

Tokenomics

Building an open and deflationary by design tokenomics is an essential component of building market and users' confidence. This is the strategy that the Ultron Foundation is committed to.

A robust ecosystem built on solid tokenomics has several virtuous characteristics:

- The utility coin is integral to the ecosystem's function
- The ecosystem protects itself from inflation (i.e., coins are bought back)
- The coins are mobile; i.e., it is easy to transfer wallet to wallet without any central control or intermediary
- The coin has multiple utilities; e.g., track value when staked or held, can be used for fees, etc.
- Full transparency over coin functionality
- Transactional costs and energy consumption stay low
- No extremes of asymmetry in coin distribution

This section presents Ultron's tokenomics to provide full visibility over how Ultron utility coins flow within the ecosystem. It details how the ecosystem responds to inflationary pressures and incentivizes stability and growth of the Ultron ecosystem.

Ultron Ecosystem Tokenomics

The Ultron Ecosystem supports 3 coins/tokens:

1. **ULX**
2. **xULX**
3. **wULX**

Basic ULX metrics

Initial coin supply: 4,787,500,000 ULX

Maximum coin supply: 50,000,000,000 ULX

The Ultron Coin (ULX) standard native coin performs a similar function to ETH in the PoS Ethereum blockchain. ULX is the native utility coin of the Ultron Blockchain, used to secure the network through staking, track and support the system of network fees, and fuel the ecosystem of native dApps. **Figure 1** presents ULX maximum supply allocations.

ULTRON (ULX) Allocation of Digital Assets

This maximum supply of 50 billion ULX will be distributed according to the following allocations:

- **55% Staking Hub NFT program**
- **35% Ecosystem**
 - 4% Staking validators
 - 6% Developers grants reserve
 - 25% Liquidity & Community treasury
- **10% Team**
 - 8% Core team
 - 2% Advisors

See Figure 1 for a breakdown of these allocations as proportions of the total supply.

