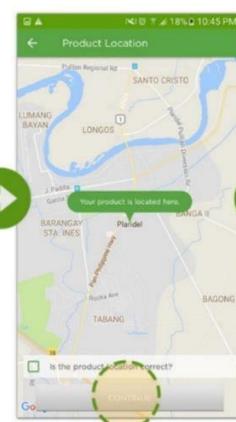
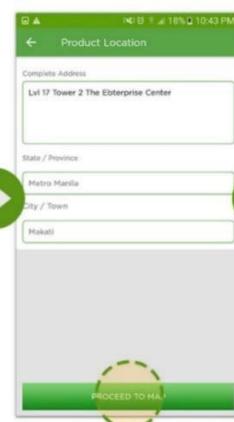
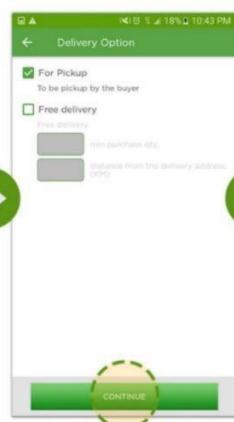
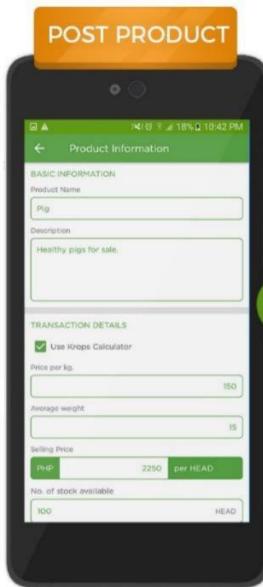
ORDER DETAILS

APP DEMO (SELLER)



NAVIGATION BAR

MY KROPS - PRODUCTS



DELIVERY OPTION

PRODUCT LOCATION

PRODUCT LOCATION

ADD PHOTO

About the Philippines

KROPS commenced operations in the Philippines, which is the 19th largest agriculture producer in the world with total agriculture value of \$30 billion.

Growth Potential

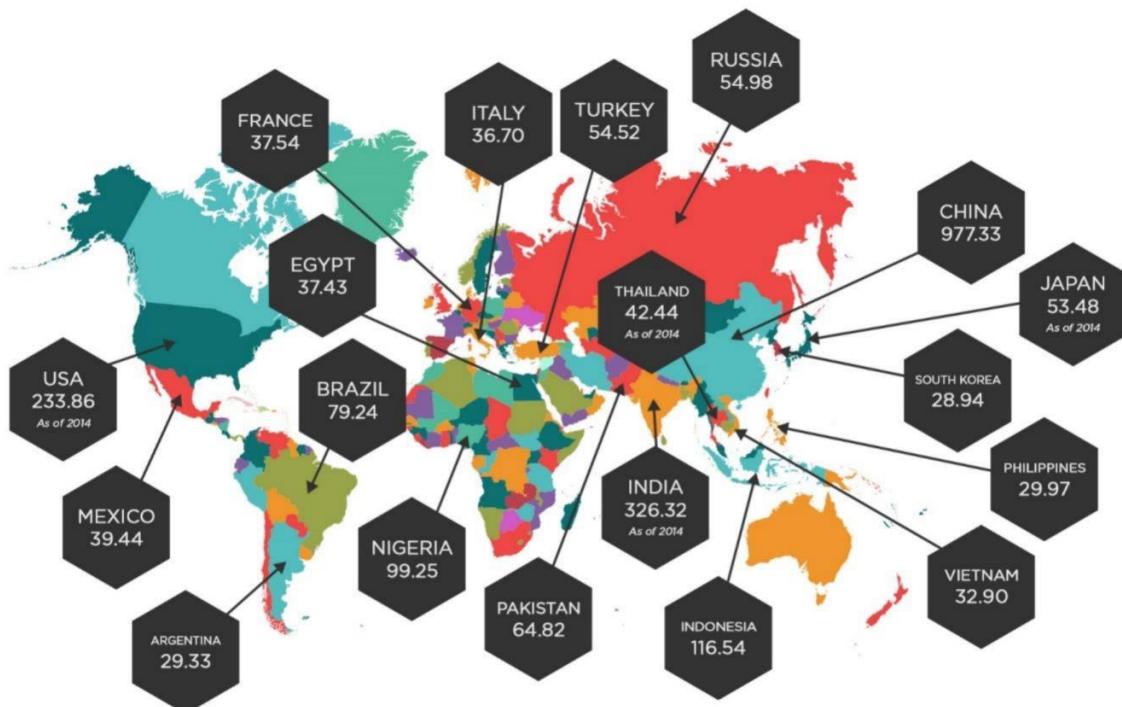
Beyond the Philippines, KROPS has the potential to grow worldwide and become the world's biggest agriculture market place.

