



**MDK — a worldwide
entertainment community
for the next generation.**

mdk.is

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1. Motivation

The latest 30 years can be characterized as a breakthrough in the media industry caused by the advent of the Internet and its dynamic expansion.

The Internet and smartphones have revolutionized our communication channels and become an integral part of our daily lives. Today, there are approximately 3.7 billion Internet users — that's over 50% of the world's population — and the number is still continuing to climb. In the last year alone, approximately 350M people became internet users¹.

The development of e-infrastructure has moved the world from traditional sources of information (newspapers, radio, and TV) to modern network platforms (messaging, chats and social media) that are now the major source of information and entertainment for the new generation.

This has completely transformed our lives: we chat, share links with friends, subscribe to global and local communities, communicate with brands, and entertain ourselves via apps on our smartphones. However, alongside the advantages of these developments, there has surfaced a number of issues that are gradually becoming increasingly critical:

- **Unfair profit distribution.** Large companies such as Google, Facebook, Instagram, Reddit, and VK originated and gained their popularity as a result of content generated by users and for users. These companies earn billions of dollars by simply aggregating their users' content and targeting advertisements towards them, while users themselves get nothing in return. All profits are directed towards large companies, and none of it shared with the users.
- **Weak opportunities for new talent.** Ad-oriented economics of dominant digital services is making it more and more difficult for new creators to be noticed. Even if a user creates unique and engaging content, it will often go unnoticed without huge advertising budgets, a large following, or support from influential leaders.

¹ Digital in 2017 - global overview. We are social, Hootsuite.

- **Users don't have an influential vote.** The common user has no leverage over the current systems, or over the content that is created and published there. Top content is created and used by large companies based on the editorial policies of such companies, media or moderators of the current apps.

The abundance of information available to us is changing the current advertising approaches. New generations are born with 'banner blindness'. It is estimated that we now only have 3 seconds to entice our users. We believe that the current approach based on ad coverage and conversions will give way to new tools for interaction between brands and users. Understanding of the user's interests and having the ability to speak their language will be the key elements of success in the new world.

These emerging market trends, problems, and available technologies have created the ideal circumstances that will allow us to change the rules of the game and create a new type of global community based on the principles of decentralization, equal opportunities for all members, and a shared economy that is fair for everyone.

2. MDK's Vision

Today, MDK is one of the largest Russian-speaking entertainment communities that unites more than 20 million young adults in major social networks, including VK, Twitter, Instagram, and Telegram.

Throughout the 7 years in which we have been producing content, our focus has been on uniting creative people and connecting with our members. Our MDK Creative Agency acts as a bridge between the young generation and the world's largest companies. Clients of our agency include Burger King, KFC, Unilever, Reckitt Benckiser, Mail.ru, Gazprom Media, Alibaba Group.

As a result of our work on these platforms and in the digital advertising market, we have become familiar with the problems faced by these organizations. The time has come to offer a new ecosystem for digital communications and commerce that delivers more power to creators, users, and businesses, and prioritizes user experience.

There has been a huge increase in decentralized technologies — most notably, Bitcoin and Ethereum. It is likely that new digital ecosystems would thrive in the open source models offered by these blockchain-based networks. For the first time in history, it has become possible for communities to gather around such networks to motivate the development of customized digital economies. This ecosystem enables consumers to trade internal currencies for goods or services offered by developers and creators. No longer is advertising the only incentive. Now developers and creators can use this revenue to create new products.

MDK has created a communication platform for the next generation. It is based on new decentralized principles where both economic value and governance are distributed among the network's stakeholders rather than concentrated in a single and centralized organization. We are investing in the future, where economic value is created by a community and distributed among all members to ensure that everyone is compensated for their efforts.

Internal Digital Currency

The first step is to create a new internal cryptocurrency – the MDK Token. This token will serve as an internal currency of the MDK application and will be an essential element of the new ecosystem.

The token will unite users inside the ecosystem and provide an opportunity to reward them for their input to the community by evaluating the usefulness actions in the community and providing the appropriate compensation.

However, the mere creation of a token is not enough. For a internal cryptocurrency to be viable, it must be also useful, valuable, and have a high liquidity. MDK will establish a closed-loop community ecosystem where all purchases will be made by tokens, and tokens will be distributed among users proportionally to their input in the ecosystem.