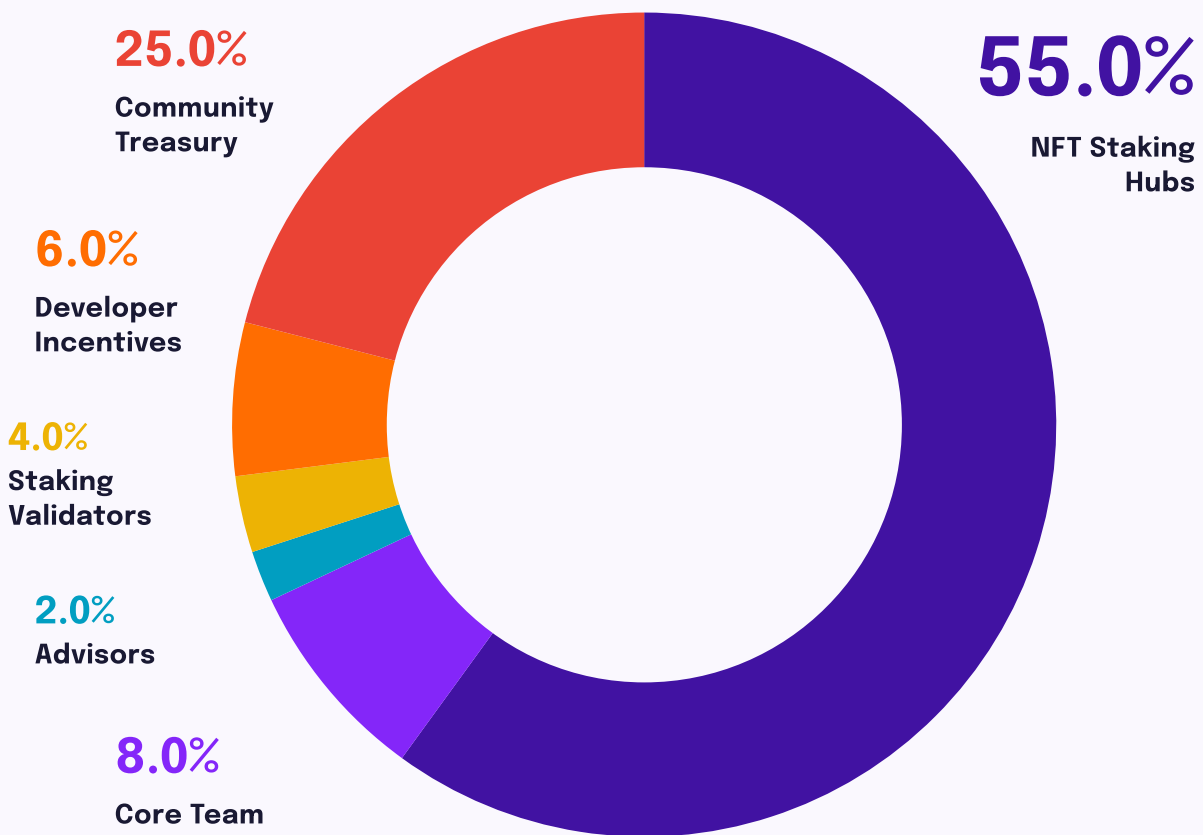
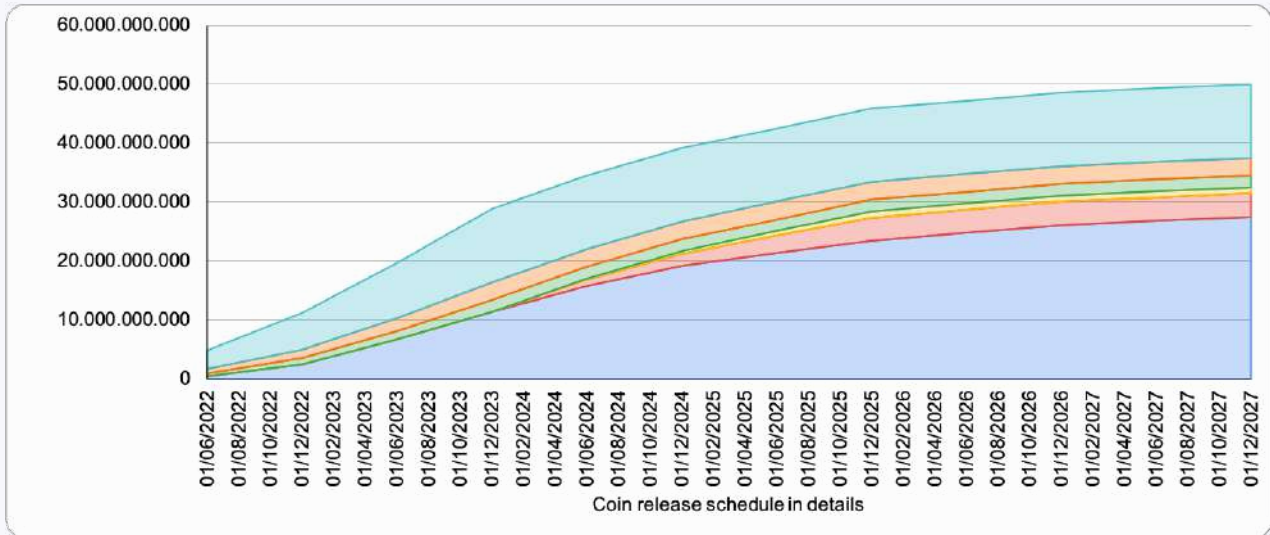


Figure 1 ULX maximum supply allocations.