To date, global agriculture is worth \$3.2 trillion and continues to be a growing industry, accounting for 6.3 percent contribution of gross world product.

There are 570 million farms worldwide, ninety percent of which are run by individuals or families. Eighty percent of the world's food production comes from family farms.

Against this backdrop and with 9 billion people to feed by 2050, there are challenges in supply and demand.

The world needs to produce 70 percent more food than what it is producing today.



However, current forms of trade are inefficient and the world's farmers don't have access to buyers and end users.

This is where KROPS comes in. If every farmer has access to KROPS in Vietnam, Indonesia or anywhere in the world, global farm trade would significantly improve.

From the biggest farms to smallest backyards, farmers around the globe would have access to information and competitive prices, just with the use of KROPS.

Thus, beyond the Philippines, KROPS will expand to Thailand, one of the world's biggest rice exporter and then to Indonesia, Vietnam and to many other countries.



It has the potential to become the largest food marketplace in the world without even owning a single farm.

About the Offer

KROPS is offering tokenized shares of the company through an offering of 16,000,000 or sixteen million KROPS tokens or KropCoins.

To illustrate, 20,000,000 (twenty million) KropCoins authorized can redeem shares of Black Cell Technology Limited registered with the Companies Registry of Hong Kong Special Administrative Region with registration number 2475885.

The number of authorized KropCoins at 20,000,000 will represent an equivalent number of 2,500,000 shares to be authorized in the future out of the current 10,000,000 (ten million) outstanding authorized shares as of 2017 December.

The new issuance represents 20% of company equity after 2,500,000 new shares authorized. Therefore, if any changes to outstanding shares are made, the ratio of 20% at 2,500,000 out of 12,500,000 will suffice. The conversion ratio is 8 KropCoins for 1 share of Black Cell Technology Limited.

Tokens worth 2,500,000 shares (representing 20% of company equity after future authorization) at Black Cell Technology Limited registered under Companies Registry will be emitted based on an agreement made by the company's Board of Directors through a BOD Agreement.

Legal Notes

The Token Sale is regulated under the laws of Hong Kong. In order to proceed with tokenization using the CapchainX platform, Black Cell Technology Limited has to adhere to the following:

Board of Directors or Shareholders Agreement:

- (A) Emission of tokens using the CapchainX's platform;
- (B) the Exchangeability of token for a share at a ratio of 8 KropCoins for 1 share; and
- (C) the destruction of token after redemption.

This is agreed by the Black Cell Technology Limited Board of Directors in order to use the CapchainX tokenization platform.

Eligibility to exchange a token for a share

The Term Sheet during the pre-sale will state that a single KropCoin token holder with a minimum amount of 500,000 (five hundred thousand) tokens held will be eligible to redeem share certificates proportional to a ratio of 8 tokens to 1 share.

The amount of tokens represents company ownership; therefore a KropCoin token holder becomes a Black Cell Technology Limited shareholder. The tokens held by will be destroyed and share certificates will be issued and authorized under Hong Kong Companies Registry only if:

- a) Token holder is an eligible shareholder with criteria defined by Hong Kong Security Authorities.
- b) Token Holder passes necessary KYC/ AML procedures to be an eligible shareholder under local jurisdiction.

Otherwise, KropCoin token holders will not be eligible to be authorized and issued share certificates. Token holders will remain as token holders.

Remaining token holders will continue having the chance to use the token for purchasing goods and services at the platform

Token Distribution

20,000,000 (twenty million) total KropCoins in circulation that represents 100% of tokens in circulation or 20% of company equity before any dilution (2,500,000 shares to be updated).

Of this, 80% (16,000,000) of tokens will be for the token sale while 20% (4,000,000) of tokens will be distributed to the team with a 6 month cliff and 2 year vesting period.

