



LYDIAN

The First Marketing Cloud for Blockchain

PRELIMINARY DRAFT 12/15/2017 (to be superseded by final draft)



LYDIANCOIN PTE. LTD.

DRAFT Confidential Product Whitepaper

200,000,000 Lydian (LDN) Tokens

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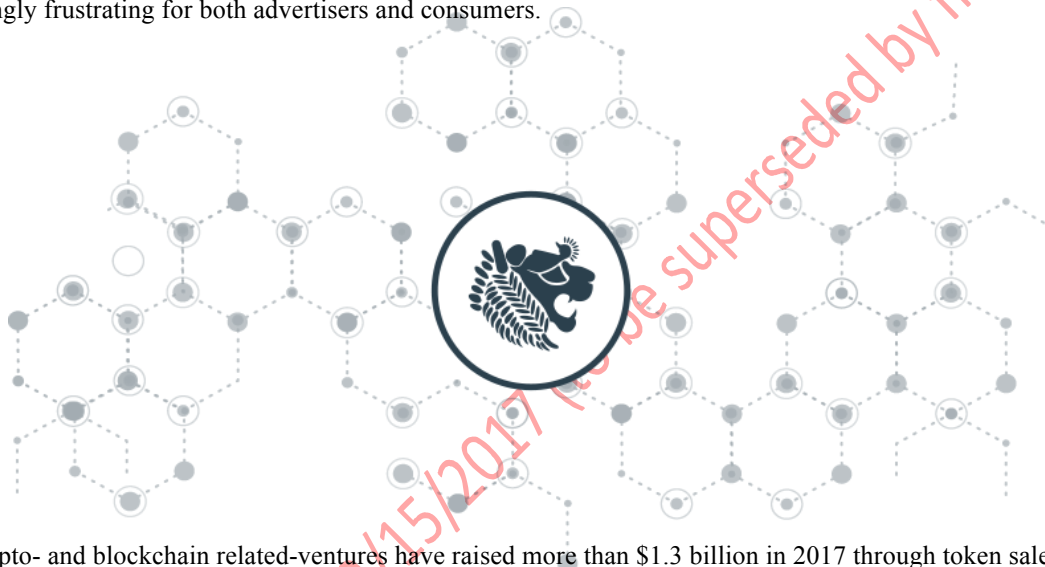
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Abstract

Digital advertising allows companies to communicate, educate, and engage with their customers through multiple technology channels. Businesses utilize ad-tech platforms to target customers across varying social, web, mobile, video, and native media. Worldwide digital marketing expenditures are expected to exceed \$232 billion in 2017, eclipsing global spend on television advertising.¹

The digital advertising ecosystem, however, is far from perfect. Plagued by inefficiencies like ad fraud, rent-charging intermediaries that add dubious value, defensive user/customer behaviors prompted by abusive legacy marketing practices, malware, and insufficient campaign efficacy reporting, the digital advertising experience is increasingly frustrating for both advertisers and consumers.



New crypto- and blockchain related-ventures have raised more than \$1.3 billion in 2017 through token sales and coin offerings. Our independent research reveals that, on average, between \$100,000 to \$500,000 is spent on digital marketing to promote these sales. Crypto-ventures face additional marketing costs and challenges in identifying and educating potential customers for their products and services. These challenges can be met head on using the power of targeted, A.I.-driven digital marketing to identify, engage and educate potential customers.

Gravity4, Inc., through its subsidiary LydianCoin SG and its cryptocurrency, LydianCoin (LDN), will provide crypto- and blockchain ventures with digital marketing services that Gravity4 and LydianCoin SG believe are state of the art and are already used by several Fortune 1000 companies and luxury brands worldwide. Using LydianCoin, these ventures can reach beyond the known universe of existing crypto-investors and identify and engage new, specifically targeted investors and customers. LydianCoin is a utility token engineered to meet the digital marketing needs of the crypto- and blockchain space.

¹ See <https://www.coinschedule.com/stats.php>.

Lydian tokens may be negotiated back to Lydian for digital marketing and advertising services that advance campaign effectiveness through (i) aggregating years of marketing placement, customer interaction and audience data, (ii) disintermediation, eliminating costs, (iii) utilizing Gravity4's Artificial Intelligence platform, MonaLisa, to improve advertisement placement efficacy and (iv) leveraging industry relationships.

In addition to the industry leading marketing services available today, Lydian token holders will have early access to two additional projects under development by Gravity4: MonaChain and MonaBrowse. MonaChain, a blockchain based system designed to work in concert with MonaLisa, will provide optimized ad placement services that combat common forms of ad fraud. Following an initial exclusive period during which it is available only to Lydian token holders, MonaChain will be available to non-token holders for an additional cost. MonaBrowse, to which Lydian token holders will also have exclusive advance access, will give purchasers an ad-free browsing experience across multiple platforms and devices without needing to download new browsers or browse differently.

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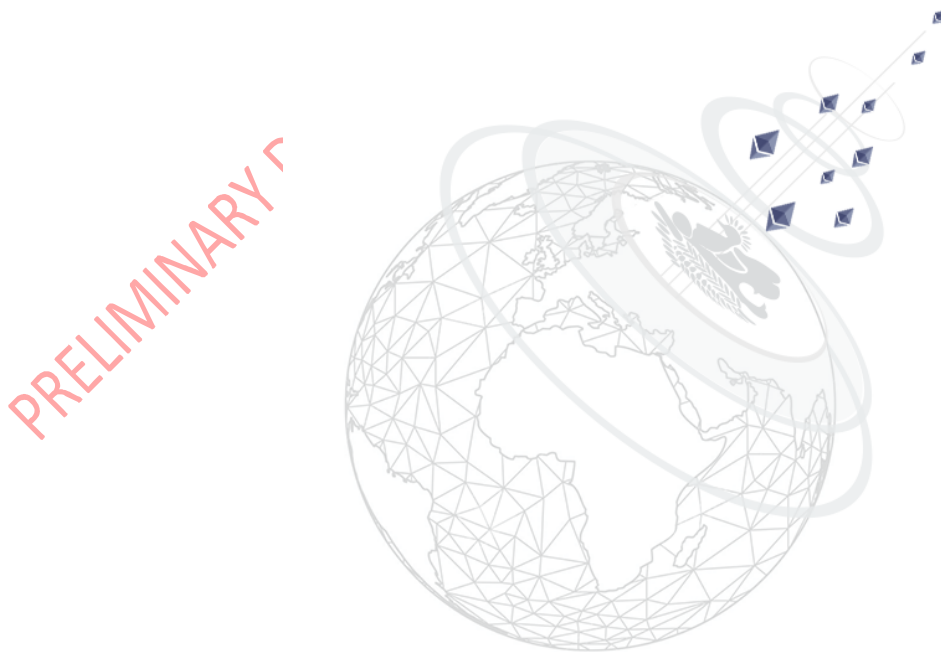
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1. Summary

The Lydian token (LDN) will be issued by LydianCoin SG, an indirect Singaporean subsidiary of Gravity4, Inc., a Delaware corporation. Gravity4, Inc. is the direct or indirect parent of approximately 43 subsidiaries in the United Kingdom, Ireland, Bermuda, Sweden, Hong Kong, Taiwan, Australia, Mexico, the British Virgin Islands, Brazil, Singapore, Jersey, China, Malaysia, Denmark, Norway, Finland, Spain, Germany, the Netherlands, and Colombia (Gravity4, Inc., together with its subsidiaries, the “Gravity4 Corporate Family”). The Lydian token will enable cryptocurrency purchases of targeted, A.I.-driven digital marketing and advertising services already offered by the Gravity4 Corporate Family and used by a number of Fortune 1000 companies and luxury brands worldwide. Lydian tokens will allow crypto-centric businesses to expand their marketing reach, engage and educate a targeted audience, and grow their customer base.

Lydian token users will have exclusive access to data sets optimized to reach crypto-community audiences, data sets not available to Gravity4 Corporate Family Customers paying in fiat currencies. Lydian token holders will also have exclusive access to products currently under development, including MonaChain, a blockchain driven anti-ad fraud system, and MonaBrowse, ad-free internet surfing without the hassle of changing browsers or surfing behavior.



2. The State of Digital Advertising

2.1 Digital Advertising Is Essential but Imperfect

Digital advertising is a massive, fast-paced industry. Industry estimates suggest that 2017 global spend on digital advertising will be approximately \$232 billion.² Ad fraud takes a significant toll on this massive investment, an expected \$16.4 billion worldwide in 2017.³ An estimated 20% of total programmatic digital ad spending was wasted due to fraud in 2016.⁴ In 2016, internet bots alone cost advertisers \$7.2 billion.⁵

Recent Google-run tests found fraudulent sales of ad space on premium websites sellers had no access to or fake versions of promised websites.⁶ Companies advertising their goods and services are understandably concerned that paid advertising is seen by consumers.⁷ However, many efforts to combat ad fraud have led to other difficulties, including more middlemen, lower publisher impression rates, and consumer ad blocker adoption.

Other challenges in the digital advertising industry provide opportunities for innovation:

- Data Fragmentation: Individual customers engage with many devices and services, fragmenting the data they provide. Fragmentation challenges digital marketing platforms by increasing the cost of aggregation and quality assurance. Fragmentation also hinders campaign efficacy measurement, as well as attempts to create a single holistic view of customer engagement.
- Lack of Personalization: Customers are bombarded by impersonal, irrelevant messaging. Marketers need to adjust messaging and presentation for non-disruptive, productive communication. Digital marketing platforms utilizing more than demographic data can build effective communication strategies and deliver value.

2.2 A Successful Token Offering is the First Step to the End Goal

Public awareness of crypto- and blockchain technology has risen in 2017, fueled in part by increases in the market value of Bitcoin and Ethereum, more frequent token sales, ransomware demanding cryptocurrency payments, and the recent Bitcoin fork. For ventures raising funds through token sales, funding is not the end, but merely the beginning of the story: funding should be considered a promise to deliver a real product and/or service.

² See eMarketer Report, *Worldwide Ad Spending: The eMarketer Forecast for 2017*, eMarketer.com (Apr. 12, 2017), available at <https://www.emarketer.com/Report/Worldwide-Ad-Spending-eMarketer-Forecast-2017/2002019>.

³ See Lucy Handley, “Businesses could lose \$16.4 billion to online advertising fraud in 2017: Report,” CNBC.com (Mar. 15, 2017), available at <https://www.cnbc.com/2017/03/15/businesses-could-lose-164-billion-to-online-advert-fraud-in-2017.html>.

⁴ See *id.*

⁵ See Christopher Heine, “Bots Will Cost Digital Advertisers \$7.2 Billion in 2016, Says ANA Study,” Adweek.com (Jan. 19, 2016), available at <http://www.adweek.com/digital/bots-will-cost-digital-advertisers-72-billion-2016-says-ana-study-169072/>.

⁶ See Michelle Castillo, “Online ad fraud is a ‘widespread’ problem, Google and other big ad platforms admit,” CNBC.com (July 22, 2017), available at <https://www.cnbc.com/2017/07/21/google-oath-others-ad-fraud-widespread-problem.html>.

⁷ See *id.*

To avoid falling into a dot com bubble pattern of capitalization and bust, newly-capitalized crypto-companies must court customers for successfully-deployed, better, faster and/or cheaper products and services. Building awareness, delivering the right messages, and driving customer engagement for products and services are necessary for continued growth in the crypto-space.

Because companies often face a long road to commercially viable products and services, as well as profitability, it is critical to seek broad adoption of products and communicate a company's vision to reach audiences beyond early stage investors and token purchasers. Often, crypto-ventures deploy traditional advertising campaigns to promote token sales, eschewing coordinated consumer outreach and education campaigns. This pattern is likely to limit brand and product awareness and ultimately impact long-term success.