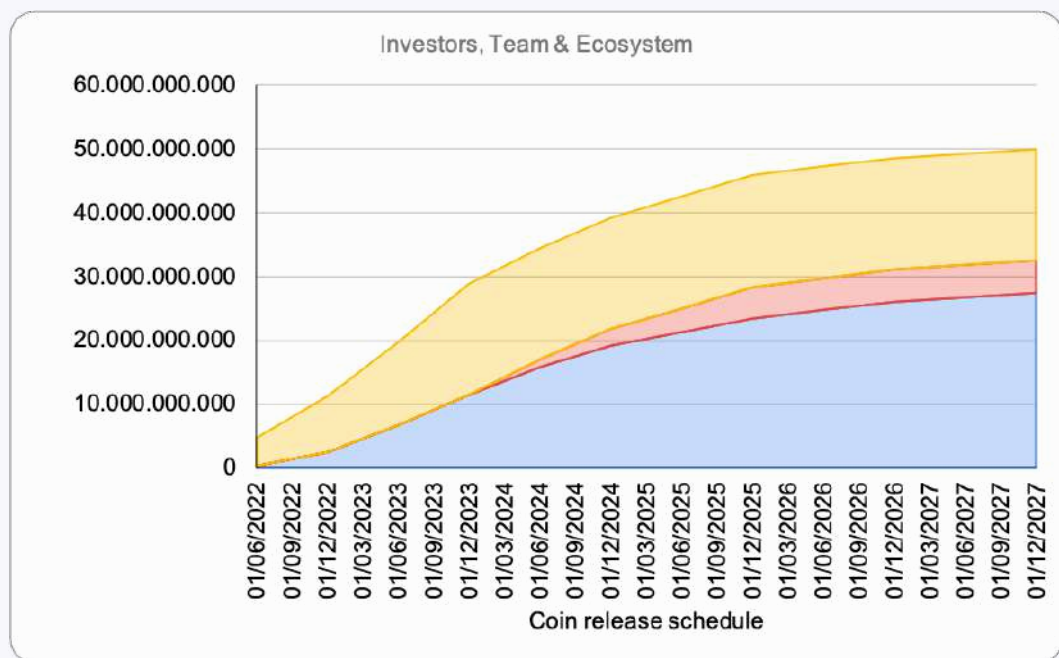
Expected Release Schedule

- Ecosystem Community Treasury
- Ecosystem Staking Validators
- Team Core Team
- Ecosystem Developer Incentives
- Team Advisors
- Buyers NFT Staking Hub



Coin Release Schedule for Investors, Team, and Ecosystem

- Ecosystem
- Team
- Buyers



Buyers

Expected Coin Release Schedule in Detail

	Buyers	Team	Ecosystem	Unlocked Coin
	NFT Staking Hub	...	...
01.06.2022	412 500 000	...	...	4 787 500 000
01.12.2022	2 475 000 000	...	...	11 225 000 000
01.06.2023	6 600 000 000	...	...	19 725 000 000
01.12.2023	11 412 500 000	...	...	28 912 500 000
01.06.2024	15 812 500 000	...	...	34 562 500 000
01.12.2024	19 250 000 000	...	...	39 250 000 000
01.06.2025	21 312 500 000	...	...	42 562 500 000
01.12.2025	23 375 000 000	...	...	45 875 000 000
01.06.2026	24 750 000 000	...	...	47 250 000 000
01.12.2026	26 125 000 000	...	...	48 625 000 000
01.06.2027	26 812 500 000	...	...	49 312 000 000
01.12.2027	27 500 000 000	...	...	50 000 000 000
<i>(ongoing)</i>	<i>ongoing if not 100% sold out</i>	...	...	<i>unlocked</i>
Total Unlocked	27 500 000 000	...	...	50 000 000 000
Remaining Supply	0	...	...	0

Team

Expected Coin Release Schedule in Detail

	Buyers	Team		Ecosystem	Unlocked Coin
	...	Core Team	Advisors	...	
01.06.2022	...	0	0	...	4 787 500 000
01.12.2022	...	0	0	...	11 225 000 000
01.06.2023	...	0	0	...	19 725 000 000
01.12.2023	...	0	0	...	28 912 500 000
01.06.2024	...	1 000 000 000	250 000 000	...	34 562 500 000
01.12.2024	...	2 000 000 000	500 000 000	...	39 250 000 000
01.06.2025	...	3 000 000 000	750 000 000	...	42 562 500 000
01.12.2025	...	4 000 000 000	1 000 000 000	...	45 875 000 000
01.06.2026	...	4 000 000 000	1 000 000 000	...	47 250 000 000
01.12.2026	...	4 000 000 000	1 000 000 000	...	48 625 000 000
01.06.2027	...	4 000 000 000	1 000 000 000	...	49 312 000 000
01.12.2027	...	4 000 000 000	1 000 000 000	...	50 000 000 000
(ongoing)	...	<i>lockup 24 months vesting 24 months</i>	<i>lockup 24 months vesting 24 months</i>	...	<i>unlocked</i>
Total Unlocked	...	4 000 000 000	1 000 000 000	...	50 000 000 000
Remaining Supply	...	0	0	...	0