Ask for Token Sale

Ask: \$16,000,000 (Sixteen million USD) in Ether

Issuance: 16,000,000 (Sixteen million) KropCoin tokens

Equity: 16% before dilution or 2,000,000 shares to authorize

Valuation

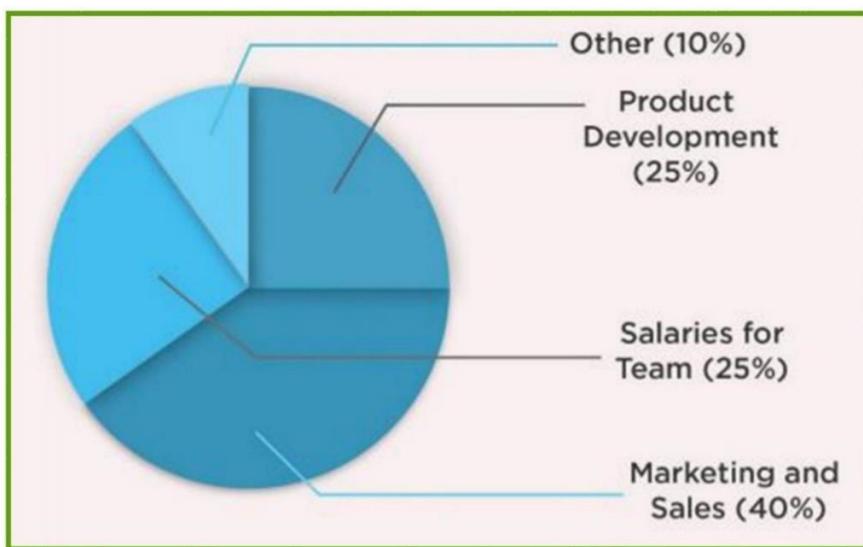
In this event:

Pre-money Valuation: \$84m

Post-money Valuation: \$100m

Proceeds of the Offering

Funds to be raised, amounting to more than \$16 million will be used to aggressively expand to other markets.



Specifically, proceeds from the offering will be used to saturate the Philippine market and set up in three other key Southeast Asian markets namely Indonesia, Vietnam, and Thailand. The expansionary plan will be a runway for 6-12 months. Marketing and Sales will be used for the entire Southeast Asian region.

Pre-Sale Period Mechanics

During the pre-sale there will be 5 sets of discounts with a total duration of 10 weeks. Each discount period will run for 2 weeks each before it moves to the next discount period. This also depends on availability. There will only be a maximum of 1,280,000 (one million two hundred eighty thousand) or 8% of tokens to be pledged per period. The entire pre-sale will have a total token allocation of 6,400,000 (six million four hundred thousand) tokens.

Availability

The availability of tokens will be on a first come, first served basis. Prices will automatically move to the next period's prices when demand exceeds the period's allocation until tokens allocated for the entire pre-sale runs out.

Offer Period

A: December 16, 2017 (2 weeks)
40% at \$0.60/token
Maximum supply of 1,280,000
Receive \$768,000

B: December 31, 2017 (2 weeks)
30% at \$0.70/token
Maximum supply of 1,280,000
Receive \$896,000

C: January 15, 2018 (2 weeks)
20% at \$0.80/token
Maximum supply of 1,280,000
Receive \$1,024,000

D: January 30, 2018 (2 weeks)
10% at \$0.90/token
Maximum supply of 1,280,000
Receive \$1,152,000

E: February 14, 2018 (2 weeks)
5% at \$0.95/token
Maximum supply of 1,280,000
Receive \$1,216,000

End of Pre-sale: February 28, 2018
Receive Maximum of \$5,056,000 during the presale for 6,400,000 tokens.

The Sale Period Mechanics

The sale period will start on March 1, 2018 until all tokens are sold. Otherwise, the end of the sale will be on April 30, 2018. The sale period will have a duration of 8 weeks. Tokens unsold during the sale will be used for KROPS' future token sales.

The sale price mechanism follows a geometric model. This is an exponential function in the form of $y=a^x$. Prices increase exponentially for every increasing demand by 10 times.

The price will start at \$1.00/ token. Thereafter, the sale price mechanics will take place.

Assuming 40% or 6,400,000 tokens are purchased during the presale, the total supply available during the sale will be 9,600,000 (nine million six hundred thousand) tokens. Anything exceeding 6.4 million tokens by March 1, 2018 will have a base price of \$1.00/token.

Total Tokens for Token Sale: 16,000,000
Presale: (6,400,000)
Available supply for the Sale: 9,600,000
Price starts at: \$1/token
Price Cap: \$9.33/token

Price changes 10 times via a geometric model. For every 960,000 (nine hundred sixty thousand) tokens sold during the sale, prices increase by a ratio of 1.2502.

Starting at \$1.00 and a cap of \$9.33 per token and assuming a supply of 9,600,000 tokens after the presale, KROPS can raise a maximum of \$39,949,497 (thirty nine million nine hundred forty nine thousand four hundred ninety seven) worth of Ether during the sale period.