2.3 Crypto-Marketing Today

Crypto-industry marketing and advertising ventures generally fall into two segments: (i) large established companies that market new ventures using existing marketing campaigns (e.g., IBM, Microsoft, and Deloitte); and (ii) start-ups that market to the existing crypto-community.⁸

Gravity4 evaluated several large token sale and crypto-related corporate marketing strategies, and found that many companies raising funds lack knowledge and/or experience to effectively advertise to broad consumer audiences. Among the strategies observed:

- Physical Advertising: Often signs or billboards, necessarily limited in scope to persons physically present during a fixed time. Physical advertising is typically static and aims to create brand recognition by attracting attention or through familiarity and repetition. Physical advertisement can be limited in reach and depth. The limited amount of information conveyed by a static sign restricts the potential for consumer engagement and education. Metrics for gauging effectiveness of physical advertising are limited, as are real-time uses for customer response data.
- Online Ad Networks: A prior-generation marketing tool often used to promote token sales, limited in reach and susceptible to ad fraud. Using a limited ad network of cryptocurrency-focused web sites, online ad networks are effective to reach consumers already aware of those sites but generally not expand the universe of potential customers. Ad networks enable companies to deal with advertisers and companies to buy and sell ads across the internet.⁹
- "Dot com Bubble" Techniques: Engineered for a single shock impression on customers. A large splashy placement, like an expensive short-term advertisement at a heavily trafficked location or during a sporting event, to attract attention and create a "buzz" that continues beyond the scope and duration of the actual advertisement. Even an effective "buzz" generating placement can be of

⁸ See Oscar Williams-Grut, "People are raising hundreds of millions selling digital coins online – it's either the future of funding or a 'bubble,'" BusinessInsider.com (Jul. 8, 2017), available at <http://www.businessinsider.com/initial-coin-offerings-explained-icos-token-crowdsale-2017-7> (describing typical ICO marketing to include Reddit and Slack channel use to directly reach potential investors and customers).

⁹ See "An Ad Tech Glossary: Must-Know Terms, If You're Looking for An Ad-Tech Partner," AdAge.com (Mar. 3, 2015), available at <http://adage.com/lookbook/article/toolsstrategy/ad-tech-glossary-terms/298346/>.

negligible effect if it creates familiarity but fails to educate or explain the product or service, and fails to encourage deeper engagement with the brand at the time and place of impression. Measurement of effectiveness is difficult with these techniques.

- Self-Promotion: Self-promotion on Reddit page, Slack channel, or bitcointalk.org forum curation is frequently used by pre-product companies to publicize and explain their project, engage with potential customers, release new information, and generate interest. Although these platforms provide immersive experiences, direct to consumer communication, and create useful engagement data, few potential customers outside of the crypto-community know to look for these means of communication, and post-token sale engagement levels through these channels can be erratic. Although an effective way to distribute information and directly interact with interested potential customers, these chat and thread driven platforms are of limited scope and reach.
- Industry Event Appearances: Appearances enable deep engagement with consumers. Crypto-related events and conferences attendees typically have a demonstrated interest in crypto-ventures. Although in-person engagement provides a peerless opportunity to educate and communicate with consumers, unless those events are broadcast online or otherwise publicized, in-person appearances are of limited scope and duration, and it is hard to quantify the overall impact of a given speaking opportunity.

Many companies understand that these old techniques do not generate an acceptable return on the customer's advertising spend. In summary, these outdated and limited marketing strategies may be somewhat effective within the crypto-community for now, but do not effectively scale to reach broader audiences, and generally lead to unpredictable and un-verifiable results.

Lydian token holders can harness the computing power of Gravity4's A.I. powered digital marketing cloud (the "G4 Marketing Cloud") and its data-driven marketing tools to build effective crypto-market solutions that target new customers for next-generation products and services, packaged with verifiable metrics that support campaign efficacy.

3. The Gravity4 Corporate Family

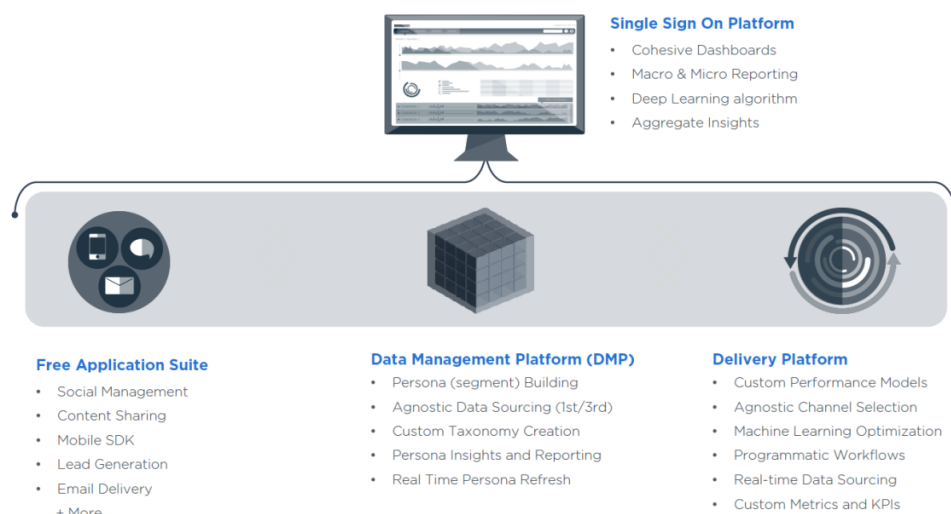
The Gravity4 Corporate Family employs approximately 400 employees at its offices located in 19 countries around the globe. Gravity4 focuses on removing rent-seeking intermediaries and creating technological efficiencies that enable customers to avoid pervasive ad fraud and mitigate adblocking. Since its inception in July 2014, Gravity4 has made multiple acquisitions to fuel its global growth and seeks to leverage its global footprint and A.I.-driven solutions to disrupt the digital marketing ecosystem.¹⁰

3.1 The G4 Marketing Cloud

Gravity4 offers the G4 Marketing Cloud, market-tested technology that leverages years of aggregated customer and placement data to optimize placements. Using predictive analytics and programmatic ad buying, Gravity4 leverages big data in real-time. The G4 Marketing Cloud identifies omni-channel advertising opportunities by determining cost-effective and transparent marketing initiatives, without middlemen. MonaLisa, Gravity4's proprietary A.I. technology, aggregates data from multiple channels and uses the G4 Marketing Cloud to build target consumer audiences. The platform's fluid, constant data stream is sorted into a semantic graph, using correlation variables to form connection clusters.

Using the G4 Marketing Cloud's customer experience collation capability, marketers can reach customers throughout the purchase journey and across touchpoints. Lydian token holders can access over one billion web and mobile users and cherry-pick the most relevant impressions to engage a targeted consumer base.

Gravity4 Marketing Cloud



¹⁰ See Jennifer Chan, "Gravity4 continues acquisition spree with purchase of ad2one," Marketing-Interactive.com (May 1, 2016), available at <http://www.marketing-interactive.com/gravity4-continues-acquisition-spreewith-purchase-of-ad2one/>.

Gravity4's unique approach utilizes the major components of the G4 Marketing Cloud stack:

- Free, fully-integrated enterprise software: A client (a publisher, advertiser or ad agency) relies on enterprise software to reach its customers across social, mobile, CRM, email, web and Internet communication channels. Many competitors' current marketing cloud space requires consumers to pay for software and separates the data aggregated by customers of those platforms so that the data generated by the customer's engagement is bifurcated from real-time marketing usage. Gravity4 provides these enterprise software apps for free through its front-facing App Center, which tracks and aggregates customer data.
- Optimized ad placement for value generation and ad targeting: As the digital marketing industry has become programmatic, it faces a systemic threat in the form of ad fraud. Gravity4's private marketplace of unique premium inventory ensure that targeted ad slots result in advertising shown to real users. This platform leverages exclusive inventory partnerships for advertising placement through long-term contracts formed with premium publisher brands to combat ad fraud.

3.2 Gravity4 Digital Marketing Strategy

The Gravity4 Corporate Family designs the initial creative assets in consultation with the client, using an in-house design team and/or Gravity4's dynamic creative optimization ("DCO") technology. DCO, a system that automates the personalization and creative targeting of ad creative, allowing marketers to differentiate and tailor push ad creative to a specific consumer using precise data. DCO refers to the set of advertising technologies that add speed, scale, and automation to the creative process. Instead of showing one generalized set of creatives to everyone across the platforms, DCO technology segments audiences into custom groups based on targeting schemes and shows each group custom creatives that are more likely to create a meaningful engagement with the potential customer.

Each managed account enables the platform's media strategists to assist with the development of the media strategy and execution plan for the client. These media strategists will work with Gravity4's in-house creative design team to design the ad creative, upload assets into the marketing platform, set up targeting measures, build unique audiences, enable optimizations throughout the campaign, and provide campaign reports. These media strategists will also utilize the A.I. components of the marketing cloud to create dynamic customized audience segments.

The ads are trafficked into the G4 Marketing Cloud, powered by MonaLisa, and served to the relevant audiences across multiple channels (for instance, desktop, mobile, video, social, and native). Great marketing requires great exposure, and an unseen advertisement is an investment with no chance for return. Gravity4's platform automates the online advertising purchase process for advertisers, finds the best ad placement for the target audience and helps bring order to the fragmented media buying processes.

The G4 Marketing Cloud is connected to open ad exchanges and its own premium private marketplaces, which provide a programmatic marketplace for publishers and advertisers to buy advertising placements at auction in real-time, and allows the platform to find the right users, bid on impressions and serve the related advertisement - all within the 30 milliseconds or less before a page loads.

To craft a successful advertising campaign, it is vital to understand the client's product and target audience. The Gravity4 Corporate Family helps build a seed pool of audience data, which is stored in a data management platform ("DMP"). The DMP is used to store and analyze data. Gravity4's proprietary DMP is used by advertisers to house and manage any form of information, to manage cookie IDs, and to generate audience segments, which are later used to target specific users with online ads. This consolidated data warehouse aggregates campaign and audience data in a single, centralized location and permits that data to be used to optimize future media buys and assembling "ad creative" for rendering and displaying the ads themselves.

All customer audiences are securely aggregated in the DMP, which connects to its demand side platform ("DSP"). The DSP is a self-service demand side platform that utilizes MonaLisa to bid and buy in auction-based online advertising marketplaces, allowing advertisers to buy inventory programmatically across social, web, mobile, video and native channels.

As advertising campaign performance is measured, the targeted audience and campaign objectives are matched. Using MonaLisa, additional dynamic target audiences are created to further amplify the reach of the ad creative to the optimal audiences for a campaign.

Real-time reporting of advertising efficacy is available through a dashboard, a managed service, or through a media strategist. The dashboard can be used to develop communication strategies for potential customers.

Additionally, Gravity4 has developed a dynamic mobile platform that enables mobile-specific optimized customer experiences. Some of these personalized experiences allow the use of voice recognition, voice activated ads and augmented reality within the mobile ad-unit. In many countries, mobile data constitutes over 50% of internet traffic. U.S. mobile ad spend is expected to exceed \$40 billion – and the industry expects that number to exceed \$65 billion by 2020.¹¹

3.3 Optimized Advertising for the Crypto-Community

The Gravity4 Corporate Family has created specific audience clusters in the G4 Marketing Cloud specially tailored for the crypto-community, including but not limited to:

- **Peer Review:** The peer review phase is essential to identify target audiences of a blockchain product. A target audience varies with the objective: whether to target the proposed purchaser of a proposed digital token sale or help identify "peer communities" for feedback on the proposed digital token and/or product review.
- **Token Planning:** A token sale marketing campaign may be multi-pronged and multi-faceted, and Gravity4 provides solutions to determine the right combination of media channels to achieve

¹¹ See Julie Bernard, "Five Bleeding-Edge Mobile Marketing Trends in 2017," AdvertisingAge.com (Jan. 5, 2017), available at <http://adage.com/article/digitalnext/mobile-marketing-trends-2017/307343/>.

marketing campaign objectives. A planning cycle for a token sale digital marketing campaign may require months to build brand messaging and market awareness. Initiating a token sale marketing campaign through Gravity4 enables aggregation of initial seed audience feedback from peer reviews, investors, and consumers, and provides for product launch context mapping and aggregating timely stakeholder feedback.