Ecosystem

Expected Coin Release Schedule in Detail

	Buyers	Team	Ecosystem			Unlocked Coin
	Staking Validators	Developer Incentives	Developer Incentives	
01.06.2022	500 000 000	750 000 000	3 125 000 000	4 787 500 000
01.12.2022	1 000 000 000	1 500 000 000	6 250 000 000	11 225 000 000
01.06.2023	1 500 000 000	2 250 000 000	9 375 000 000	19 725 000 000
01.12.2023	2 000 000 000	3 000 000 000	12 500 000 000	28 912 500 000
01.06.2024	2 000 000 000	3 000 000 000	12 500 000 000	34 562 500 000
01.12.2024	2 000 000 000	3 000 000 000	12 500 000 000	39 250 000 000
01.06.2025	2 000 000 000	3 000 000 000	12 500 000 000	42 562 500 000
01.12.2025	2 000 000 000	3 000 000 000	12 500 000 000	45 875 000 000
01.06.2026	2 000 000 000	3 000 000 000	12 500 000 000	47 250 000 000
01.12.2026	2 000 000 000	3 000 000 000	12 500 000 000	48 625 000 000
01.06.2027	2 000 000 000	3 000 000 000	12 500 000 000	49 312 000 000
01.12.2027	2 000 000 000	3 000 000 000	12 500 000 000	50 000 000 000
<i>(ongoing)</i>	<i>unlocked, based on users adoption</i>	<i>unlocked</i>	<i>unlocked</i>	<i>unlocked</i>
Total Unlocked	2 000 000 000	3 000 000 000	12 500 000 000	50 000 000 000
Remaining Supply	0	0	0	0

Staking Hub NFT Allocation

Staking is the process of holding digital assets in a crypto wallet to support the operations of a blockchain network. In return, holders are rewarded for their contributions. Ultron's novel approach to raising capital through the Staking Hub NFT sale will support the ecosystem's stability.

This Staking Hub NFT platform enables the user to generate passive digital assets growth while providing proof of ownership of the Staking Hub, thanks to an NFT. The major allocation of ULX supports the Staking Hub to enable users to receive daily APR returns in wULX tokens, that may be unwrapped into native ULX coins at a 1:1 ratio. The maximum supply for the Staking Hub NFT rewards is limited to 55%, i.e., 27.5 billion ULX.

The Staking Hub offers 9 tiers, as per Table 2

Table 2 Staking Hub NFT tier and coin allocation

NFT Staking Hub Coin Allocation	ULX % Distribution	% of Total ULX Supply	ULX
Combined		55.00	27 500 000 000
Basic	14.55	8.00	4 000 000 000
Light	18.18	10.00	5 000 000 000
Light +	22.18	12.20	6 100 000 000
Standard	14.18	7.80	3 900 000 000
Standard +	8.00	4.40	2 200 000 000
Premium	7.27	4.00	2 000 000 000
Premium +	5.09	2.80	1 400 000 000
Supreme	5.45	3.00	1 500 000 000
Supreme +	5.09	2.80	1 400 000 000

Each tier offers a set number of NFT Staking Hubs for purchase, as per Table 3:

Table 3 Staking Hub NFT distribution

NFT Staking Hubs Tier	Nr. of Staking HUBs
Basic	219 168
Light	84 295
Light +	57 296
Standard	10 684
Standard +	1 607
Premium	526
Premium +	153
Supreme	49
Supreme +	15
Total	373 793

This calculatoin is based on the ULX price of 0.01 USDT.