See the following Geometric pricing model:

Token Supply	Price/Token	#Tokens	Amount Raised(\$)
>9,600,000	1.0000		
9,600,000	8,640,000	1.2502	960,000 1,200,192
8,640,000	7,680,000	1.5630	960,000 1,500,480
7,680,000	6,720,000	1.9541	960,000 1,875,900
6,720,000	5,760,000	2.4430	960,000 2,345,250
5,760,000	4,800,000	3.0542	960,000 2,932,032
4,800,000	3,840,000	3.8184	960,000 3,665,626
3,840,000	2,880,000	4.7737	960,000 4,582,766
2,880,000	1,920,000	5.9681	960,000 5,729,374
1,920,000	960,000	7.4613	960,000 7,162,864
960,000	0	9.3281	960,000 8,955,012
Total:			39,949,497

The amount received if all 16,000,000 tokens are sold during the presale (\$5,056,000) and sale (\$39,949,497) will be a total of **\$45,005,497**.

The exchange rate of dollars to Ether will be set in the beginning of the presale period. This value will be publicly available on the KROPS website.

How to participate

The pre-sale and sale will happen on the KROPS website.

1. Agree on the Terms and Conditions of KROPS
2. Basic KYC and AML requirement before purchase (if required)
3. Orders will be taken from the KROPS website where a smart contract will automate the exchange of KROPS tokens for ether
4. Ether value will be set in the beginning of the presale (Ether/ Dollars). This will be fixed across dollar denomination.
5. Information on the presale and sale will be available on the KROPS website.

The following token sale is not open for American citizens and/or US residents. It is also not open to any citizen or resident of a country that does not allow participation.

Additional Details on KROPS

Operations

KROPS commenced operations in January 2017. Total transaction value grew to PHP633.83 million (USD 12,587,863.80) as of end-October 2017 from just PHP2million (USD 39,720.00) as of end-March 2017.

In 2017 October alone, transaction value amounted to PHP224 million (USD 4,450,880.00) from PHP190 million (USD 3,773,400.00) in September 2017.

There are now 6,480 registrants of which 4, 051 are sellers and 2, 429 are buyers.

Since the start of operations until October 31, 2017, the number of people selling through KROPS has grown to 3,823 from 54 while the number of buyers has grown to 2,299 from 33.

Expansion plans

After the Philippines, KROPS will be present in Thailand, which has an agriculture value of \$44.24 billion as of 2014 and where the agriculture industry represents 9.14% of gross domestic product (GDP).

It is the world's biggest rice exporter and is also a major exporter of sugarcane, cassava and corn.

Another expansion site is Vietnam where agriculture value is \$32.9 billion and where the agriculture industry represents 16.99% of GDP.

It is the world's largest export of black pepper. Its other major exports are rice, cashew nuts and corn.

The third site eyed for expansion is Indonesia, whose agriculture industry accounts for 15.52 percent of GDP. This Southeast Asian country is one of the world's top producers of palm oil. Its other major exports are pepper, cashew nuts, coffee and tea.

The target is to penetrate these areas by 2018 and expand into the rest of Asia by 2019.

Starting 2019 and beyond, KROPS is targeted to expand into key emerging and developed markets globally.

Revenue Stream

Revenue comes from transaction and listing fees; land, sea and air-based logistics; referred and completed loan fees.

Other sources of revenues are advertising, subscriptions and data analytics fees.

Projections

Transactions are expected to grow to \$53.12 million in 2018; \$98.69 million in 2019; \$182.28 million in 2020; \$334.37 million in 2021 and \$608.36 million in 2022.

Revenues

Transaction fees are estimated to grow to \$1.06 million in 2018; \$1.97 million in 2019; \$4.56 million in 2020; \$8.36 million in 2021 and \$18.25 million in 2022.

Advertising revenues will come in starting 2020 at \$4 million; \$8 million in 2021 and \$8 million in 2022.

Logistics fees are projected to grow to \$0.05 million in 2018; \$0.15 million in 2019; \$0.36 million in 2020; \$0.84 million in 2021 and \$1.52 million in 2022.

Other income will come from arrangement fees and interest income.

Total revenue is projected to grow to \$1.13 million in 2018; \$2.24 million in 2019; \$9.14 million in 2020; \$17.60 million in 2021 and \$28.51 million in 2022.

Operating income is estimated to hit \$0.11 million in 2018; \$0.39 million in 2019; \$0.41 million in 2020; \$1.58 million in 2021 and \$2.57 million in 2022.

Valuation and Potential Revenue Stream

KROPS' primary value driver is its market share, or the value of transactions it can capture on its marketplace. This will be highly dependent on the extent to which it can establish and increase the active user base, and promote repeat transactions.

As transaction value grows, transactions fees may be a potentially large revenue stream for KROPS.

Advertising revenues will be directly tied to the active user base of KROPS and the amount of recurring transactions on the platform.

KROPS is currently accessible to Android users only.