- Token Execution: During the token sale period, advertisements will be targeted and served at high frequencies across multiple platforms to reinforce the advertising message and quickly build awareness. Target audience members would include only those likely to be potential purchasers or who have already shown interest in the proposed digital token sale.
- Product Adoption: As a blockchain company is ready to launch its product, the Gravity4 Corporate Family will assist in engendering a four-stage life cycle for its product adoption, commonly referred to as AIDA:
 - (1) **Awareness**: Harness brand feedback and engagement across channels and devices. Make customer interaction and engagement actionable.
 - (2) **Interest**: Understand when a customer can be influenced. Leverage real-time audience persona, customer habits, and customer brand loyalty value.
 - (3) **Desire**: Utilize predictive algorithms to identify consumer transaction influx.
 - (4) **Action**: Access customers' lifetime value to implement initiatives that extend customer lifespan through brand loyalty, increased visits and purchases and development of hyper-targeted marketing campaigns.

3.4 MonaLisa: Gravity4's A.I. Platform

In early 2017, Gravity4 introduced MonaLisa, its deep learning neural network. MonaLisa uses machine-learning algorithms and prior behavioral data set analyses to improve results in programmatic media advertising and find the best audience. MonaLisa predicts ad performance and enables intelligent creative selection to enhance the consumer-to-brand connection. This holistic data repository syncs directly with the G4 Delivery Platform for seamless persona (segment) activation in a continuous feedback loop that grows and adds new data segments as the campaign continues.

By combining big data sources and applying semantic graph relational analysis and machine reasoning algorithms, MonaLisa predicts the intent underlying consumer interaction, discovers new predicted behavior patterns, designs and optimizes ad creative in real time, makes real time bids on placement inventory, optimizes the creative based on the selected display medium (*i.e.*, TV, desktop, mobile device) and identifies “new” customers. As MonaLisa’s technology evolves, advertisers should be able to optimally describe key performance indicators, ever-growing data sets and budget and MonaLisa would structure and deliver a cost-effective and transparent marketing campaign within set parameters and without human intervention or optimization. With the A.I. overlay, delivery optimization is not limited to time and date for the overall campaign, but can be delivered based on the appropriate clusters of audience segments.

3.5 MonaChain: Reduce Ad Fraud and Build Data Value Using the Blockchain:

The Gravity4 Corporate Family is developing MonaChain, which seeks to leverage blockchain technology and a transactional data set to combat common varieties of ad fraud. The varieties of ad fraud targeted by MonaChain include:

- Selling Fake Inventory, i.e., Domain Spoofing: Many advertisers purchase placements using algorithms that are not able to identify “look alike” domains that may not actually exist, or may have negligible use traffic. MonaChain will track advertising placements, and capture data to allow bidders to identify spoofed sites and avoid re-placing useless ads on non-existent or misleading web domains.
- Automatic Refreshing: Many sites use automated refresh software to create the appearance of multiple visitors and multiple impressions. By tracking IP addresses per impression, MonaChain will permit the identification of certain behaviors and allow advertisers to avoid placements on offending domains.
- Hidden Ads: Certain web sites render ads on their pages in a manner so that visitors to that page cannot see the ad. MonaChain will identify domains abusing advertisement placement by identifying abnormally high sales volumes on a given web domain, so customers may avoid placing ads unlikely to be seen by target audiences.
- Proxy Users: Internet users who mask their geographical information (typically derived by IP address) by using proxy servers, VPNs, or anonymizers may imitate a unique user in a different location than that user resides, which may degrade the value of the placement. MonaChain will compare a list of sales against industry-maintained databases of known proxy users, corporate virtual private networks, and/or addresses that allow for user anonymity, to allow users who desire geographically accurate impressions to avoid wasting valuable marketing assets.
- Malware: Hackers and malicious actors have installed malware around the web that has infected millions of users to mimic their cookies resulting in programmatic exchanges displaying highly lucrative ads to these users, unbeknownst to the user, which reduces the utility and return from an ad campaign.

Once MonaChain is successfully implemented and activated, it is expected to result in greater efficiency and lower costs for advertisers who will not waste their marketing budgets on malware, fraud, and useless intermediaries in the programmatic advertising placement system.

No proceeds from the sale of Lydian tokens will be used for the development of MonaChain. However, once developed, MonaChain will be available to Lydian users as set forth in this whitepaper.

3.6 MonaBrowse: Blockchain-Powered, User-Centered Ad Experiences

Many internet users have been driven to deploy ad blocking technology because of legacy advertising practices like pop ups, uncontrollable video-ads, and other intrusive advertising practices. According to PageFair, an estimated 615 million devices now use adblockers.¹² Other estimates suggest that up to 11% of the global internet population is blocking ads on the web.¹³ Adblock usage grew 30% globally in 2016,¹⁴ and is thought to reach up to 380 million mobile devices. Desktop adblock usage grew by 34 million to reach 236 million devices.¹⁵

In 2016, PageFair predicted the global cost of ad blocking would rise to \$41.4 billion for publishers. Preventing ad-blocking would increase publisher revenue and add to the already-existing \$232 billion digital advertising industry.

Through MonaBrowse, Lydian users may negotiate Lydian tokens to Lydian who will customize that Lydian user's browsing experience so they may opt to see no advertisement content, or only certain selected content while browsing. Through the proposed MonaBrowse system, publishers would continue to receive payment for their placements, but the Lydian user would enjoy their Internet browsing experience without distracting or unwanted advertising content, and without adjusting their Internet browsing behavior or downloading newly created browsers. The MonaBrowse system will have additional capabilities, including with respect to developing data mining applications and tools, among other things.

No proceeds from the sale of Lydian tokens will be used for the development of MonaBrowse.



¹² See PageFair, *2017 Adblock Report: The state of the blocked web* (Feb. 2017), available at <https://pagefair.com/blog/2017/adblockreport/>.

¹³ See *id.*

¹⁴ See *id.*

¹⁵ See *id.*

4. What Is Lydian?

4.1 The Lydian Token

The name “Lydian” pays homage to the first human civilization to use currency, though Lydian tokens are not a currency; they represent a new model for the delivery of existing technology-driven marketing services.

The Lydian token is an ERC20-compatible¹⁶ token, leveraging the Ethereum blockchain for broad compatibility with existing wallets, exchanges, development tools, smart contracts, exchanges and other associated technology infrastructure. The Ethereum ecosystem has been in development since 2015 and offers the ability to deploy Turing-complete trustless smart contracts on top of its blockchain. This flexibility and extensibility has made the ERC20 token interface the most frequently used token issuance standard.

The Lydian token may be purchased using Bitcoin (BTC), Ethereum (ETH), Litecoin (LTC), Dash (DASH), ZCash (ZEC), Waves (WAVES), fiat currencies, and credit cards. By making the Lydian token available to purchasers through a wider spectrum of payment channels, Lydian intends to make its products and services and, in turn, the blockchain ecosystem, accessible to consumers who believe the space outside their grasp.

The Lydian token is intended to serve as a payment marker for access to services provided by LydianCoin SG and the Gravity4 Corporate Family. As further described herein, Lydian and the Gravity4 Corporate Family constantly strive to innovate and intend to continue to make additional products and services available to Lydian users in the future but at prices to be determined.

The Lydian token is intended to be exchanged with LydianCoin SG only for the services to be provided by LydianCoin SG and the Gravity4 Corporate Family, and holders of the Lydian token do not have any right of redemption against LydianCoin SG for the Lydian token save for this purpose.

Purchasers are not and will not be entitled, to vote or receive dividends or be deemed the holder of capital stock of LydianCoin SG or any other member of the Gravity4 Corporate Family for any purpose, nor will anything be construed to confer on the purchasers any of the rights of a stockholder of LydianCoin SG or any other member of the Gravity4 Corporate Family or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise. Holders of Lydian tokens will have no right to participate in the profits of any member of the Gravity4 Corporate Family, share in the income of any member of the Gravity4 Corporate Family or otherwise receive any payment or return from of any member of the Gravity4 Corporate Family solely by virtue of owning or holding a Lydian token. Holders of Lydian tokens do not have, in any form whatsoever, any proprietary interest or rights to the assets or

¹⁶ An explanation of the ERC20 token standard is available at https://theethereum.wiki/w/index.php/ERC20_Token_Standard.

properties of LydianCoin SG or any other member of the Gravity4 Corporate Family. No intellectual property rights in any software, data sets, or other art of any kind created by or intended to be used by any member of the Gravity4 Corporate Family will be granted to any holder of a Lydian token solely by virtue of owning or holding a Lydian token.

4.2 Token Distribution

200,000,000 Lydian tokens will be offered for sale to purchasers in this offering, as set forth below. Purchasers should note that 10,000 Lydian tokens are required to create a user account. Certain products and services offered through or by the Gravity4 Corporate Family are available in exchange for Lydian tokens without a user account. There is a minimum purchase amount of seventy (70) Lydian tokens per purchase.

Lydian tokens have been or shall be sold in “Lots”, as set forth below. Prospective purchasers shall have committed to purchase approximately [] Lydian tokens prior to the date hereof. With respect to purchasers of Lot 1 through Lot 5, purchases shall be made in accordance with the table set forth below.

LydianCoin SG will retain 200,000,000 of the total 400,000,000 tokens for future issuance. Up to 2% of the retained tokens held by LydianCoin SG will be distributed to advisors to LydianCoin SG at the company’s sole and exclusive discretion. Such Lydian tokens will be distributed to advisors by LydianCoin SG at a 25% discount. Certain additional retained tokens shall be distributed in accordance with the bounty program set forth below.

In conjunction with any purchase of Lydian tokens, each Lydian token purchaser will be required to make certain representations, including that it intends to acquire the tokens solely for the purpose of exchange for digital marketing and advertising services from the Gravity4 Corporate Family, as set forth herein, and not with a view toward the further transfer, resale, or distribution of the tokens. Please see Section 6, Risk Factors, for information on the risks associated with purchasing Lydian tokens.

Payment

Lydian tokens may be purchased using Bitcoin (BTC), Bitcoin Cash (BCH), Dash (DASH), Dogecoin (DOGE), Ethereum (ETH), Ethereum Classic (ETC), Lisk (LSK), Litecoin (LTC), Nem (XEM), Neo (NEO), Qtum (QTUM), Ripple (XRP), Tether (USDT), Waves (WAVES), ZCash (ZEC), PayPal for ACH and certain credit cards, including [INSERT]. Lydian tokens purchased using a credit card require a 90-day wait period before token distribution.

4.3 Bounty Campaign

Commencing during the pre-sale period on October 26, 2017, and ending simultaneously with the offering of Lydian tokens, LydianCoin is sponsoring a bounty campaign (the “Bounty Campaign”) to reward early LydianCoin supporters. 500,000 Lydian tokens are reserved for payment of bounties, in accordance with the following distribution structure:

Social Media: Facebook, Twitter & Instagram	100,000 LDN
Blog, YouTube & Similar Media:	100,000 LDN
Wearing of Signature Code/Avatar & Forum Promotion:	100,000 LDN
Translation of ANN & Whitepaper:	75,000 LDN
Translation of Website:	75,000 LDN
Telegram Participation:	25,000 LDN

Complete information regarding and the Terms and Conditions of the Bounty Campaign are available at [WEBSITE].

4.4 Referral Program

Additional Lydian tokens can be obtained by promoting LydianCoin promotional materials regarding the sale of Lydian tokens. Upon joining the Lydian referral program, participants will be supplied with a range of graphics and textual links that can be placed within participants' sites, socials and other platforms. Participants will receive a commission of [5%] of total sales volume referred through their unique links, paid in Lydian tokens.