Building an Ecosystem

The second step is to create a platform for communication – the MDK Application. The MDK App unites all members of the community (creators, users, moderators, and businesses), and coordinates their actions to develop the community.

The internal reward system is one of the basic principles of the MDK App. It aims to distribute rewards to motivate members for useful actions. All purchases in the MDK App, including advertising, will be made with MDK Tokens. The reward system is based on an internal algorithm. It will distribute tokens among members of the community based on their input.

The key to this innovation is the notion that common users would not be required to purchase MDK Tokens. Instead, they can earn them by providing value to other members of the MDK digital community through curation, content creation, and commerce. MDK users will be able to spend MDK Tokens on internal purchases, premium content, customizing and developing their profiles, promoting their content, and buying products, services, and other valuable assets offered by merchants and other members.

3. MDK App

The MDK App will be available on both iOS and Android. It will be positioned as a worldwide entertainment community for the next generation.

The purpose of this app is to unite content producers, users, and businesses alike, and provide them with economic incentives to participate in the community and develop it further.

The app will allow users to create, promote, and curate content, and will also provide them with the ability to create local communities. Such communities may be based on their interests or their location. The internal reward system and gamification will motivate users to produce high-quality content that will be useful to others.

Content Creation

Every user has the ability to make content and post it to their local community of interest. When the content is published, it has an initial rating of 0. Other users can then begin to evaluate it based on its usefulness. The more interesting the content is, the more votes it receives from others, and the faster its rating grows. The more popular it gets, the more often it is shown. This means the content will get more visibility, and ultimately a higher share of the rewards fund.

Such a system motivates users to make original, relevant and interesting content. Interesting posts will increase the user's rating and make them a more valuable member of the community. Dull or irrelevant content will receive a negative evaluation, causing the author's ranking to drop, reducing their influence in the community and limiting their opportunity to earn reward tokens in the future.

Experienced authors with a high rating will be able to create their own communities of interest, where they can also become moderators. This will allow them to manage content and ensure that it matches the topic of the community. It also helps them to unite other authors and users who are interested in the same topic.

This gives equal rights for all content creators. Anyone has the ability to make interesting content to be viewed by thousands of people, and they will be rewarded for their efforts in the process.

Content Moderation

Content moderation is the second feature that brings value to the community. Every user can moderate the content, and they will be rewarded for it.

The content management system is constructed as follows: Each user has a limited number of votes that can be spent to evaluate content posted by others. If a user has a higher rating, they can vote more, their votes restore faster, and their votes have a higher value.

To evaluate other users' content, the user goes to a separate tab where an algorithm presents them with posts from the communities they are part of. Users with higher ratings are likely to be presented with more promising content, which is likely to reward them more.

The system itself shares a likeness with the popular app, 'Tinder'. The user acts as a moderator to upvote the content, skip it, or complain if they feel that the content is unacceptable. If the content eventually reaches a high rating and reaches the point where it has been viewed by thousands of users, the moderators who upvoted it will receive a portion of the income.

Providing users with a limited number of votes forces them to spend them wisely, and to only vote for content that they find particularly interesting. The algorithm prevents users from effectively 'cheating' the system and searching only for those posts that are already popular, by limiting the content they can view. This element of gamification is designed to draw users into the game.

Commenting

We believe that the ultimate value of the community is people who spend time in it and take the time to share their opinions. For this reason, commenting on posts and news is extremely valuable for the community development. Each post can be commented on, and comments that carry additional value can be voted for by users. As a result, part of the reward for the post will be distributed between the best comments. Thus, commenting on popular posts and getting involved in the community is the third basic way to get rewards in the internal ecosystem.

Gamification

The basic economic incentives embodied in the ecosystem are already sufficient for community development. However, there is something else that will help to motivate our users – the desire to become a valuable member of the community.

As a valued member, users will have additional opportunities to make a difference and connect with people. This is why we have introduced a rating system, user levels, and elements of gamification.

The earned tokens are a measure of the value that the user brings. As the earned tokens increase and the user's rating grows, the user is promoted to higher levels in the application. As the levels increase, they get harder to reach. If a user acts inappropriately within the community, other users can punish them by reducing their rating, and in turn decreasing their level.

Each new level provides the user with new additional features. As the level increases, they get more votes, and each vote carries more weight. This means users with higher levels have more influence, and they can moderate more interesting and popular content, which increases their opportunities even more.