Moving forward, KROPS can expand access to Apple users, through the App Store. This will potentially further increase the user base and heighten KROPS' popularity.

Extending user access to a website will also increase the potential user base, allow for more features, and add more space and opportunities for advertising.

Being the only agricultural marketplace in the Philippines, it can tap into the Philippines' PHP1,305.6 billion agriculture market.

Furthermore, its business model is scalable to other geographies, especially Visayas and Mindanao, which are agriculture driven regions.

This is ahead of its planned global roll-out.

Agricultural Industry Data

Production by Value (in current prices Php m)								
	2010	2011	2012	2013	2014	2015	CAGR	
TOTAL CROPS	673,210.32	802,720.49	797,109.39	814,630.20	927,308.56	856,024.87	4.92%	
CEREALS	299,343.40	341,963.30	386,270.85	404,911.38	478,847.93	403,569.05	6.16%	
..Palay	229,644.98	254,265.23	292,126.99	314,760.90	378,218.53	311,088.43	6.26%	
..Corn	69,698.42	87,698.07	94,143.86	90,150.48	100,629.40	92,480.63	5.82%	
OTHER CROPS	373,866.92	460,757.19	410,838.54	409,718.82	448,460.63	452,455.82	3.89%	
..Coconut	81,273.92	120,889.76	88,837.22	82,299.26	104,931.58	95,189.26	3.21%	
..Sugarcane	38,547.93	56,185.49	42,497.42	40,073.31	41,299.30	42,413.91	1.93%	
..Banana	106,485.68	102,556.91	107,584.14	117,158.86	130,696.29	136,531.47	5.10%	
..Pineapple	10,689.58	14,334.65	17,455.62	17,480.15	19,730.80	20,945.78	13.98%	
..Coffee	5,502.23	6,190.90	6,156.43	5,596.02	5,785.51	5,686.65	0.66%	
..Mango	17,892.27	18,598.69	19,540.67	19,201.26	19,356.04	20,393.12	2.65%	
..Tobacco	2,544.66	3,008.05	3,483.40	3,827.54	4,333.80	3,725.40	7.92%	
..Abaca	2,353.79	2,706.66	2,710.26	2,445.37	2,947.93	3,315.83	7.09%	
..Peanut	877.34	929.67	994.55	1,028.10	1,073.10	1,176.65	6.05%	
..Mongo	1,400.36	1,766.33	1,478.66	1,476.86	1,619.53	1,827.79	5.47%	
..Cassava	12,020.29	14,141.95	15,717.81	18,065.93	16,664.11	14,855.84	4.33%	
..Camote	5,472.14	5,886.28	6,140.77	6,455.22	7,158.33	7,750.70	7.21%	
..Tomato	2,126.55	2,542.71	2,823.93	2,984.22	2,439.66	2,899.40	6.40%	
..Garlic	716.81	916.42	801.50	311.60	935.89	1,040.13	7.73%	
..Onion	2,695.42	4,754.65	3,888.14	3,428.49	4,887.84	3,687.62	6.47%	
..Cabbage	929.80	2,251.82	1,655.45	1,841.80	1,944.17	2,687.49	23.65%	
..Eggplant	2,446.82	4,215.96	3,600.01	3,428.55	4,112.14	3,791.12	9.15%	
..Calamansi	2,380.62	4,407.00	2,898.03	2,440.02	2,890.11	2,461.20	0.67%	
..Rubber	24,311.21	30,667.43	21,609.05	17,605.58	11,412.58	8,181.78	-19.57%	
..Others	52,999.50	63,805.86	60,965.50	62,570.69	64,241.92	73,894.67	6.87%	
LIVESTOCK	210,465.60	212,325.99	214,082.86	233,997.82	247,757.27	251,989.86	3.67%	
..Carabao	10,044.64	10,080.04	9,966.08	10,335.11	10,740.12	11,099.79	2.02%	
..Cattle	20,583.08	21,461.78	21,438.45	22,529.96	23,641.62	24,593.91	3.62%	
..Hog	172,049.22	172,574.73	174,408.80	192,484.18	204,104.89	206,710.97	3.74%	
..Goat	7,306.83	7,710.52	7,708.24	8,054.86	8,649.14	8,931.89	4.10%	