4.5 Lydian Token Sale - Key Data

Token Issuer:	LydianCoin SG, a Singaporean entity		
Total Tokens:	400,000,000		
Tokens to Be Sold via Token Sale:	200,000,000		
Tokens to Be Provided to Advisors:	Up to 8,000,000 at LydianCoin SG's sole discretion		
Tokens to Be Provided via Bounty Campaign	500,000 from reserves		
Short Name:	LDN		
Currency Accepted:	Bitcoin (BTC), Bitcoin Cash (BCH), Dash (DASH), Dogecoin (DOGE), Ethereum (ETH), Ethereum Classic (ETC), Lisk (LSK), Litecoin (LTC), Nem (XEM), Neo (NEO), Qtum (QTUM), Ripple (XRP), Tether (USDT), Waves (WAVES), ZCash (ZEC), PayPal for ACH, and credit cards		
Price per LDN:	BTC, BCH, DASH, DOGE, ETH, ETC, LSK, LTC, XEM, NEO, GTUM, XRP, USDT, WAVES and ZEC in an amount equal to \$0.50 USD per LDN		
Type:	Ethereum ERC20-based		
Token Sale Start:	Private Presales	Concluded	
	Lot 1 (Current Presale)	Ongoing ¹⁷	
	Lot 2	November 20, 2017 ¹⁸	
	Lot 3	December 15, 2017	
	Lot 4	January 1, 2018	
	Lot 5	January 15, 2018	
	Public Crowdsale	January 30, 2018	
Token Sale Structure:	Lot 1	25% discount	10,000,000 tokens
	Lot 2	20% discount	15,000,000 tokens
	Lot 3	15% discount	20,000,000 tokens
	Lot 4	10% discount	25,000,000 tokens
	Lot 5	5% discount	30,000,000 tokens
	Public Crowdsale		Remaining tokens
Fundraising Goal:	Approximately \$100,000,000.00 USD		

¹⁷ Through but not including November 20, 2017.

¹⁸ Through but not including a date TBD.

Use of Proceeds:

Reserved against the cost of providing future digital advertising and marketing services

PRELIMINARY DRAFT 12/15/2017 (to be superseded by final draft)

4.6 Use of Token Sale Proceeds

100% of the proceeds raised by the sale of Lydian tokens will be held by LydianCoin SG (in fiat currency or cryptocurrency, as financial, security, and other considerations may demand) as reserves against the cost of services to be performed for Lydian token holders upon negotiation of the token back to LydianCoin SG. All costs of the proposed sale of the Lydian tokens will be paid by the Gravity4 Corporate Family, and ***no proceeds from the sale of Lydian tokens will be used to cover sale costs, including marketing, legal, or management fees.*** No development costs for any product to be developed or in development by any member of the Gravity4 Corporate Family will be paid out of the proceeds of the sale of Lydian tokens.

Lydian tokens will be negotiable only for the digital marketing and advertising services available from the Gravity4 Corporate Family, in accordance with the pricing schedule for services, provided on the prepaid services contracts to be announced and available with the sale of Lydian tokens, and Lydian token holders will not be entitled to any other return of funds or other benefit solely by virtue of ownership of the Lydian tokens.

4.7 Lydian-Fueled Marketing

Lydian tokens may at any time be transferred back to LydianCoin SG in exchange for services and products, specifically described in and at the rates indicated on the prepaid digital advertising and marketing technology, products, and services contracts available with the sale of Lydian tokens (the “Menu”). Lydian tokens are negotiated back to LydianCoin SG at the equivalent value for which they were purchased, \$0.50 USD. A representative sample of technology, products and services available from the Menu include the following:

Item	Description	Fiat Cost	Lydian Value
Account Setup	Account setup for programmatic audience targeting	\$5,000/account	10,000 LDN
Advertising Slot	One advertising space	\$5/space	10 LDN
Trim	URL shortening tool with vanity domain capabilities and rich engagement analytics	\$1000/brand/month	2,000 LDN
Add.Now Pro	Content sharing tool that syncs with social media and organic (cut and paste) sharing	\$500/brand/month	1,000 LDN

ReachMe Pro	Social media management software that automates control and provides rich analytics and insights	\$1000/account/month	2,000 LDN
CRM.me	Customer relationship management software powered with gamification	\$35/user/month	70 LDN
Deliver.me	Email design and delivery with deep integrations into CRM workflows	\$10,000/account/month	20,000 LDN
Unify.me	Mobile SDK and analytics package	\$1000/account/month	2,000 LDN
Spot.u	Platform with the ability to serve dynamic creative/ advertising into any HTML email platform	\$10,000/account/month	20,000 LDN
RM5	Powerfully engaging, full screen, interactive mobile interstitials powered by HTML5	\$10,000/account/month	20,000 LDN
The Genesis Pro	Enterprise social media app for the entertainment & music industries; captures real time social media audience data to target fans	\$1000/brand/month	5,000 LDN
Design Creative	Custom designed creative unique to the product targeting/ audience	\$15,000/account/month	30,000 LDN

All Menu items may be purchased using (i) LDN or (ii) a combination of BTC, ETH, LTC, DASH, ZEC, WAVES, and/or fiat currency. An electronic insertion order will formalize the terms of the services to be provided and commence the advertising campaign. If Design Creative services are purchased, LydianCoin SG and other members of the Gravity4 Corporate Family will design the initial creative assets in consultation with the client. Additional Lydian tokens may be used to purchase impressions at the rates to be negotiated or announced in connection with future prepaid services contracts, which are expected to vary depending on the audience group, channel and type of

service requested. Advertising materials are trafficked into the G4 Marketing Cloud, powered by MonaLisa, and served to the relevant audiences across multiple channels. Real-time reporting of advertising efficacy is available to Lydian users through a dashboard, a managed service, or a media strategist.

Central to Gravity4's strategy in delivering targeted digital marketing services is its ability to mine ad exchanges for the optimal audiences and impressions for its customers. As discussed above, Gravity4 relies on its proprietary A.I. technology, MonaLisa, to refine the ongoing flow of data from the continual auction in the ad exchanges. In ad exchanges, bidders such as Gravity4 compete in real time for impressions, or views, created by users visiting a given webpage. Leveraging Mona Lisa together with the weight of its institutional data and relationships with partners, Gravity4 can identify proper target audiences for clients and seed their content to the right places at the right times.

Gravity4's ability to match marketing content to impressions, or "eyeballs," is contingent upon the availability of those impressions, as well as the price of those impressions. In a low-supply or high-price environment in ad exchanges, Gravity4 may have higher costs to pass along to customers. Conversely, a high-supply or low-price environment will have lower costs. The real-time purchase/delivery nature of ad exchanges prevents Gravity4 or other purchasers from buying during a low-cost period and storing.

All prices, fiat and LDN, are subject to change at any time at the sole discretion of the Gravity4 Corporate Family.

4.8 Why Purchase Services with Lydian Tokens Instead of Fiat Currency?

LydianCoin SG's technology, products, and services are licensed from the Gravity4 Corporate Family and are otherwise available to be purchased in fiat currency. Why use Lydian tokens?

Crypto-specific advertising profiles are only available for users of Lydian tokens.

Gravity4, Inc. has identified audience segments specifically optimized for cryptocurrency and blockchain businesses based upon Gravity4's existing internal data collection systems. These specific crypto community audience profiles include profiles for prospective investors and prospective consumers of blockchain technology and blockchain-related products. These target audience profiles will be available exclusively to purchasers using Lydian tokens and not available to customers paying solely in fiat.

100% of the consideration provided for Lydian tokens will be used to provide client services.

Unlike most token sales that promise future products in exchange for current funding used to develop those products, Lydian holders will be able to access services already used globally by household brands. 100% of the purchase price of Lydian will be provided back to the Lydian token holder in the form of advertising and marketing services to be provided at the expected rates and amounts otherwise set forth in the contract such purchaser enters with LydianCoin SG upon negotiating its Lydian tokens.

No proceeds of the Lydian token purchase will be spent on research and development, future products such as MonaChain and MonaBrowse, marketing, legal costs, or payment of intermediaries.

Unlike many other ventures in the digital advertising space, Lydian and the Gravity4 Corporate Family do not need to leverage the proposed token sale to onboard publishers to obtain critical market and consumer data to establish that the services offered are effective. Many of LydianCoin's and the Gravity4 Corporate Family's services described here will be available on the date of token distribution.¹⁹

Users of Lydian will have preferred access to advanced systems in development by Lydian and/or Gravity4, including MonaChain and MonaBrowse.

Users who obtain services using Lydian tokens will be provided with exclusive access to Gravity4 projects under development at Gravity4 Labs for a limited period (to be determined and announced by LydianCoin SG). These projects include the MonaChain and MonaBrowse projects described herein. Lydian's progress on MonaChain and MonaBrowse will be periodically updated on the Lydian web site.

The use of Lydian tokens will support and reinforce the crypto-community in the following ways (among others):

Purchasing services through the negotiation of a native cryptocurrency rather than payment in fiat supports the maturity, development, and stability of cryptocurrencies and benefits the crypto-community as a whole.

Industry estimates suggest that as of August 1, 2017, more than \$1.3 billion has been raised by ICOs and token sales.²⁰ Much of this fundraising is collected in cryptocurrencies. Newly funded ventures may be reluctant to liquidate large sums of cryptocurrencies into fiat to purchase services based on speculative business considerations, or based on cultural or philosophical concerns. Large-scale crypto-financing events by themselves tend to correlate with depressed crypto-asset valuations,²¹ and subsequent liquidation events by new ventures may exaggerate those adverse effects on cryptocurrency valuation, contribute to price volatility, and thereby result in a reduction of enterprise value for post-ICO companies.²²

¹⁹ Token purchasers should consult with a LydianCoin SG representative regarding available services upon transacting its Lydian tokens.

²⁰ See Chris O'Brien, "ICOs have raised more than \$1.3 billion so far in 2017," VentureBeat.com (Aug. 7, 2017), available at <https://venturebeat.com/2017/08/07/icos-have-raised-more-than-1-3-billion-so-far-in-2017/>.

²¹ See "Do ICOs Temporarily Cause Ethereum's Price to Fall?" Trustnodes.com (June 25, 2017) available at <http://www.trustnodes.com/2017/06/25/icos-temporarily-cause-ethereums-price-fall>.

²² See Olusegun Ogundej, "Major Startups Whose ICOs Tanked Ethereum Price Will Help Raise It Again," TheCointelegraph.com (Jul. 24, 2017), available at <https://cointelegraph.com/news/major-startups-whose-icos-tanked-ethereum-price-will-help-raise-it-again>; see also Arjun Kharpal, "Ethereum briefly crashed from \$319 to 10 cents in seconds on one exchange after 'multimillion dollar' trade," CNBC.com (June 22, 2017), available at <https://www.cnbc.com/2017/06/22/ethereum-price-crash-10-cents-gdax-exchange-after-multimillion-dollar-trade.html>. Unlike traditional stock exchanges, virtual currency markets do not have circuit breakers that can stop trading in case of sharp downward valuation events. See "Should Cryptocurrency Exchanges Have Circuit Breakers in Place to Stop Crashes," SteemitBeta.com

By introducing marketplace-tested products and services into the cryptocurrency space via the Lydian token, Lydian hopes to stabilize and provide additional value to crypto markets. The Gravity4 Corporate Family's provision of goods and services to be paid for in cryptocurrencies by new ventures backed by crypto-assets is intended to fortify the crypto-asset economy and further strengthen the value of crypto-based tokens.²³

The use of Lydian tokens within the crypto- community will allow Lydian and Gravity4 to create the above noted specific crypto-user marketing profile which will iteratively enhance the value of the Lydian tokens to consumers in the cryptocurrency space who want to focus their advertising and marketing messaging to those within the cryptocurrency space, and others who may be target consumers for crypto-industry services and products. Lydian token holders will have exclusive access to crypto-specific audience targeting for an initial period.

(June 2017), available at <https://steemit.com/cryptocurrency/@np177/should-cryptocurrency-exchanges-have-circuit-breakers-in-place-to-stop-crashes>.

²³ See William Mougayar, "The Theory of a Blockchain Circular Economy," Coindesk.com (Aug. 6, 2016), available at <https://www.coindesk.com/the-theory-of-a-blockchain-circular-economy-and-the-future-of-work/>.

5. Management

Gravity4's executive and management team collectively has decades of experience in the digital advertising industry.

President, Chief Operating Officer and Co-Founder Kamal Kaur is an industry veteran with more than 19 years' experience in advertising. She co-founded BlueLithium, which was acquired by Yahoo! in 2007. Ms. Kaur has extensive experience leading cross-functional product and engineering teams at top Silicon Valley firms, as well as a passion for emerging technologies. Ms. Kaur holds a Master of Science in Management from Stanford Graduate School of Business. She is pursuing a Ph.D. in machine learning.

Managing Director Grant Allaway has 14 years' experience in digital media and led the initial management buyout of Gravity4 subsidiary ad2one from Vivendi Universal. Mr. Allaway's responsibilities cover the European market and he leads growth initiatives for Gravity4.