Content posted by influential users will also get an additional multiplier to their rating. This means posts from popular authors can quickly reach the top, thereby giving them more opportunities to win more tokens. At a certain level, users will receive a variety of other perks, such as the ability their own communities, or become moderators with advanced features.

On the other hand, if a user's rating drops low enough, some of their basic functions may be revoked. For example, the user may first lose their ability to write posts, then lose their ability to write comments, and then they may be banned from the system altogether.

To involve users in this process as deeply as possible, we will also implement an achievement system that will allow users to earn ratings by performing certain actions. For example, there will be prizes for the first post of the day, the top post of the day, for leaving more than 5 comments, for using the app every day, etc.

This system of gamification is specially designed to motivate users to perform useful actions and to encourage more users to get involved in the community.

Tools for Business

The main way to monetize the dominant digital services is through advertising revenue. Our plan is to create an internal advertising exchange and allow advertisers to promote their content.

However, the way society approaches advertising is going through a dramatic change. Over the recent years, the efficiency of conventional advertising has been declining. More large companies have been turning to our MDK Creative Agency in search of new ways to promote and interact with their customers. Businesses are being forced to change their tactics. Instead of directly pitching their products to their users, they are opting for a much more indirect approach. Examples of this include providing value in the form of information guides, sharing humorous content, and communicating directly with their users.

Now is the time to provide brands with new, redesigned tools that they can use to interact with their audience.

These are some possible tools we plan to implement:

- **Sponsorship of thematic channels.** Brands can pay to customize channels for a certain amount of time.
- **Content creation contests.** Brands can organize contests for users to create promotional content, such as information guides. Such contests will encourage brand loyalty, and will also give users an opportunity to earn additional tokens.
- **Brand missions.** MDK will provide a new way for brands to engage directly with consumers through the use of MDK tokens. Users can earn tokens by answering questions in a brand survey, creating themed content for a brand, or moderating a brand's content. For example, a brand may make an announcement such as, "Take a selfie in our swimsuit and get 1 MDK token" that allows all users to participate and earn tokens.

- **A Marketplace of goods and services.** Brands can sell their goods and services at special prices to reach more customers.
- **Creation of brand stickers and inter-app customization.**

As time progresses, this list will be expanded. We will also increase the channels of communication between companies and users.

Users will also be able to make internal purchases within the app. They can choose to spend their tokens on customizing their profile, improving profile characteristics such as the strength of their likes, or increasing the visibility of their posts.

The MDK App will also provide users with additional opportunities to earn tokens, participate in the community development and complete tasks set by brands. For example, influential users can create private paid chat rooms, or sell the opportunity to connect with them or make premium content, etc. Content producers can also request and receive donations from other users.

Internal Reward System

The user reward system is the basis of the community ecosystem. All purchases within the application will be recorded in the internal register. Then, after deducting a commission that will be used to cover the operating expenses and to promote the MDK App, funds will be transferred to the users' reward fund.

The distribution of a user's reward fund will be based on the popularity of their posts. This will be calculated based on the number of views they receive within a specified period of time. The author of the post will receive the greatest share of the reward, and the remaining share will be distributed among moderators and commenters of the post.

These distribution figures will be tested and tweaked until we reach the optimal proportions to sufficiently motivate all community members. The reward system will initially be administrated by MDK. It will be evaluated by a well-defined process that ensures the rewards are distributed fairly using an objective, performance-based methodology. Rewards will be transparent, auditable, and secure.

The internal distribution of awards is also conditioned by two existing bottlenecks of Ethereum. The first bottleneck is that the transaction speed of the blockchain is now much lower than expected in our model. The second is that the cost of conducting micro-transactions to reward all users may exceed the amount of the money paid for the work or services.

Once all algorithms are verified and the tools for micro-transactions on the blockchain have emerged, MDK will completely transmit the reward allocation to decentralize technology based on smart contracts.

4. The MDK Token

MDK introduces an open source cryptographic token named MDK. It is envisioned as a general purpose internal cryptocurrency to use in the MDK App. The MDK Token will be an accounting unit for all economic transactions within the MDK App.

The number of MDK Tokens available is fixed at 1,000,000,000 tokens. It is fractionally divisible and not re-issued. Like other cryptocurrencies, units of the MDK Token are fungible and transferable.