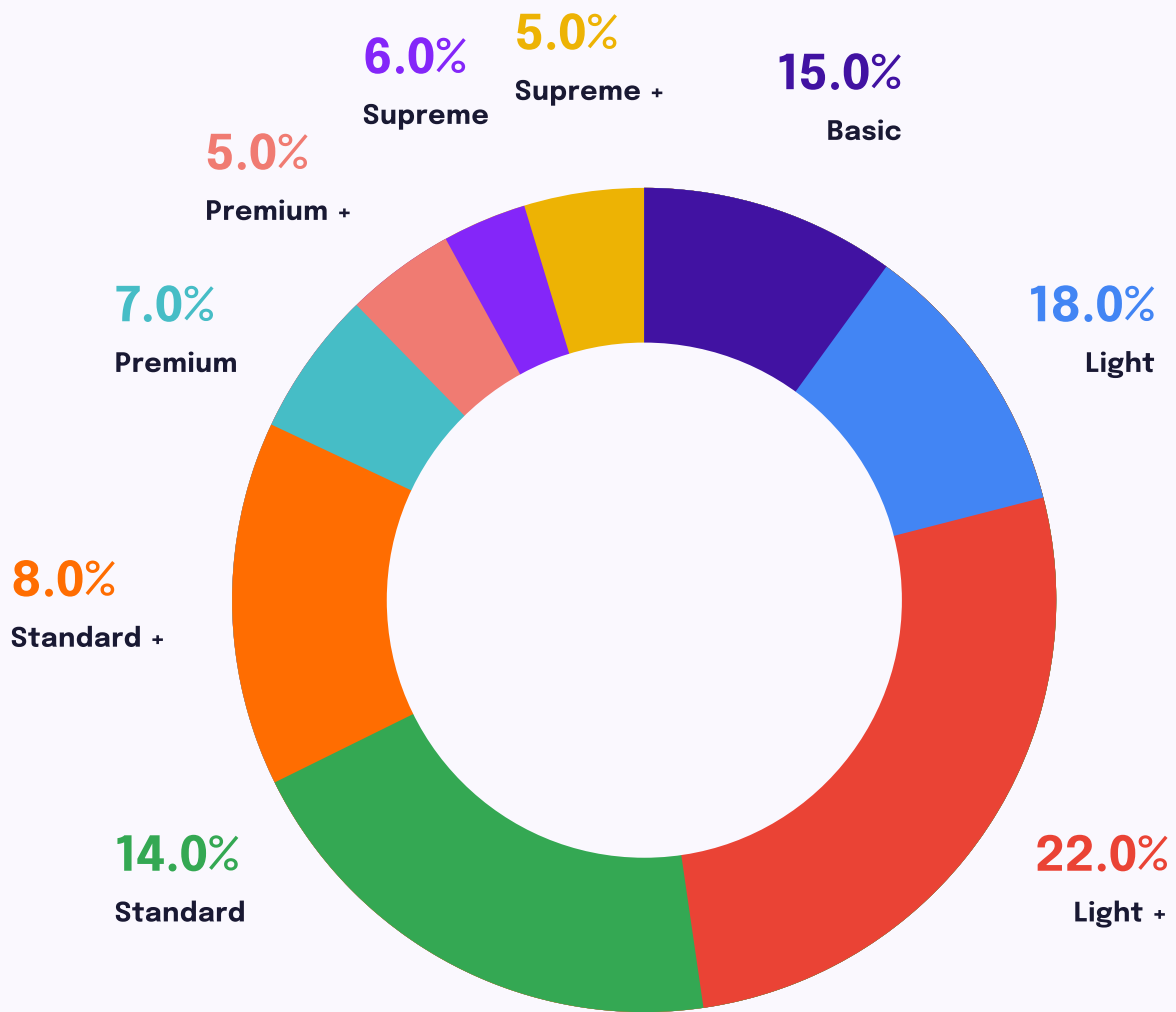


Figure 4. Staking Hub NFT allocation of coins (55% of maximum supply)

Staking Hub Rewards

In practice, the Staking Hub NFT is a distribution unit that generates fixed passive digital rewards on a daily basis. The coins generated through these Hubs will be locked for a fixed period and gradually unlocked yearly to enable users to exchange the coins on a secondary market.

Initially, the only way for users to receive the ULX coin is to acquire the Staking Hub NFT – which gives them the right to receive a passive digital assets reward. The base stake is released over 5 years from the Staking Hub NFT purchase date.

Table 4 Yearly APR for 5-year stake return.

#	APR	APR/365	Unlocking
1 year	73%	0.2000%	30%
2 year	37%	0.1000%	25%
3 year	18%	0.0500%	20%
4 year	9%	0.0250%	15%
5 year	5%	0.0125%	10%

The nine tiers of Staking Hub provide different characteristics to fulfill the needs of multiple users. The higher the tier, the higher the Staking Hub price and the ULX incentive for the user. Note, while the vesting schedule is calculated on an individual level from the time of purchase, the halving rewards are computed on a protocol level. This means it is better to buy the Staking Hub NFT at the start of the halving year to exploit the high APR for the longest possible period of time before the next halving.

Formula to calculate the base stake in Staking Hub NFT

$$\text{NFT base stake} = \text{NFT price} / (\text{ULX market price} / \text{Stake ratio})$$

After the Ultron mainnet launch, the initial staking value of the NFT Staking Hub is defined based on the market price. For the base stake calculation (to prevent hyper inflation), the minimum ULX price is 0.01 USDT, irrespective of the actual ULX market price.