..Dairy	481.83	498.93	561.29	593.71	621.50	653.30	6.28%	
POULTRY	151,531.73	158,734.92	168,231.36	177,991.23	191,532.45	195,246.23	5.20%	
..Chicken	112,512.76	118,320.34	124,878.69	133,177.05	144,915.81	145,935.37	5.34%	
..Duck	2,499.55	2,452.85	2,577.00	2,662.64	2,806.99	2,835.84	2.56%	
..Chicken Eggs	33,659.85	35,046.83	37,588.92	38,628.96	40,147.63	42,694.58	4.87%	
..Duck Eggs	2,859.57	2,914.90	3,186.76	3,522.57	3,662.01	3,780.43	5.74%	
TOTAL	1,035,207.65	1,173,781.40	1,179,423.61	1,226,619.25	1,366,598.28	1,303,260.96	4.71%	
Production by Farm Type								
	2010	2011	2012	2013	2014	2015	CAGR	
<i>in Php m</i>								
Carabao	Total	3,075,259	2,963,980	2,912,842	2,847,445	2,854,838	2,877,091	-1.32%
	Backyard	3,063,741	2,951,714	2,900,681	2,835,818	2,842,768	2,865,836	-1.33%
	Commercial	11,518	12,266	12,161	11,627	12,070	11,255	-0.46%
Cattle	Total	2,518,407	2,493,157	2,497,908	2,512,184	2,534,243	2,553,747	0.28%
	Backyard	2,343,975	2,321,655	2,323,361	2,341,837	2,367,997	2,390,658	0.40%
	Commercial	174,432	171,502	174,547	170,347	166,246	163,089	-1.34%
Goat	Total	3,881,503	3,715,228	3,694,025	3,695,627	3,674,186	3,663,060	-1.15%
	Backyard	3,817,848	3,645,909	3,629,408	3,635,033	3,613,645	3,604,111	-1.15%
	Commercial	63,655	69,319	64,617	60,594	60,541	58,949	-1.52%
Hog	Total	12,303,096	11,863,021	11,843,051	11,801,656	11,999,722	12,478,711	0.28%
	Backyard	8,466,925	7,981,667	7,750,238	7,656,825	7,782,290	7,959,930	-1.23%
	Commercial	3,836,171	3,881,354	4,092,812	4,144,831	4,217,432	4,518,781	3.33%
Duck	Total	10,126,364	10,011,483	10,134,884	9,885,775	10,066,727	10,518,539	0.76%
	Backyard	7,461,861	7,329,643	7,343,118	7,079,781	7,023,523	7,235,535	-0.61%
	Commercial	2,664,503	2,681,840	2,791,766	2,805,995	3,043,204	3,283,004	4.26%
Livestock	Total	31,904,629	31,046,869	31,082,710	30,742,687	31,129,716	32,091,148	0.12%
	Backyard	25,154,350	24,230,588	23,946,806	23,549,294	23,630,223	24,056,070	-0.89%
	Commercial	6,750,279	6,816,281	7,135,903	7,193,394	7,499,493	8,035,078	3.55%
<i>in % of total production</i>							AVERAGE	
Carabao	Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
	Backyard	99.63%	99.59%	99.58%	99.59%	99.58%	99.61%	
	Commercial	0.37%	0.41%	0.42%	0.41%	0.42%	0.39%	
Cattle	Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
	Backyard	93.07%	93.12%	93.01%	93.22%	93.44%	93.61%	
	Commercial	6.93%	6.88%	6.99%	6.78%	6.56%	6.39%	
Goat	Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
	Backyard	98.36%	98.13%	98.25%	98.36%	98.35%	98.39%	
	Commercial	1.64%	1.87%	1.75%	1.64%	1.65%	1.61%	
Hog	Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
	Backyard	68.82%	67.28%	65.44%	64.88%	64.85%	63.79%	
	Commercial	31.18%	32.72%	34.56%	35.12%	35.15%	36.21%	
Duck	Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
	Backyard	73.69%	73.21%	72.45%	71.62%	69.77%	68.79%	
	Commercial	26.31%	26.79%	27.55%	28.38%	30.23%	31.21%	
1 Livestock	Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
	Backyard	78.84%	78.05%	77.04%	76.60%	75.91%	74.96%	
	Commercial	21.16%	21.95%	22.96%	23.40%	24.09%	25.04%	