The MDK Token will be implemented on the public Ethereum blockchain as an ERC20 token. The Ethereum blockchain is currently the industry standard for issuing custom digital assets and smart contracts. The ERC20 token interface allows the deployment of a standard token that is compatible with the existing infrastructure of the Ethereum ecosystem, such as development tools, wallets, and exchanges.

Ethereum's ability to deploy Turing-complete smart contracts enables complex issuance rules for cryptocurrencies, digital financial contracts, and automated incentive structures. These advanced features, in addition to the active ecosystem, are what make Ethereum a natural fit for the MDK Token.

Token Circulation Model

Each registered user has their own balance in the MDK App. Any user, company or advertiser can deposit tokens into the balance. The received tokens are credited to the app's wallet, and the equivalent amount in MDK Tokens is recorded in user's account in the internal register.

Funds will be securely stored in the MDK App's smart contract. The contract will exchange information with the internal register by API, which will ensure the security and automation of all withdrawals and deposits.

The user can then spend tokens in the MDK App. When they purchase advertising or something else, this amount is deducted from the user's balance in the internal register and written to the internal reward system.

Micropayments are distributed between all posts based on the share of views each post has accumulated in a specific period of time, and according to internal algorithm divided between authors, moderators, and commentators

After the funds have been distributed, the balance of the user who spent the tokens is reduced, while the balance of the users who received these tokens is increased. The total balance of tokens in the system does not change and remains equal to the number of tokens in the app wallet.

The user can withdraw this balance and transfer the tokens to their personal wallet secured by a private key that can store MDK Tokens. At the same time, the internal register sends this information by API to the app wallet and the specified amount (minus the commission of the Ethereum blockchain) is transferred to the user's wallet, and the user's balance is reduced. If the user chooses to, they can also spend tokens inside the MDK App.

Early Users' Remuneration Fund

Twenty-five percent of the issued tokens will be reserved in the early users' remuneration fund. These funds will be stored on a multisig smart contract and gradually sent to the app wallet. The purpose of this is to motivate early users to develop the community until it reaches the point when in-app purchases can provide a sufficient level of motivation for users.

This is necessary because the initial ARPU will be very low, due to few in-app purchases during the MDK App's startup stage. If we relied solely on this to reward early users for content, the rewards would be too insignificant, and therefore insufficient to motivate users. Adding this fund will create economic incentives for early users in the early stages, and ensure the functionality of the ecosystem. The MDK Tokens from this fund will be proportionally directed to the reward system in order to compensate for the difference between the target user remuneration and its actual value calculated on the basis of current in-app purchases.

We plan to fully spend all of the early users' remuneration fund by the end of the fifth year of the MDK App's launch. By this time, we expect that the volume of internal purchases in the application will have reached a sufficient level to allow adequate compensation for all community members.

Analysis of MDK Tokens' Stability

The value of virtual internal currencies consists of three major factors: The ability of the virtual internal currency to make payment; the decision of users to keep virtual internal currency; and the elements that drive user adoption and merchant acceptance of a virtual internal currency.

Overall transaction quantity may be presented as:

$$PQ=MV,$$

where V is the velocity of MDK Tokens - the average number of times each MDK Token is used to purchase services within the defined period of time; Q is the number of services purchased with the MDK Token over the period of time; P is the weighted price of the services, and M is the quantity of MDK Tokens in circulation in the economy.

If we consider velocity and quantity to be constant due to a strictly fixed supply of MDK Tokens, then the price of in-app purchases will depend on the total quantity of services purchased in the MDK App.

It is expected that as the number of users of the MDK App grows, the number of total purchases will increase. Thus, the price of services denominated in MDK Tokens will be split up and value of MDK Token will increase.

Assuming that internal ads will be correlated with external ad prices denominated in fiat currencies due to purchasing power parity, demand for MDK Tokens will be expected to increase. As a result, (given the free currency exchange) the MDK exchange rate is likely to grow.

Our MDK circulation concept implies a stable growth in value for all parties involved. As revenue is dependant on the audience scale and the level of in-app market development, this will naturally cause a steady increase in the MDK value.

The pre-defined token circulation model provides incentives designed to lead all members – users, partners, and founders – to receive the benefits from a mutually beneficial cooperation.