Functional Utilities of ULX

Besides being the native coin of the Ultron blockchain, ULX will be the supportive native coin of the dApps developed by the Ultron Foundation. Accordingly, the growth of the coin will be driven by both the adoption of the blockchain and the growth of native dApps.

The following ULX use cases are anticipated:

1. Securing the Network: Validator Staking

The most important utility of the ULX coin is securing the network via the PoS system. Stakers can participate by setting up a validator node or delegating their stake to a validator and then locking their coins for a specified amount of time. Stakers earn rewards proportionally, according to the number of coins delegated and the duration of the lock-up, depending on the validator's uptime and stability.

2. Securing the Network: Fees

On the Ultron protocol, there are fees for transactions and smart contract interactions. These fees are tracked with ULX and are very low – but sufficient to make it extremely expensive for a malicious actor to carry out an attack.

3. Payments

Ultron's network executes thousands of transactions every second, keeping transaction cost inflation at scale and payment costs to a minimum – making Ultron a suitable choice for transactions.

4. Native dApps

ULX is the primary utility coin of the native dApps (e.g., to repay interest on a digital assets, liquidity mining, etc.). Once released, dApps will maximize the utility of ULX within the Ultron ecosystem and, with ecosystem growth, coin holders will be involved in future governance decisions on the Ultron blockchain.

5. Enhancing the Ecosystem

It is anticipated that Ultron's capital raised from the NFT Staking Hub sale will be used in the following areas:

- **Marketing expenses:**
 - Social Media networks management
 - Promoting native dApp services
 - PR and media paid campaigns
 - Content marketing
 - Community growth events

- **Operation expenses:**
 - Sales/operations
 - Legal
 - Additional expansion overseas
 - Prepare for contingencies
- **R&D:** development of the applications for the ecosystem

Passive Rewards

The key potentiality offered by Ultron's ecosystem is the multi passive reward options available to community members:

#	DeFi Income Paths within Ultron	Goal
1	Acquire Staking Hub NFT	Get ULX coins through daily fixed passive gain
2	Delegate to a validator or set up your validator node	Stake ULX to get more rewards
3	Unlock staked ULX with xULX coins and use them within Ultron	Unlock new liquidity from staked coins and maximize rewards with xULX
4	Use ULX in DeFi dApp protocols	Unlock DeFi earning potential with ULX
5	Yield Farming of ULX in Liquidity Pool pairs	Earn interest and maximize returns

Each option will be considered in the following sections.

Staking Hub NFT Sale

The Staking Hub NFT is an innovative digital asset growth instrument developed by the Ultron Foundation that enables users to receive daily APR returns in ULX coins. The majority of the ULX supply is destined for the Staking Hub rewards distribution.

Example: Basic Staking Hub NFT

Alice buys the Basic Staking Hub NFT for 100 USDT and receives a Base stake in ULX equivalent at the market price of 0.01 USDT with a 0.6 stake ratio:

$$\text{NFT Base stake} = 100 \text{ USDT} / (0.01 \text{ USDT} / 0.6) = 6000 \text{ ULX}$$

The base stake generates an additional passive reward in ULX coins for 5 years, with an APR that is halved every year.

After 5 years with autostake on, Alice receives 24 660 ULX, i.e., a total amount of rewards is 18 660 ULX or almost 311%. To enjoy maximum rewards, Alice selected the auto compounding option and, after 5 years from purchase, all the rewards are released and unlocked. If Alice does not withdraw any unlocked amounts, then in the first year, Alice will receive about 107.4% APY on 6 000 ULX, the second year 91.3% on 17919 ULX, in the third year she receives 59.8%, the fourth 34.2%, and last year 18.3%.

Note that this reward is awarded daily, not annually, which provides better compounding returns.

Bob also buys 6 000 ULX but with autostake off. Bob receives the 73% APR, but does not leverage the benefits of auto compounding the reward daily. He does not lock the rewards, and over the 5 years, Bob extracts a total of 8 486 ULX and retains the original purchase.

Validator Reward Program

Users who run a validator node or delegate ULX to validators are rewarded in ULX. There are two options for staking in the Ultron protocol:

1. Become a validator:

The requirements to become a validator include:

- Minimum stake 1 million ULX
- Maximum validator size: not more than 10x the self-stake amount
- Meet service level agreement (SLA)

2. Join an existing pool as a delegator:

The requirements to become a delegator include:

- Minimum stake 1 ULX
- Assign 15% of delegator reward to host/validator

The reward distributed to validator and delegator stakers ranges from 5–13% APY, depending on the locking period and the total size of the stake. It will, to some extent, also vary based on the validator's stability on the network.