Assumptions

	INPUT	UNIT	VALUE	COMMENTS
INDUSTRY				
Expected value of agriculture industry in 2016	Php m		1,364,789	
Growth of crops sector	%		5%	Based on historical 5-year CAGR
Growth of livestock sector	%		4%	Based on historical 5-year CAGR
Growth of poultry sector	%		5%	Based on historical 5-year CAGR
Crops - backyard / retail	%		40%	
Crops - commercial / wholesale	%		60%	
Livestock - backyard / retail	%		77%	
Livestock - commercial / wholesale	%		23%	
Poultry - backyard / retail	%		30%	
Poultry - commercial / wholesale	%		70%	
MARKET - INVENTORY				
Target backyard/retail inventory at Y1	%		1%	This should be the starting inventory value at Y1 end before initiating the fee charges
Target commercial/wholesale inventory at Y1	%		0.5%	This should be the starting inventory value at Y1 end before initiating the fee charges
Target backyard/retail inventory at Y5	%		10%	Management Goals
Target commercial/wholesale inventory at Y5	%		5%	Management Goals
MARKET - TRANSACTION				
Initial transaction rate of total inventory	%		1%	
Target transaction rate of total inventory at Y5	%		20%	
COMPANY SPECIFIC				
Transaction fee charges	%		2%	
Market for Logistics	%		20%	Assumed
Commission fee on logistics	%		1%	
Expected value of loans originated on total captured market	%		10%	Assumed
Expected initial operating margin	%		20%	Assumed
Steady state operating margin	%		40%	Based on Alibaba operating margin
Expected yearly incremental of advertising revenue	Php m		100	Assumed
Loan arrangement fee	%		1%	
Float period	Days		15	Assumed
Effective tax rate	%		30%	
OTHERS				
Annual interest rate on bank deposits	%		0.50%	

Valuation

	Unit	2017B	2018F	2019F	2020F	2021F	2022F
Value of transactions							
Transaction count	#		10,000	20,000	40,000	80,000	160,000
Wtd. Transaction Value	USD m		53.12	98.69	182.28	334.37	608.36
Captured Rate	%	2.5%	5%	10%	20%	30%	30%
Revenue Streams							
Transaction Fees							
Value of transactions	USD m	-	53.12	98.69	182.28	334.37	608.36
Fee charge	%	0%	2%	2%	3%	3%	3%
Transaction Fees	USD m	-	1.06	1.97	4.56	8.36	18.25
Advertising revenues	USD m	-			4.00	8.00	8.00
Logistics							
Value of transactions onboarded to logistics	%	-	10.00%	15.00%	20.00%	25.00%	25.00%
Logistics value	USD m	-	5.31	14.80	36.46	83.59	152.09
Logistics fees	%	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Logistics fees	USD m	-	0.05	0.15	0.36	0.84	1.52
Loan Arrangement							
Value of loans arranged	%	0.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Value of loans arranged	USD m	-	5.31	9.87	18.23	33.44	60.84
Arrangement fee	%	-	-	1.00%	1.00%	1.00%	1.00%
Arrangement fee	USD m	-	0.10	0.18	0.33	0.61	
Float							
Average daily balance	USD m	-	0.15	0.27	0.51	0.93	1.69
Days in float	%	5.00	15.00	15.00	15.00	15.00	15.00
Interest rate p.a.	%	0.01	0.01	0.01	0.01	0.01	0.01
Interest Income	USD m	-	0.01	0.02	0.04	0.07	0.13
Pro-forma Profit & Loss							
Revenue							
Transaction Fees	USD m	-	1.06	1.97	4.56	8.36	18.25
Advertising	USD m	-	-	-	4.00	8.00	8.00
Logistics arrangement fees	USD m	-	0.05	0.15	0.36	0.84	1.52
Loan Arrangement fees	USD m	-	-	0.10	0.18	0.33	0.61
Interest income on float	USD m	-	0.01	0.02	0.04	0.07	0.13
Total Revenue	USD m	-	1.13	2.24	9.14	17.60	28.51
Operating Expense	USD m	0.53	1.02	1.85	7.77	12.32	19.95
Operating Margin	%	-	-	-	0.15	0.30	0.30
Operating Income / EBITDA	USD m	(0.53)	0.11	0.39	1.37	5.28	8.55
Taxes		0.16	(0.03)	(0.12)	(0.41)	(1.58)	(2.57)
NOPAT		(0.37)	0.08	0.27	0.96	3.70	5.99
Valuation							
Multiples							
EV / EBITDA	X		20.00x				
P / E	X		50.00x				
*multiples are based on 15-30% discount to the median peer comparables							
Value based on		PH	SEA	Total			
EV / EBITDA		USD m	USD m	USD m			
P / E		171	855	1,026			
P / E		299	1,497	1,796			
Value of Krops PH		171 to 299 USD m based on 20x EV/EBITDA and 50x P/E					
Value of Krops SEA		855 to 1497 USD m based on 5x low-end and high-end value of Krops PH					
Value of Krops Total		1026 to 1796 USD m					