5. Token Launch

Token Distribution

The total amount of tokens issued: 1,000,000,000 MDK Tokens. This is fixed and not re-issued. MDK Tokens will be allocated as follows:

- **Users' remuneration fund:** 250,000,000 MDK; 25% of the maximum number of tokens. This is designed to encourage early users to produce and moderate the content that enters new markets. The fund will be gradually distributed over a period of 5 years between users of the MDK App by the internal reward system.
- **Team:** 200,000,000 MDK; 20% of the maximum number of tokens are allocated during the 36-month vesting period, with a 3-month cliff. This motivates the team to develop the project and increase the MDK value.
- **Public distribution:** 500,000,000; 50% of the maximum number of tokens will be distributed to the public during MDK Token Sales Phase 1 and 2. This is for the development and launch of the MDK App, and for financing marketing and operating expenses of the app in its initial stages.
- **Reserved for development:** 50,000,000 MDK; 5% of the maximum number of tokens will be vested for 12 months on a multisig smart contract. These funds will be reserved to ensure the continued efforts of the MDK Project in the case that it is necessary to make additional contributions to fulfill the MDK Project roadmap.

Details of each contribution period and all smart contracts will be announced before the start of the tokens' distribution.

Budget Allocation

Budget allocation is dependant on the number of tokens sold and in-app monetization. Development costs and some administrative costs are fixed, and all remaining funds will be spent for marketing of the MDK App and to promote rapid growth of the user base. We have offered budget allocation for a basic scenario:

- **62% – Marketing costs:** Marketing costs include the expenses for the promotion of the MDK App in new markets, and for the acquisition of new users.
- **26% – Application development costs:** This includes employment of 10-12 talented engineers at a competitive salary rate;
- **2% – Service maintenance costs (until self-sufficiency is achieved):** This includes costs related to the current ecosystem management;
- **4% – Legal services costs:** This includes legal costs associated with the compliance of the MDK App within various jurisdictions;
- **6% – Administrative expenses:** This assumes costs related to accounting, HR, technical procurement, support, etc.

6. Business Planning: Market and Financials

Assessment of Market Niche

To assess the financial performance of the project, we analyzed, on the one hand, the total volume of the digital advertising market and drivers for its development, on the other hand, the financial performance of key players in the market whose business models are close to ours. At the same time, we relied on the differences and advantages of our project to predict the path of development and indicators that we can achieve in the market.

Below, we evaluate **key players** in the digital ad market focused on **social media products**:

Facebook: The American for-profit corporation and the biggest online social media and social networking service. Advertising revenue 2016: \$26,885M USD (+57%), 2015: \$17,079M USD. Approximately 80% of advertising in 2016 is from mobile advertising. (85% for the Q1 2017). MAUs were 1.85BN as on December 31, 2016 (\$1.94 BN as on March 31, 2017), showing a year-over-year increase of 17%. In 2016 the worldwide ARPU was \$15.98 USD, an increase of 34% since 2015.

VK: The largest CIS online social media and social networking service, similar to Facebook. Advertising revenue 2016: \$155M USD (RUB 8.9P BN), 2015 – \$103M USD (RUB 6.2P BN). There were 77.8M MAUs as of December 31, 2016, and 66.5 M as of December 31, 2015 - a year-on-year increase of 17%. The share of mobile MAU as of Dec 2016 was 82%. ARPU in 2016 was \$2. The final ARPU is estimated to be higher because the company's official revenue per user does not take into account the shadow advertising market that is directly placed by community's owners.

Reddit: The largest platform for communities of interests. Reddit allows all users to publish content on their website and is a major publisher. However, this service is designed by and limited to Reddit. It does not offer a mechanism for publishers and users to monetize their content. There are currently more than 300M MAU and more than 50K communities in the system.

Imgur: An online image sharing community and image host. As of 2015, there were 150M MAU.

The number of MAUs has been massively increased by leaders of the sector. On average, it climbs by 17% per year. It is expected that new entrants in the market will have a much more rapid growth rate following the overall increase in the market. ARPU has increased by 30% in this year alone. The growth is primarily driven by the increase in the digital ad spending. This is set to increase even further in next 3 years according to the expected significant increase in the digital ad market.

To compare, in today's market, MDK is uniquely positioned as a social media community within VK and is highly targeted towards the teen and young adult demographics. With over 20 million monthly active users, 93% of MDK's audience is between 15 and 25 years of age, and approximately 84% live in the Russian Federation. MDK enjoys a high level of engagement from its users.