Kevin Huang is a Managing Director for the Asia Pacific region. Mr. Huang has over 18 years of experience. Prior to Gravity4, Mr. Huang was CEO of Pixels, one of the largest independent multi-screen advertising technology companies in Asia, acquired by Gravity4 in November 2015. Before co-founding Pixels, Mr. Huang held positions at 247 Media Asia and DoubleClick Media Asia. Mr. Huang was awarded Digital Marketing Hero 2014 by the Hong Kong Association of Interactive Marketing and Finalist, Young Entrepreneur Award 2015 by the South China Morning Post. Mr. Huang is a graduate of Pace University with a degree in Computer Information Systems.

6. RISK FACTORS

A purchase of Lydian tokens involves a high degree of risk. You should consider carefully the risks described below, together with all of the other information contained in this Whitepaper, before making a decision to purchase. The following risks entail circumstances under which, the Gravity4 Corporate Family's business, financial condition, results of operations and prospects could suffer.

Participation in token sales, including the Lydian token sale, involves a high degree of risk.

Financial and operating risks confronting marketing and technology companies like LydianCoin SG and the Gravity4 Corporate Family may be significant. The digital advertising and media markets are highly competitive and the percentage of companies that survive and prosper may be limited. Unexpected problems in the areas of product development, marketing, financing and general management, among others, that cannot be solved may arise.

General risks associated with the business of LydianCoin SG and the Gravity4 Corporate Family.

LydianCoin SG and the Gravity4 Corporate Family offer highly complex services and products and face competition that may result in a loss of market share and/or a decline in profitability. LydianCoin SG and the Gravity4 Corporate Family expect the marketplace to continue to be highly competitive as new products develop, industry standards become well known and other competitors attempt to enter the markets in which the Gravity4 Corporate Family operates. Some competitors may have longer operating histories, and, when viewed globally, larger customer bases and significantly greater financial, sales and marketing, manufacturing, distribution, technical and other capabilities than the Gravity4 Corporate Family. These competitors may be able to adapt more quickly to new or emerging technological requirements and changes in customer and/or regulatory requirements. They may also be able to devote greater resources to the promotion and sale of their products and services. Competition from newly established competitors may also enter the marketplace and further materially adversely affect the Gravity4 Corporate Family. Existing or new competitors may develop products, technologies or services that more effectively address the Gravity4 Corporate Family's markets with enhanced features and functionality, greater levels of integration and/or lower cost. Additionally, changes or developments in technology could render the Gravity4 Corporate Family's offered products and services dated or obsolete or cause them to lose market acceptance, which could have a material adverse impact on business performance. As the technological sophistication of its competitors and the size of the market increase, competing low-cost producers could emerge and grow stronger. All of these risks may lead to diminished opportunity and/or marginal utility in purchasers exchanging Lydian tokens for prepaid advertising services.

Risks associated with financial reporting.

There may be material weaknesses in our internal control over financial reporting as well as significant deficiencies in our disclosure controls and procedures, and we may identify material weaknesses in internal controls or significant deficiencies in our disclosure controls and procedures in the future. If we fail to remediate any identified material weaknesses, or if we otherwise fail to maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results, or detect or prevent

fraud in a timely manner, which may, among other adverse consequences, cause our customers to lose confidence. A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Interruptions in IT systems could materially adversely affect business performance.

The Gravity4 Corporate Family is entirely dependent on the secure operation of its websites and systems as well as the operation of the Internet generally. Its business may involve the storage and transmission of customers’ proprietary information, and security breaches could expose the Gravity4 Corporate Family to a risk of loss or misuse of this information, and to resulting claims and litigation. A number of large Internet companies have suffered security breaches, many of which have involved intentional attacks. From time to time the Gravity4 Corporate Family and many other Internet businesses also experience denial of service attacks in which attackers attempt to block customers’ access to any or all of its product, software and platforms, including but not limited to its website. If the Gravity4 Corporate Family is unable to avert a denial of service attack for any significant period, it could sustain substantial revenue loss from lost sales and customer dissatisfaction. The Gravity4 Corporate Family may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Cyber-attacks may target the Gravity4 Corporate Family, its customers, its suppliers, banks, credit card processors, delivery services, e-commerce in general or the communication infrastructure on which it depends. If an actual or perceived attack or breach of its security occurs, customer and/or supplier perception of the effectiveness of its security measures could be harmed and the Gravity4 Corporate Family could lose customers, suppliers or both. Actual or anticipated attacks and risks may cause the Gravity4 Corporate Family to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third party experts and consultants.

A person who is able to circumvent security measures might be able to misappropriate its or its customers’ proprietary information, cause interruption in operations, damage computers or those of customers, or otherwise damage reputation and business. Any compromise of security could result in a violation of applicable privacy and other laws, significant legal and financial exposure, damage to its reputation, and a loss of confidence in security measures, which could harm the Gravity4 Corporate Family’s business.

Any significant interruption to the efficient and uninterrupted operation the Gravity4 Corporate Family’s information technology applications, systems and networks, including, but not limited to, new system implementations, facility issues or energy blackouts, could have a material adverse impact on the Gravity4 Corporate Family’s operations and operating results. The protective measures adopted to avoid system or network disruptions may be insufficient to prevent or limit the damage from any future disruptions, and any such disruption could have an adverse effect on LydianCoin SG’s and the Gravity4 Corporate Family’s business, financial condition and results of operations. All of these risks may lead to diminished opportunity and/or marginal utility in purchasers exchanging Lydian tokens for prepaid advertising services.

Risks associated with intellectual property.

We may in the future be subject to intellectual property or other claims, which are costly to defend, could result in significant damage awards, and could limit our ability to use certain technologies in the future. In the future we may have patent, copyright, and trademark infringement lawsuits filed against us claiming that certain of our products, services, and technologies infringe the intellectual property rights of others. Adverse results in any of these lawsuits may include awards of substantial monetary damages, costly royalty or licensing agreements (if licenses are available at all), or orders preventing us from offering certain features, functionalities, products, or services, and may also cause us to change our business practices, and require development of non-infringing products or technologies, which could result in a loss of revenues for us and otherwise harm our business.

Intellectual property claims are often time consuming, expensive to litigate or settle, and cause significant diversion of management attention. To the extent such intellectual property infringement claims are successful, they may have an adverse effect on our business. Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products and services. Our intellectual property rights are important assets for us. Various events outside of our control pose a threat to our intellectual property rights, as well as to our products, services and technologies. For example, effective intellectual property protection may not be available in every country in which our products and services are distributed or made available. Also, the efforts we have taken to protect our proprietary rights may not be sufficient or effective. We also seek to maintain certain intellectual property as trade secrets. The secrecy could be compromised by outside parties, or by our employees, which could cause us to lose the competitive advantage resulting from these trade secrets.

Any significant impairment of our intellectual property rights could harm our business and our ability to compete.

Risks associated with legal proceedings.

The Gravity4 Corporate Family undertakes global business operations and is involved from time to time in disputes, including lawsuits and other legal proceedings, and investigations by relevant authorities. It is possible that such cases may arise in the future.

Due to the differences in judicial systems and the uncertainties inherent in such proceedings, the Gravity4 Corporate Family may be subject to a ruling requiring payment of amounts far exceeding its expectations. Any judgment or decision unfavorable to the Group could also have a material adverse effect on the Gravity4 Corporate Family's business. In addition, due to various circumstances, there can be no assurance that lawsuits involving claims for large sums will not be brought, even if the possibility of receiving orders for such payment is quite low.

Risks associated with international operations.

LydianCoin SG and the Gravity4 Corporate Family are subject to numerous evolving and complex laws and regulations which apply, among other things, to financial reporting standards, corporate governance, data privacy, tax, competitive practices and regulations in each jurisdiction in which they operate. In the jurisdictions in which

they operate, each respective member of the Gravity4 Corporate Family would need to comply with various standards and practices of different regulatory, tax, judicial and administrative bodies. There are a number of risks associated with international business operations, including political instability (e.g., the threat of war, terrorist attacks or civil unrest), inconsistent regulations across jurisdictions, unanticipated changes in the regulatory environment, and import and export restrictions. Any of these events may affect its employees, reputation, business or financial results as well as its ability to meet its objectives, including the following international business risks:

- negative economic developments in economies around the world and the instability of governments, or the downgrades in the debt ratings of certain major economies;
- social and political instability;
- complex regulations governing certain of its products;
- potential terrorist attacks;
- adverse changes in governmental policies, especially those affecting trade and investment;
- foreign currency exchange; and
- threats that its operations or property could be subject to nationalization and expropriation.

All members of the Gravity4 Corporate Family may not be in full compliance at all times with the laws and regulations to which each such member of the Gravity4 Corporate Family is subject. Likewise, the Gravity4 Corporate Family may not have obtained or may not be able to obtain the permits and other authorizations or licenses that it would need. If any member of the Gravity4 Corporate Family violates or fails to comply with laws, regulations, permits, health and safety regulations or other authorizations or licenses, it could be fined or otherwise sanctioned by regulators. In such a case, or if any of these international business risks were to materialize, the business, financial condition and results of operations, and thus the utility of the Lydian tokens, could be adversely affected.

LydianCoin SG and the Gravity4 Corporate Family may be forced to cease operations or take actions that result in a dissolution event.

It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of cryptographic and fiat currencies, the inability by LydianCoin SG to establish the Lydian tokens' utility, the failure of commercial relationships, intellectual property ownership challenges, inability to service debt or meet obligations as they come due in the ordinary course of business or governmental or regulatory actions or proceedings, LydianCoin SG and/or the Gravity4 Corporate Family may no longer be viable to operate and may dissolve or take actions that result in a dissolution event. In such an event, purchasers should be aware that the Lydian token does not in any way whatsoever grant any rights to any assets, rights or properties of LydianCoin SG or the Gravity4 Corporate Family, save for any rights arising from or related to negotiation of the Lydian token to LydianCoin SG in exchange for services and products as described herein.

The loss of key personnel or any inability to attract and retain additional personnel could affect the Gravity4 Corporate Family's ability to successfully grow its business.

The Gravity4 Corporate Family's performance is substantially dependent on the continued services and on the performance of its senior management and other key personnel. The loss of the services, of any such person for any reason, including due to pending or future legal proceedings, could harm the Gravity4 Corporate Family's business. The Gravity4 Corporate Family's future success also depends on its ability to identify, attract, hire, train, retain and motivate other highly-skilled technical, managerial, editorial, merchandising, marketing and customer service personnel. Competition for such personnel is intense. The failure to retain and attract the necessary technical, managerial, editorial, merchandising, marketing and customer service personnel could harm the Gravity4 Corporate Family's business and thus affect the ability of purchasers of Lydian tokens to exchange the tokens for services.

The regulatory regime governing the blockchain technologies, cryptocurrencies, tokens and token sales such as Lydian tokens is uncertain or nonexistent in many jurisdictions, and new regulations or policies may materially adversely affect the development of the Gravity4 Corporate Family's exchange of Lydian tokens for services.

As blockchain networks and blockchain assets have grown in popularity and in market size, federal and state agencies have begun to take interest in, and in some cases regulate, their use and operation.

Regulation of tokens (including Lydian tokens) and token sales such as this, cryptocurrencies, blockchain technologies and cryptocurrency exchanges is largely undeveloped and likely to rapidly evolve, varies significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty in legal and regulatory interpretation and enforcement. Various legislative and executive bodies in the United States and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may materially adversely affect or otherwise severely impact the development and growth of the Gravity4 Corporate Family and the adoption and utility of Lydian tokens. Failure of any party to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including criminal and civil penalties, suspension of trading and fines.

In the case of virtual currencies, state regulators like the New York Department of Financial Services have created new regulatory frameworks. Others, as in Texas, have published guidance on how their existing regulatory regimes apply to virtual currencies. Some states, including but not limited to New Hampshire, North Carolina, Illinois, Hawaii, California, Florida and Washington, have amended or are in discussions to amend their state's statutes to address licensing, exchange and other regulatory matters. Treatment of virtual currencies continues to evolve under United States federal law as well. In the US, the Department of the Treasury, the Securities Exchange Commission and the Commodity Futures Trading Commission, for example, have published guidance on the treatment of virtual currencies. The IRS released guidance treating virtual currency as property that is not currency for US federal income tax purposes, although there is no indication yet whether other courts or federal or state regulators will follow this classification. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of existing laws.