Transactions

Figures in PHP

Market Size

			4.72%	4.81%	4.81%	4.81%	4.81%	4.81%
Growth rate %	Crops		4.92%	5.00%	5.00%	5.00%	5.00%	5.00%
	Livestock		3.67%	4.00%	4.00%	4.00%	4.00%	4.00%
	Poultry		5.20%	5.00%	5.00%	5.00%	5.00%	5.00%
Captured Market								
Split %								
Crops	Backyard		40%	40.00%	40.00%	40.00%	40.00%	40.00%
	Commercial		60%	60.00%	60.00%	60.00%	60.00%	60.00%
Livestock	Backyard		77%	77%	77%	77%	77%	77%
	Commercial		23%	23%	23%	23%	23%	23%
Poultry	Backyard		30%	30%	30%	30%	30%	30%
	Commercial		70%	70%	70%	70%	70%	70%
Split Value (Php m)								
Crops	Backyard	359,264	377,227	396,088	415,893	436,687	458,522	
	Commercial	538,896	565,841	594,133	623,839	655,031	687,783	
Livestock	Backyard	199,872	207,867	216,182	224,829	233,822	243,175	
	Commercial	61,358	63,812	66,365	69,020	71,780	74,652	
Poultry	Backyard	61,620	64,701	67,936	71,333	74,899	78,644	
	Commercial	143,779	150,968	158,517	166,443	174,765	183,503	
Total	Backyard	620,756	649,795	680,206	712,054	745,409	780,341	
	Commercial	744,033	780,621	819,014	859,301	901,576	945,937	

Tech Comps

Company	Symbol	Price to Book (P/B)	Price to Earnings (P/E)	Price to Sales	Price / EBITDA	Price to Assets	Price / FCF	EV / EBITDA	EV / FCF	Dividend Yield	PEG Ratio
Xurpas Inc.	X-PH	6.81	91.33	14.43	49.24	4.24	235.56	76.37	365.33	0.45 N/A	
Alibaba Group Holding Ltd. Sponsored ADR	BABA-US	6.2	32.66	14.04	38.74	3.98	27.04	30.16	26.46 N/A		3.29
Amazon.com, Inc.	AMZN-US	20.46	172.89	2.84	32.68	5.13	42.48	35.75	46.47 N/A		0.32
Overstock.com, Inc.	OSTK-US	2.2	33.71	0.21	23.64	0.86 N/A		21.65 N/A	N/A		1
eBay Inc.	EBAY-US	4.63	16.99	3.55	10.47	1.54	12.03	12.51	14.36 N/A		0
Mean		8.06	69.516	7.014	30.954	3.15		35.288	113.155		

CONCLUSION

The digital world has advanced by leaps and bounds. There is no denying that there is now a new world order of doing things and that is through technology-based applications.

The Alibaba Group, for instance, is now the fastest growing e-commerce, retail and technology business that operates around the world. It now operates in 200 countries and is touted as one of the largest Internet companies in the world. The group began in 1999 when its founder Jack Ma put up the Alibaba.com business portal to connect Chinese manufacturers with overseas buyers. Its growth and success is phenomenal.

Uber Technologies Inc. is another success story. This global transportation technology company headquartered in the US brings together drivers and passengers in 633 cities worldwide. It also has a food delivery mobile app.

The Lazada Group is yet another e-commerce company that now operates in various countries in Asia. It has several marketplace models selling through its websites. In April 2016, the Alibaba Group bought a controlling stake in Lazada as part of Alibaba's expansion plans in Southeast Asia.

US based Airbnb, another successful venture, is an online marketplace and hospitality service that enables people to lease or rent short-term including vacation rentals, apartment rentals, homestays, beds and rooms. It is now in over 65,000 cities and 191 countries yet it does not own a single room.

These are just among the technology-based success stories that have changed the way business is done worldwide. It's no longer a trend. It's a new way of life.

KROPS was born with the same DNA and to serve a similar purpose — to make the world better with technology.

As the world's first global agriculture market place, KROPS will address global food supply challenges through proven technologies and business models.

There is no better time than now. The timing is perfect and the wave is on its crest. Technology-based businesses are no longer the future. They are already happening.

With this crypto currency-backed offering, KROPS gives investors the chance to ride on this wave and be part of what may yet be the next global phenomenon.

KROPS Team



JOSEPH CALATA
Founder

Youngest Filipino to IPO at the age of 31



CHIE MALAKI
Business Growth Executive

Extensive experience in running BPO business and successfully set up IT, Services & Outsourcing companies.

Manages the global strategic business development and ICT division of Krops



BARTY ESPINO IV
Global Expansion Sales Director

He was responsible for the International expansion of a local logistics company in the Middle East

Currently takes care of the strategical expansion of the Krops brand handling both sales and marketing.



RICHARD KENNEDY DOMINGO
Chief Technology Officer

CISSM, MSCA, Microsoft Partner Development Specialist

Oversees the technical development and works with the Executive Management to grow the company through ICT