Spending on advertising worldwide has been increasing steadily and is expected to reach almost \$550BN USD in 2017. North America invests most in the sector, followed by Asia and Western Europe. The Middle East, Africa, and Central/Eastern Europe spend the least. The largest ad market in the world, the United States, spent more than \$190BN USD on advertising in 2016 (+6.9%), while China, the second largest ad market, invested less than half of the amount during the same period (+7.2%). Advertising growth in 2016 had a global average +5.7%.

Spending on digital advertising worldwide was estimated to be \$178 BN USD in 2016. This represented 36% of total advertising and showed a growth of +15%. The sector is growing at a phenomenal rate and is expected to reach more than \$335 BN USD by the year 2020 (and is expected to represent a massive 50% of total advertising). In 2016, Google, the American multinational technology company, generated revenues of almost \$80BN USD in from digital advertising. Comparatively, Facebook and Yahoo! made \$26.9 BN USD and \$4.7 BN USD on ads respectively.

Spending for global Internet ads is expected to surpass television in 2017 and become the leading segment in the advertisement market. Alongside the growth of advertisement spending, this is the most important indicator that characterizes the attractiveness of the market. It confirms the need for product development and new offers in the digital ad market for users and customers alike.

The steady growth of above indicators (MAUs, ARPU, ad spending) ensures an overall opportunity for company growth and a huge capacity for new market entrants.

MDK plans to hold a significant place among the audience of entertainment networks using the model of **income distribution** among all users of the network. MDK plans to focus on the younger generation (15-25 years old), and will, therefore submit news that is targeted towards this demographic.

Business Modelling

MDK will take a commission from all in-app purchases to cover the operating costs and the costs associated with entering new markets. The remaining balance can be distributed back to users, as moderation and promotion will be mainly managed by users themselves. In the future, MDK plans to create a completely decentralized system that will be managed only by users. This will reduce the commission even further to the minimum necessary level to cover the costs of the network and its development.

The primary goal is to continuously increase the average turnover per user with every passing year and to achieve a minimum of \$2.20 USD per user by the fifth year. MDK is also searching for new ways to stimulate interactions between businesses and users and intends to add additional in-app purchases within the next 6-12 months after launching the application, including internal purchases within the application.

MDK has 7 years of successful operating history within the social media market and has obtained a massive resource base for the development and implementation of the MDK App. This includes a huge user base (~20M in VK). The funds raised throughout the token sale will be used to accelerate the development of the application and the release of all functions, as well as to develop an aggressive worldwide marketing strategy.

The management of the company has set up a completely new business model. However, the market knowledge, experience, background of the team make it simple to accurately evaluate their prospects and future financial results. Despite the risks and uncertainties encountered by companies in rapidly evolving markets, MDK offers a basic scenario to give an understanding of possible outcomes.

Incoming data, based on assumptions

	2018	2019	2020	2021	2022
Year turnover per user at the end of the year, USD	0,10	0,40	1,00	1,60	2,20
MAU at the end of the year, millions	1,0	3,8	11,0	22,8	33,3
MDK token market cap at the end of the year, mln. USD		38,4	109,7	227,5	333,1

Business model (in thousand USD): contributions in the amount of \$5,000,000

	2018	2019	2020	2021	2022
In-app purchases	25	791	6 359	24 894	57 866
Users' rewards	-13	-395	-3 180	-12 447	-28 933
Development	-600	-720	-840	-1 020	-1 200
Operational expenses	-3	-79	-636	-2 489	-5 787
Administrative costs	-321	-160	-438	-1 365	-3 013
Marketing	-250	-710	-3 565	-5 890	-10 559
Financial results	-1 161	-1 274	-2 299	1 683	8 374
Balance at the end of the year	3 839	2 565	266	1 949	10 323

Users' remuneration fund

	2018	2019	2020	2021	2022
Expenditure of the fund, th'USD	400	2 340	5 317	6 989	3 008
User's remuneration fund at the end of the year, millions of MDK tokens	223	128	56	15	4

Assumptions for this model are based on the current social media market environment and cryptocurrency environment:

- MDK plans to achieve a minimum level of turnover per active user by the fifth year of the project (\$2.20 USD per year per active user);
- The acquisition of 1 user will cost an average of \$1 USD. It will cost less in Russia, where MDK has significant media influence and already has members in their own local community. MDK expects that entering new foreign markets will result in a rapid boost in customers. After saturation of the local market, the growth rate is expected to be comparable with the industry average;
- Prior to the turnover of in-app purchases achieving a sufficient level, MDK will compensate its users for the creation and moderation of content around the world from the early user remuneration fund;
- Approximately 50% of the revenue gained from in-app purchases will be used to fund users' rewards. MDK can also increase or decrease fees as they see fit. This will allow a more rapid development of the service;
- MDK Token market capitalization grows in proportion to the growth of the active user base by \$10 USD for each new user.

7. Roadmap

- **2017 Q1** – Beginning of the work at the application concept, analysis of the market, audience, and problems.
- **2017 Q2** – Developing the implementation of the Blockchain to solve the problem of allocating users' revenues.
- **2017 Q3** – Developing the economy of the application.
- **2017 Q4** – Preparing for the token distribution. Token Sale Phase 1.
- **2018 Q1** – Alpha version of the application. Token Sale Phase 2.
- **2018 Q2** – Beta version of the application.
- **2018 Q3** – Release of the application.
- **2018 Q4** – Implementation the advertising exchange, geo-location, tools for business.
- **2019 Q1** – Beginning of the international expansion.

8. Team

The project will be launched by the MDK executive team. MDK is one of the largest entertainment communities in Europe. It has over 5 million unique visitors per month, over 20 million subscribers, and monthly coverage of over 30 million unique users. The team have more than 7 years of experience in the industry and are experts in creating and distributing entertainment content, and community management.

MDK is a very influential company at the heart of the social network and SMM advertising markets in Russia. Today, it is a group of companies that unites its own advertising agency (whose clients include Burger King, KFC, Unilever, Reckitt Benckiser, Mail.ru, Gazprom Media, and Alibaba Group), a group of communities in social networks (VK, Telegram, Twitter, Instagram, YouTube), and a number of companies from various areas of digital business. The company has over 50 employees, and the MDK community is regularly mentioned in the media.

The team has experience in a wide variety of different disciplines, including community building, content management, user associations, market promotion, marketing experience, PR, SMM, and creative promotion. It includes a strong group of managers, specialists in finance, and its own development team.

MDK Executive Team



Roberto Panchvidze

CEO of MDK

CEO and co-owner of MDK Creative Agency. Roberto has worked at MDK for over 4 years. He is head of Operational Management in the MDK group, and an expert in the field of creative projects.



Dmitry Aladyshev

Founder of MDK

Since he first started in 2010, Dmitry has established himself as a successful serial businessman. A visionary, and the founder of MDK. He is an expert in the field of creating popular media.



Kirill Banshchikov

CBDO

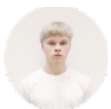
A master of Economics, with a background of working at PwC. Before joining MDK, he worked at a startup as the Managing Director. While he was there, the company expanded to 5 times its initial size, and reached 90 employees. In MDK, he is involved in business development, building business processes and, launching new projects.



Timur Zadunaysky

CTO

Before joining MDK, Timur was engaged in gaming (e-sport) projects, where he worked as a developer. He joined MDK to manage projects in the game sector. Timur has since launched several services with a total audience of approximately 1 million people per month. He is responsible for integrating the token into the application, as well as for the overall architecture of the application.



Sasha Dvoretzky

Art Director

Sasha specializes in developing interfaces. He has a deep understanding of the hierarchy of human needs. He uses modern technologies to craft solutions that he uses to communicate with the target audience in the most suitable way. He was involved in several E-sport projects in MDK, and is responsible for all UX and UI decisions.



Maria Vylegzhanina

Managing Director of the MDK Creative Agency

Maria has over 8 years of experience in the digital, SMM and the creative industries. Before she joined MDK, Maria worked in Eset Nod32, an international information agency. She has been at the head of the MDK creative agency for over 3 years. During this time, she has assisted in transforming the agency into a notable player in the Russian market and managed many successful campaigns for well-known brands.



Dmitry Lashmanov

Head of SMM

Dmitry has been working for MDK for over 5 years. He supervises the development of communities of the MDK group, directs editors and creators, and implements SMM campaigns for global brands.

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