Validator and Delegator Penalties

Firstly, low stability of nodes can lead to network problems, and so a penalization system is implemented for non-effective validators.

Furthermore, if the validator behaves maliciously, its stake could be penalized, also known as "slashing". This penalty includes any proportion of the stake contributed by delegators aligned with this validator.

Should a validator or delegator wish to renege on their stake lock period and initiate an early extraction of that stake, they

will face a loss of up to 50% of the percentage rate reward. See Section 5.3 for the technical specifications of a minimum validator node.

Stake ULX to Receive xULX

The 'xAssets' are liquid, tokenized representations of staked (bonded) digital assets in the Ultron Swap DEX. They allow stakers to gain liquidity over their staked assets, enabling the locked value in staked assets to be utilized in all rewarding applications that will be developed on the Ultron blockchain.

Users acquire xULX synthetic assets for use within Ultron's DeFi ecosystem in proportion to the quantity of ULX staked. The source of staking rewards for xULX will be a part of the DEX commissions.

Users must follow these steps:

- Select staking preference and lock ULX (or wULX) to start earning rewards
- Receive xULX as a receipt of the staked amount
- Unlock staked funds as collateral – return xULX and receive initial ULX plus rewards
- Optionally use xULX tokens in Ultron dApps ecosystem to earn additional rewards (will be offered later after the mainnet and DEX launch)

wULX Token

The wULX (wrapped ULX) token is used as a reward in all native Ultron dApps and has the following properties:

- **Purpose:** wULX is an ERC20 token that represents ULX rewards, paid out in all native Ultron dApps.
- **ULX Peg:** wULX mimics the price of its underlying asset (ULX) in equal proportion, i.e., wULX:ULX is always pegged 1:1.
- **Fungibility:** wULX is fungible across all dApps, regardless of the underlying reward schema.
- **Ease of Redemption:** the redemption of wULX should be fully executed within a predetermined time period. Any holder should be able to redeem their wULX without loss and in a short period of time.
- **Wrapping / unwrapping:** wULX can be unwrapped into ULX on the Ultron swap at the exchange rate of 1:1; ULX coin can be wrapped into wULX at the same rate.

ULX Farming in Liquidity Provider Pairs

Yield Farming is an effective way to earn wULX rewards on Ultron dApps (via UltronSwap). Liquidity Provider (LP) Farms require that users stake two tokens. The user needs to add liquidity to get LP Tokens and then start staking them in a Farm in order to earn rewards and unlock ULX DeFi potential.

In Conclusion

Ultron has developed a robust ecosystem built on solid tokenomics.

As per the requirements of a solid tokenomics strategy detailed at the start, Ultron's ULX fits the following requirements:

1. The coin is integral to the ecosystem's function.

ULX is the native coin that must be staked within the system. Its release schedule places controls on the ecosystem, for example, the team's own release schedule is delayed to assure investors of the founders' commitment to stability.

2. The ecosystem protects itself from inflation.

A significant percentage of the ULX profits will be bought back by the Ultron Foundation as an anti-inflationary strategy.

3. The coins are mobile; i.e., it is easy to transfer wallet to wallet without any central control or intermediary.

ULX will be listed on major coin price websites and be tradable via cross-chain bridges to the biggest EVM-compatible blockchain networks.

4. The coin has multiple utilities; e.g., provides value when staked or held, can pay for fees, etc.

The family of coins ULX, wULX, and xULX support the full service of utilities.

5. Full transparency over coin functionality.

As per the White Paper and this declaration of the Tokenomics of the Ultron Foundation, the functionality of the coin has been clearly articulated.

6. Fees and transaction costs stay low.

Ultron's consensus protocol enables the Ultron L1 blockchain to deliver high throughput with fast transaction speeds and low

transaction costs. The transaction fees that are tracked with ULX and deliberately kept very low, but remain sufficient to mitigate against an attack.

7. No extremes of asymmetry in token distribution

The Staking Hub NFT has been carefully crafted to reduce asymmetry in distribution, with the reduced availability of the high-value assets. Similarly, the validator and delegator staking initiatives are designed to constrain any players from creating unreasonable levels of control.