The regulation of non-currency use of blockchain assets is also uncertain. The United States Securities and Exchange Commission (the “SEC”) has issued a public report stating federal securities laws require treating some blockchain assets as securities. On December 11, 2017, the SEC instituted cease-and-desist proceedings against Munchee, Inc. (“Munchee”). In October and November 2017, Munchee offered and sold digital tokens characterized as utility tokens to the general public, including in the United States, without filing a registration statement as required by United States securities laws.²⁴ The SEC found, “Even if MUN tokens had a practical use at the time of the offering, it would not preclude the token from being a security. Determining whether a transaction involves a security does not turn on labelling – such as characterizing an ICO as involving a ‘utility token’ – but instead requires an assessment of ‘the economic realities underlying a transaction.’”²⁵

In addition, the CFTC has publicly taken the position that certain blockchain assets and cryptocurrencies are commodities. The Gravity4 Corporate Family plans to negotiate Lydian tokens with retail customers in spot transactions (and will not transact Lydian token futures, options, swaps or other derivatives through their platform), not provide advice to potential purchasers regarding transactions in Lydian tokens themselves (such that it would be deemed an unregistered Commodity Trading Advisor under United States law), not accept funds for the purpose of selling commodity interests in the Lydian tokens (such that it would be deemed a Commodity Pool Operator under United States law), and not conduct any leveraged, margined or financed “retail commodity transactions” in connection with the Lydian tokens (such that the indicated transactions would fall within the CFTC’s regulatory jurisdiction); nevertheless, given the considerable regulatory uncertainty surrounding CFTC regulation of this space, there can be no assurance to purchasers that LydianCoin SG and other members of the Gravity4 Corporate Family do not fall under CFTC scrutiny or regulation.

To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or cryptocurrency asset, including but not limited to the ways set forth in this Whitepaper, the Gravity4 Corporate Family and the ability of purchasers to negotiate Lydian tokens may be materially and adversely affected.

The effort to develop code for the purposes of facilitating the creation of certain of the programs and platforms set forth herein may be an area in which the Gravity4 Corporate Family has limited experience, may be expensive, and subject to the resolution of significant technical constraints.

The Gravity4 Corporate Family is working to develop code for the purposes of facilitating the creation of certain of the programs and platforms set forth herein. Although the Gravity4 Corporate Family has hired and will hire employees with significant experience in the technical workings of blockchain, Ethereum and other cryptocurrencies, the Gravity4 Corporate Family does not have significant experience with such types of projects.

²⁴ See *In the Matter of Munchee Inc.*, Adm. Proc. File No. 3-18304 (Dec. 11, 2017), available at <https://www.sec.gov/litigation/admin/2017/33-10445.pdf>.

²⁵ See *id.* at ¶ 35 (internal citations omitted).

These projects may be expensive, and are subject to substantial risk that they may ultimately be unsuccessful. Further, the creation thereof would be subject to the future resolution of numerous significant technical challenges which may be insurmountable.

This issuance of Lydian tokens may constitute the issuance of a “Security” under U.S. Federal laws and regulations or those of other jurisdictions.

Due to the nature of Lydian tokens described herein, LydianCoin SG does not think Lydian tokens should be considered a “security” as that term is defined in the Securities Act or under the securities law of any other jurisdiction.

On July 25, 2017, the United States Securities and Exchange Commission (the “Commission”) issued a Report of Investigation under Section 21(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) describing an SEC investigation of The DAO, a virtual organization, and its use of distributed ledger or blockchain technology to facilitate the offer and sale of DAO Tokens to raise capital. The Commission applied existing U.S. federal securities laws to this new paradigm, determining that DAO Tokens were securities. The Commission stressed that those who offer and sell securities in the U.S. are required to comply with federal securities laws, regardless of whether those securities are purchased with virtual currencies or distributed with blockchain technology. The Commission’s announcement, and the related Report, may be found here: <https://www.sec.gov/news/press-release/2017-131>.²⁶

After reviewing the Report, LydianCoin SG believes that the Lydian token is substantially different from DAO Tokens, and should not be considered a “security” under U.S. federal securities laws. Nevertheless, as noted by the Commission, the issuance of tokens represents a new paradigm and the application of the federal securities laws to this new paradigm is very fact specific. If the Lydian tokens were deemed to be a security under U.S. federal securities laws then LydianCoin SG will be required to register such issuance under the Securities Act absent an available exemption and/or may be subject to civil and/or criminal investigations, proceedings and penalties, any of which might have a material adverse effect on LydianCoin SG, other members of the Gravity4 Corporate Family and purchasers’ ability to negotiate Lydian tokens. The registration of Lydian tokens under the Securities Act would result in significant delay in the issuance of Lydian tokens and would require LydianCoin SG to incur substantial additional expense.

In addition to United States securities laws, Lydian tokens may be deemed to be securities by other jurisdictions’ securities and exchange commissions or monetary authorities under applicable securities, banking or monetary laws and regulations, and might be similarly subject to registration requirements and/or civil and criminal investigations,

²⁶ See also, e.g., (i) Christoph Jentzsch, The History of the DAO and Lessons Learned, Slock.It Blog (Aug. 24, 2016), <https://blog.slock.it/the-history-of-the-dao-and-lessons-learned-d06740f8cfa5#.5o62zo8uv>; (ii) Christoph Jentzsch, Decentralized Autonomous Organization to Automate Governance Final Draft – Under Review, <https://download.slock.it/public/DAO/WhitePaper.pdf>; and (iii) See Securities and Exchange Commission, Release No. 81207, Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO (July 25, 2017), <https://www.sec.gov/litigation/investreport/34-81207.pdf>.

proceedings and penalties, any of which might have a material adverse effect on LydianCoin SG, other members of the Gravity4 Corporate Family and purchasers' ability to negotiate Lydian tokens, including but not limited to these recent events:

The People's Republic of China has banned initial coin offerings in China:

The People's Bank of China announced on September 4, 2017, that initial coin offerings are banned inside the People's Republic of China and that refunds would be sought with respect to prior offerings.²⁷ Digital token financing and trading platforms are prohibited from converting digital tokens to fiat currencies. As of November 1, 2017, cryptocurrency exchanges were no longer operating in the People's Republic of China.²⁸ There is no certainty regarding how long this ban will be in effect or whether it will extend to secondary trading of digital tokens.

This issuance of Lydian tokens may constitute the issuance of a "Security" under the Laws of Hong Kong and trading of Lydian tokens on secondary markets may be subject to applicable regulatory requirements:

On September 5, 2017, the Hong Kong Securities and Futures Commission (the "SFC") issued a statement advising that "depending on the facts and circumstances of an ICO, digital tokens that are offered or sold may be "securities" ... and subject to the securities laws of Hong Kong."²⁹ (emphasis in original). The SFC further noted that "Parties engaging in the secondary trading of such tokens (eg, on cryptocurrency exchanges) may also be subject to the SFC's licensing and conduct requirements."³⁰

Regulation of cryptocurrencies such as Lydian tokens is likely to change in Korea in the near term and may become stricter:

On September 3, 2017, Korea's Financial Supervisory Commission held a joint task force with digital currency-related regulators and other bodies, including the Korea Fair Trade Commission and the National Tax Service.³¹ Authorities intend to strengthen user authentication procedures, regulate domestic trading of digital currencies, increase consumer protections, and punish initial coin offerings that do not comply with Korean laws.³²

²⁷ See L. Chen and J. Lee, "Bitcoin Tumbles as PBOC Declares Initial Coin Offerings Illegal" Bloomberg.com (Sept. 4, 2017), available at <https://www.bloomberg.com/news/articles/2017-09-04/china-central-bank-says-initial-coin-offerings-are-illegal>.

²⁸ See K. Rapoza, "Cryptocurrency Exchanges Officially Dead In China" Forbes.com (Nov. 2, 2017), available at <https://www.forbes.com/sites/kenrapoza/2017/11/02/cryptocurrency-exchanges-officially-dead-in-china/#3d38d89f2a83>.

²⁹ Sec. and Futures Comm'n., Statement on initial coin offerings (Sept. 5, 2017), available at <http://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=17PR117>.

³⁰ *Id.*

³¹ See Yoon Yung Sil, Regulating Bitcoin Trading Financial Authorities to Strengthen Regulations on Digital Currency Trading, BusinessKorea.co.kr (Sept. 4, 2017), available at <http://www.businesskorea.co.kr/english/news/money/19180-regulating-bitcoin-trading-financial-authorities-strengthen-regulations-digital>.

³² See *id.*

Secondary trading of Lydian tokens may be deemed subject to regulatory restrictions or even illegal by regulators subsequent to the publication of this Whitepaper:

Other countries or regulatory jurisdictions may follow Hong Kong and deem the secondary trading of digital tokens potentially subject to regulatory requirements of local securities enforcement and regulatory bodies. It is possible some jurisdictions may ban secondary trading altogether. Laws and regulations applicable to digital tokens are evolving and there can be no certainty as to what any country, regulatory body, or other rule-making agency may determine. The effect of any future regulatory change is impossible to predict, but such change could be substantial and adverse to our business. Developments in U.S. and foreign commercial and corporate laws may alter the nature of our business or the operation of a blockchain network upon which we rely in a manner that adversely affects our business.

Blockchain networks face an uncertain regulatory landscape in many other jurisdictions such as the European Union, China and Russia. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that materially adversely affect or otherwise severely impact the Gravity4 Corporate Family. Such laws, regulations or directives may conflict with those of the United States or may directly and negatively impact its business. The effect of any future regulatory change is impossible to predict, but such change could be substantial and materially adverse to the development and growth of the Gravity4 Corporate Family and the adoption, utility and transferability of the Lydian tokens.

Purchasers of Lydian tokens will have no voting rights, consent rights or other control over the Gravity4 Corporate Family.

Purchasers are not and will not be entitled, to vote or receive dividends or be deemed the holder of capital stock of LydianCoin SG or any other member of the Gravity4 Corporate Family for any purpose, nor will anything be construed to confer on the purchasers any of the rights of a stockholder of LydianCoin SG or any other member of the Gravity4 Corporate Family or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise.

Lydian tokens may be subject to unclaimed property or escheat laws governing prepaid or future performance contracts in the United States or other jurisdictions.

Each state, the District of Columbia, and some territories of the United States has an unclaimed property (or “escheat” or “abandoned property”) law which might apply to the Lydian tokens. Such unclaimed property laws, if applied to Lydian tokens, would provide that if the value of the services set forth herein has not been claimed by the owner of a particular Lydian token after a specified period of time (typically three to five years after issuance), then LydianCoin SG might be required to report and remit (*i.e.*, to “escheat”) such unclaimed amounts to the state, the District of Columbia, or the territory, if any, that has the right to apply its unclaimed property laws thereto. While no United States domiciled member of the Gravity4 Corporate Family issues Lydian tokens or provides services in return thereof, to the extent a United States state, the District of Columbia, or territory requires escheat with respect

to unutilized Lydian tokens, LydianCoin SG would be required to remit funds from the sale of Lydian tokens thereto and would be authorized by law to decline to transact with respect to such Lydian tokens when presented by purchasers. Purchasers of such Lydian tokens would then be required under such state's or territory's law to reclaim funds from such state or territory. Lydian tokens may be subject to similar unclaimed property or escheat laws under other jurisdictions.

Purchasers may lack information and/or access for monitoring LydianCoin SG and the Gravity4 Corporate Family.

A purchaser of Lydian tokens may not be able to obtain all information it would want regarding LydianCoin SG or any other member of the Gravity4 Corporate Family or the Lydian tokens themselves on a timely basis or, as the case may be, in substantial part or at all. It is possible that purchasers may not be aware on a timely basis or at all of material adverse changes that have occurred with respect to any of LydianCoin SG or any other member of Gravity4 or with respect to the Lydian tokens.

Lydian tokens have no operating history.

Lydian tokens will be a newly formed token and have no operating history. Past performance of tokens or coins issued by any other person or entity, including without limitation Bitcoin or Ethereum, is not predictive of the value of the Lydian tokens in the future.

The further development and acceptance of blockchain networks, which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain networks and blockchain assets would have a material adverse effect on the successful development and adoption of the Gravity4 Corporate Family's platforms and proposed projects, as well as the Lydian tokens themselves.

The growth of the blockchain industry in general, as well as the blockchain networks with which the Gravity4 Corporate Family will rely and interact, is subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency industry, as well as blockchain networks include, without limitation:

- Worldwide growth in the adoption and use of Bitcoin, Ethereum and other blockchain technologies;
- Government and quasi-government regulation of cryptocurrency and other blockchain assets and their use and exchangeability, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- The maintenance and development of the open-source software protocol of the Bitcoin networks;
- Changes in consumer demographics and public tastes and preferences;
- The availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using fiat currencies or existing networks;
- The nature and extent of cyberattacks, protocol forks and cryptocurrency co-participant fraud;

- General economic conditions and the regulatory environment relating to cryptocurrencies; and
- A decline in the popularity or acceptance of Bitcoin, Ethereum or other blockchain-based tokens and coins would adversely affect its results of operations.

The slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of the Lydian tokens.

Risk of losing access to Lydian tokens due to loss of private key(s), custodial error or purchaser error.

A private key, or a combination of private keys, may be deemed a necessary element to control and, negotiate Lydian tokens stored in your digital wallet or vault. Accordingly, loss of requisite private key(s) associated with your digital wallet or vault storing Lydian tokens will result in loss of such Lydian tokens. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a digital wallet or vault service you use, may be able to misappropriate your Lydian tokens. Any errors or malfunctions caused by or otherwise related to the digital wallet or vault you choose to receive and store Lydian tokens, including your own failure to properly maintain or use such digital wallet or vault, may also result in the loss of your Lydian tokens. Additionally, your failure to follow precisely the procedures specifically set forth for buying and receiving, or negotiating Lydian tokens, including, for instance, providing the wrong address for receiving Lydian tokens, may result in the loss of your Lydian tokens.

Risks associated with the Ethereum protocol.

Because Lydian tokens are based on the Ethereum protocol, any malfunction, breakdown, abandonment or facts of the Ethereum protocol or other issues involving the related Ethereum infrastructure, wallet design, implementation factors, internet failures, malware, spoofing, phishing, spear phishing, poor software design, use of pre-released or unproven, non-reviewed software or malicious co-participant actions may have a material adverse effect on the Lydian tokens. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to Lydian tokens including the utility of Lydian tokens for obtaining services, by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol.

Risk of mining attacks.

As with other decentralized cryptographic tokens based on the Ethereum protocol, Lydian tokens are susceptible to attacks by miners in the course of validating Lydian tokens transactions on the Ethereum blockchain, including, but not limited, to double-spend attacks, majority mining power attacks, and selfish-mining attacks. Any successful attacks present a risk to the Lydian tokens, including, but not limited to, accurate execution and recording of transactions involving Lydian tokens.

Risk of hacking and security weaknesses.

Hackers or other malicious groups or organizations may attempt to interfere with the Lydian tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil

attacks, smurfing and spoofing. Furthermore, because the Lydian tokens are based on open-source software, there is a risk that a third party or a member of the Gravity4 Corporate Family team may intentionally or unintentionally introduce weaknesses into the core infrastructure of the Lydian tokens, which could negatively affect the Lydian tokens, including Lydian tokens' utility for obtaining services.

The Lydian tokens and any related blockchain platforms, as well as the Gravity4 Corporate Family's existing cloud suite and online platforms, may be the target of malicious cyberattacks or may contain exploitable flaws in its underlying code (such as distributed denial of service attacks, double-spend attacks, 51% attacks, or other malicious attacks), which may result in security breaches and the loss or theft of Lydian tokens. If cybersecurity is compromised or if the Lydian tokens and related platforms are subjected to attacks that frustrate or thwart its customers' ability to access or use their tokens, the purchasers of Lydian tokens may suffer losses in value or otherwise be materially adversely affected.

On February 7, 2014, MtGox (a bitcoin exchange based in Japan) halted all bitcoin transactions and withdrawals due to the disappearance of hundreds of thousands of customer- and MtGox-owned bitcoins.³³ All trading was suspended two weeks later following an internal investigation that pegged the loss at 744,408 bitcoins.³⁴ According to Mark Karpeles, CEO of MtGox, MtGox was susceptible to theft because of a "defect or 'bug' in the bitcoin software algorithm, which was exploited by one or more persons who had 'hacked' the bitcoin network."³⁵ Ultimately, customer losses totaled nearly 750,000 bitcoins, while MtGox losses were approximately 100,000 bitcoins. At the time, this represented approximately \$473 million and nearly 7% of the bitcoins then in existence.³⁶ MtGox filed for bankruptcy protection in Japan on February 28, 2014. Following a proposed class action suit by traders alleging fraud against MtGox, the company sought recognition of the Japanese proceeding in U.S. bankruptcy court on March 9, 2014.³⁷ The Japanese proceeding converted to liquidation in April 2014.

Another substantial theft of crypto-currency funds occurred in 2016 in connection with the ICO of The DAO, an unincorporated organization that was intended as a first generation "Decentralized Autonomous Organization." In exchange for ETH, participants received DAO Tokens, representing ownership interests and voting rights in The DAO. The holders of DAO Tokens stood to share in the anticipated earnings from these projects as a return on their investment in DAO Tokens by re-selling the tokens on a number of different web-based platforms that supported secondary trading in the DAO Tokens. DAO founders envisioned projects and earnings distributions would be

³³ See Declaration of Robert Marie Mark Karpeles, *In re MtGox Co., Ltd.* (a/k/a MtGox KK), No. 14-31229 (Bankr. N.D. Tex. Mar. 3, 2014) [Docket No. 3], at 4.

³⁴ See *id.*

³⁵ *Id.*

³⁶ See *id.*, at 5.

³⁷ See Tom Hals, "Mt. Gox Files U.S. Bankruptcy, Opponents Call It a Ruse," Reuters.Com, March 10, 2014, [available at https://www.reuters.com/article/us-bitcoin-mtgox-bankruptcy-idUSBREA290WU20140310](https://www.reuters.com/article/us-bitcoin-mtgox-bankruptcy-idUSBREA290WU20140310).

voted upon by all DAO Token holders, and that project proposals would be embodied in Ethereum blockchain contracts. DAO Token holders could exercise their voting rights by choosing to distribute earnings from prior projects back to DAO Token holders, or to reinvest those earnings on new project proposals submitted for voting.

Approximately 1.15 billion DAO Tokens were sold for approximately 12 million ETH from April 30, 2016, to May 28, 2016. Approximately \$150 million USD was raised in the offering.

On June 17, 2016, after the offering period ended, an unknown party exploited a software security vulnerability in The DAO and diverted 3.6 million ETH (worth approximately \$45 million, and representing one third of the ETH raised by The DAO offering). In response, Slock.it's cofounders (associated with the founding of The DAO) proposed a "Hard Fork" protocol (a process whereby the path of the blockchain is split, invalidating transactions confirmed by the nodes that have not been upgraded to the new version of the protocol software) to the Ethereum blockchain to restore DAO Token holders' investments. On July 20, 2016, following implementation of the "Hard Fork" protocol updates, all funds raised in the offering, including those stolen, were transferred to a recovery address, where DAO Token holders could exchange their DAO Tokens for ETH.

Other initial coin offerings have been compromised by attacks. On July 17, 2017, \$7 million in ETH was stolen from investors trying to participate in social-trading startup CoinDash's initial coin offering.³⁸ Later that week, a well-known Ethereum wallet was recently hacked as well: on July 19, 2017, approximately 153,000 ether tokens worth roughly \$32 million were stolen by hackers exploiting security vulnerabilities in Parity's digital wallet.³⁹

Risks associated with markets for and valuation of Lydian tokens.

Lydian tokens are intended to be used solely as set forth in this Whitepaper and the Gravity4 Corporate Family will not support or otherwise facilitate any secondary trading or external valuation of Lydian tokens. This could therefore create illiquidity risk with respect to Lydian tokens you hold. Even if secondary trading of Lydian tokens is facilitated by third party exchanges, such exchanges may be relatively new and subject to little or no regulatory oversight, making them more susceptible to market-related risks.

Furthermore, to the extent that third-parties do ascribe an external exchange value to Lydian tokens (e.g., as denominated in a digital or fiat currency), such value may increase or decrease from time to time based on the business model of the Gravity4 Corporate Family, the supply and demand of Lydian tokens on the market and various other market forces, and even be extremely volatile and/or diminish to zero. For instance, if the Gravity4 Corporate Family initially offers programmatic audience targeting for crypto-audiences at a \$5 cost per thousand advertisement impressions, which is held in reserve at LydianCoin, nonetheless in a low-supply or high-price

³⁸ See Alexandria Arnold, "CoinDash Says Hacker Stole \$7 Million at Initial Coin Offering," Bloomberg.com, July 17, 2017, available at <https://www.bloomberg.com/news/articles/2017-07-17/coindash-says-hacker-stole-7-million-at-initial-coin-offering>.

³⁹ See Luke Graham, "\$32 Million Worth of Digital Currency Ether Stolen by Hackers," CNBC.com, July 20, 2017, available at <https://www.cnbc.com/2017/07/20/32-million-worth-of-digital-currency-ether-stolen-by-hackers.html>.

environment in ad exchanges and private marketplaces, the Gravity4 Corporate Family may incur costs higher than such reserved \$5 amount; conversely, in a high-supply or low-price environment will have costs lower than such reserved \$5 amount and due to the real-time purchase/delivery nature of ad exchanges prevents the Gravity4 Corporate Family or other purchasers from buying during a low-cost period and storing. In either case, the effect of such market forces may increase or decrease the related external valuation of Lydian tokens.

In issuing Lydian tokens, LydianCoin SG intends that Lydian tokens be purchased and held by parties that utilize the Gravity4 suite of services.

From time to time, LydianCoin SG may issue further Lydian tokens into the market (including with respect to Lots or through crowdsales subsequent to the date of this Whitepaper or from its supply of reserve tokens). Such additional sales could include terms more or less attractive than those set forth herein and/or result in significant dilution of the value of purchasers' Lydian tokens and a concomitant price decline with respect thereto.

Risk of uninsured losses.

Unlike bank accounts or accounts at some other financial institutions, Lydian tokens are uninsured unless the purchaser is able to specifically obtain private insurance to insure them. Thus, in the event of loss or loss of utility value, there is no public insurer, such as the Federal Deposit Insurance Corporation, or private insurance arranged by us, to offer recourse to you.

Risks arising from taxation.

The tax characterization of Lydian tokens is uncertain. You must seek your own tax advice in connection with purchasing Lydian tokens, which may result in adverse tax consequences to you, including withholding taxes, income taxes and tax reporting requirements.

SCHEDULE A

Important Notices, Disclaimers and Legends

The Whitepaper has been prepared solely in respect of LydianCoin SG's proposed sale of Lydian tokens. No Lydian tokens are being offered for subscription or sale in any jurisdiction pursuant to this Whitepaper. This Whitepaper is being made available for information purposes only. This Whitepaper does not constitute a prospectus or offer document of any sort, and is not intended to constitute an offer, solicitation, recommendation or invitation to any person to subscribe for or purchase tokens or any rights or securities of any form in LydianCoin SG, units in a business trust, units in a collective investment scheme or any other form of investment, or a solicitation for any form of investment in any jurisdiction. Lydian tokens are not presently offered to any person and shall not be registered for sale under the securities laws and regulations of any country or any state, territory, department or municipality thereof, and are not intended to constitute securities of any form, units in a business trust, units in a collective investment scheme or any other form of investment in any jurisdiction.

This Whitepaper has been prepared solely for information purposes to be delivered to prospective purchasers of Lydian tokens to be issued by LydianCoin SG. The recipient agrees that any reproduction or distribution of this Whitepaper, in whole or in part, or the disclosure of its contents, without the prior written consent of the LydianCoin SG, is strictly prohibited. LydianCoin SG reserves the right to modify the terms of the tokens described in this Whitepaper, and the tokens are offered subject to LydianCoin SG's ability to reject any offer to purchase Lydian tokens in whole or in part.

Certain statements in this Whitepaper constitute forward-looking statements. When used in this Whitepaper, the words "may," "will," "should," "project," "anticipate," "believe," "estimate," "intend," "expect," "continue," "target," "believe," "if," "aim," "plan," "possible," "probable," "should," "would" and similar expressions or the negatives thereof are generally intended to identify forward-looking statements. Such forward-looking statements, including the intended actions and performance objectives of LydianCoin SG, involve known and unknown risks, uncertainties, and other important factors that could cause the actual results, performance, achievements or development of LydianCoin SG or other members of the Gravity4 Corporate Family to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, amongst others:

- (a) changes in political, social, economic and stock or cryptocurrency market conditions, and the regulatory environment in the countries in which LydianCoin SG or other members of the Gravity4 Corporate Family conduct their respective businesses and operations;
- (b) the risk that LydianCoin SG or other members of the Gravity4 Corporate Family may be unable to execute or implement their respective business strategies and future plans;
- (c) changes in interest rates and exchange rates of fiat currencies and cryptocurrencies;
- (d) changes in the anticipated growth strategies and expected internal growth of LydianCoin SG or other members of the Gravity4 Corporate Family;

- (e) changes in the availability and fees payable to LydianCoin SG or other members of the Gravity4 Corporate Family in connection with their respective businesses and operations;
- (f) changes in the availability and salaries of employees who are required by LydianCoin SG or other members of the Gravity4 Corporate Family to operate their respective businesses and operations;
- (g) changes in preferences of customers of the respective businesses and operations of LydianCoin SG or other members of the Gravity4 Corporate Family;
- (h) changes in competitive conditions under which LydianCoin SG or other members of the Gravity4 Corporate Family operate, and the ability of LydianCoin SG or other members of the Gravity4 Corporate Family to compete under such conditions;
- (i) changes in the future capital needs of LydianCoin SG or other members of the Gravity4 Corporate Family and the availability of financing and capital to fund such needs;
- (j) war or acts of international or domestic terrorism;
- (k) occurrences of catastrophic events, natural disasters and acts of God that affect the businesses and/or operations of LydianCoin SG or other members of the Gravity4 Corporate Family;
- (l) the occurrence of any bankruptcy, insolvency and reorganization or similar proceedings under the laws of any applicable jurisdiction with respect to LydianCoin SG or any of the other members of the Gravity4 Corporate Family;
- (m) other factors beyond the control of LydianCoin SG or other members of the Gravity4 Corporate Family; and
- (n) any risk and uncertainties associated with LydianCoin SG or other members of the Gravity4 Corporate Family and their respective businesses and operations, Lydian tokens and/or the Lydian token sale.

All forward-looking statements made by or attributable to LydianCoin SG or other members of the Gravity4 Corporate Family or persons acting on behalf of them are expressly qualified in their entirety by such factors. No representation or warranty is made as to future performance or such forward-looking statements. All forward-looking statements in this Whitepaper speak only as of the date hereof. LydianCoin SG and all other members of the Gravity4 Corporate Family expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions, or circumstances on which any such statement is based. Prospective purchasers are not to construe this Whitepaper as investment, legal, tax, regulatory, financial, accounting or other advice, and this Whitepaper is not intended to provide the sole basis for any evaluation of an investment in an interest. Prior to acquiring an interest, a prospective purchaser should consult with its own legal, investment, tax, accounting and other advisors to determine the potential benefits, burdens, and other consequences of such investment. The information and opinions contained in this Whitepaper are provided as at the date of this Whitepaper and are subject to change without notice.

This Whitepaper includes information obtained from various third party sources (“Third Party Information”). None of the publishers of the Third Party Information has consented to the inclusion of the Third Party Information in this

Whitepaper and is therefore not liable for the Third Party Information. While LydianCoin SG has taken reasonable action to ensure that the Third Party Information have been included in their proper form and context, neither LydianCoin SG, nor its directors, executive officers and employees acting on its behalf, has independently verified the accuracy, reliability, completeness of the contents, or ascertained any applicable underlying assumption, of the relevant Third Party Information. Consequently, neither LydianCoin SG nor its directors, executive officers and employees acting on their behalf makes any representation or warranty as to the accuracy, reliability or completeness of such information and shall not be obliged to provide any updates on the same.

To facilitate a better understanding of the Lydian tokens being offered for purchase by LydianCoin SG, and the businesses and operations of LydianCoin SG, certain technical terms and abbreviations, as well as, in certain instances, their descriptions, have been used in this Whitepaper. These descriptions and assigned meanings should not be treated as being definitive of their meanings and may not correspond to standard industry meanings or usage.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations. References to “\$” shall mean U.S. Dollars, unless otherwise indicated.

No person has been or is authorised to give any information or representation not contained in this Whitepaper in connection with LydianCoin SG and its businesses and operations, Lydian tokens, or the Lydian token sale and, if given, such information or representation must not be relied upon as having been authorised by or on behalf of LydianCoin SG. The Lydian token sale shall not, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or development reasonably likely to involve a material change in the affairs, conditions and prospects of LydianCoin SG or in any statement of fact or information contained in this Whitepaper since the date hereof.

This Whitepaper, in its current form (including, with its watermark), is being circulated by LydianCoin SG in order to invite feedback on the Lydian token, and is subject to review and revision in all regards and at any time and from time to time by the Board of Directors, the Board of Advisers and/or legal advisers of LydianCoin SG. No part of this Whitepaper is intended to create legal relations between a recipient of this Whitepaper or to be legally binding or enforceable by such recipient against LydianCoin SG. An updated version of this Whitepaper may be published on a date to be determined and announced by LydianCoin SG in due course. No person is bound to enter into any contract or binding legal commitment in relation to the sale and purchase of Lydian tokens and no cryptocurrency or other form of payment is to be accepted on the basis of this Whitepaper. Any agreement as between LydianCoin SG and you as a purchaser and in relation to any sale and purchase, of Lydian is to be governed by only a separate document setting out the terms and conditions (the “T&Cs”) of such agreement. In the event of any inconsistencies between the T&Cs and this Whitepaper, the former shall prevail.

Lydian tokens have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any other United States federal or state securities laws or the securities laws and

regulations of any foreign jurisdiction (including the Securities and Futures Act (Chapter 289) of Singapore) (“SFA”). LydianCoin SG believes that the Lydian tokens should not be considered to be “securities” under the Securities Act. Nevertheless, to the extent offered within the United States, the Lydian tokens will be offered and sold (i)(a) to “accredited investors” in a manner substantially similar to the exemption provided by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder, or (b) to non-U.S. Persons in transactions outside the United States who are not purchasing for the account or benefit of a U.S. Person as defined under Regulation S under the Securities Act, and (ii) other exemptions of similar import in the laws of the states and other jurisdictions where the proposed sale will be made. In addition, LydianCoin SG will not be registered as an investment company under the United States Investment Company Act of 1940, as amended (the “Investment Company Act”), or the investment company laws and regulations of any foreign jurisdiction. Consequently, purchasers will not be afforded the protections of the Securities Act, the Investment Company Act or any similar laws, rules and regulations of any other jurisdiction in which the Lydian tokens are offered or sold.

Purchasers should be aware that they will be required to bear the financial risks of the purchase of Lydian tokens for an indefinite period of time. Purchasers of Lydian tokens should be aware that they bear any risks involved in the purchase of such tokens, if any, for an indefinite period of time.

The purchase of Lydian tokens involves a high degree of risk, volatility and illiquidity. A prospective purchaser should thoroughly review the information contained herein and carefully consider whether a purchase of Lydian tokens is suitable to the purchaser’s financial situation.

No person has been authorized to make any statement concerning LydianCoin SG or the Gravity4 Corporate Family or the sale of the Lydian tokens discussed herein other than as set forth in this Whitepaper, and any such statements, if made, must not be relied upon.

Purchasers should make their own investigations and evaluations of the Lydian tokens that will be delivered pursuant thereto, including the merits and risks involved in a purchase of Lydian tokens. Prior to any purchase, LydianCoin SG will give purchasers the opportunity to ask questions of and receive answers and additional information from it concerning the terms and conditions of this proposed sale and other relevant matters to the extent LydianCoin SG possesses the same or can acquire it without unreasonable effort or expense. Purchasers should inform themselves as to the legal requirements applicable to them in respect of the acquisition, holding and negotiating Lydian tokens upon their delivery, and as to the income and other tax consequences to them of such acquisition, holding and negotiating.

This Whitepaper does not constitute an offer to sell, or a solicitation of an offer to buy, a Lydian token in any jurisdiction in which it is unlawful to make such an offer or solicitation. No securities regulatory authority in any jurisdiction has approved or disapproved purchasing Lydian tokens. Furthermore, the no securities regulatory authorities have confirmed the accuracy or determined the adequacy of this Whitepaper, nor is it intended that any securities regulatory authorities will do so. The publication, distribution or dissemination of this Whitepaper does

not imply that the applicable laws, regulatory requirements or rules have been complied with. Any representation to the contrary may be a criminal offense.

This Whitepaper does not constitute or form part of any opinion on any advice to sell, or any solicitation of any offer by the LydianCoin SG or the Gravity4 Corporate Family to purchase any Lydian tokens, nor shall it or any part of it nor the fact of its presentation form the basis of, or be relied upon in connection with, any contract or investment decision.

Purchasers may tender Bitcoin, Ether or other cryptocurrencies identified and authorized by LydianCoin SG from time to time in exchange for the Lydian tokens. Such currencies, cryptocurrencies and other digital assets are subject to fluctuations in the rate of exchange and, in the case of digital assets, the exchange valuations. Such fluctuations may have an adverse effect on the value or price of Lydian tokens.

Every purchaser shall represent, warrant and covenant that it is responsible for acting in accordance with and to the extent permitted by the laws of his or her respective jurisdiction. This is not an offering in any jurisdiction where it is unlawful to do so, and each purchaser shall represent, warrant and covenant that it is responsible to not participate if that is the case.

Although LydianCoin SG does not consider Lydian tokens to be “securities” under the laws of any jurisdiction, purchasers of Lydian tokens should take note of the laws of their respective home jurisdictions when considering a purchase or resale thereof, that no securities and exchange commission, bank or monetary authority or other governmental agency of any country has passed on or approved the proposed sale of Lydian tokens (including but not limited to any of the following countries), and failure so to register may have an effect on the purchaser’s ability to purchase and resell the Lydian tokens.

Restrictions on Distribution

The distribution of this Whitepaper and the proposed sale of Lydian tokens in certain jurisdictions may be restricted and accordingly persons into whose possession this Whitepaper may come are required by LydianCoin SG to inform themselves of and to observe any such restrictions. This Whitepaper, any part thereof and any copy thereof must not be taken or transmitted to any country where distribution or dissemination of this Whitepaper, or the proposed sale of Lydian Tokens, is prohibited or restricted.

This Whitepaper does not constitute a solicitation to any person in any jurisdiction in which such solicitation is not authorized or to any person to whom it would be unlawful to make such solicitation. The foregoing information is for general guidance only. It is the responsibility of any person or persons in possession of this Whitepaper and wishing to participate in the proposed sale of Lydian tokens to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective participants should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

Restrictions on Distribution in Singapore

By accessing and/or accepting possession of any information in this Whitepaper or such part thereof (as the case may be) in Singapore, you:

- (a) represent and warrant that you are either an institutional investor⁴⁰ as defined under Section 4A(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”), a relevant person⁴¹ as defined under Section 275(2) of the SFA or persons to whom an offer is being made⁴² as referred to in Section 275(1A) of the SFA; and
- (b) agree to be bound by the limitations and restrictions described herein.

40 “institutional investor” means — (i) a bank that is licensed under the Banking Act (Chapter 19) of Singapore; (ii) a merchant bank that is approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Chapter 186) of Singapore; (iii) a finance company that is licensed under the Finance Companies Act (Chapter 108) of Singapore; (iv) a company or co-operative society that is licensed under the Insurance Act (Chapter 142) of Singapore to carry on insurance business in Singapore; (v) a company licensed under the Trust Companies Act 2005 (Act 11 of 2005) of Singapore; (vi) the Government of Singapore; (vii) a statutory body established under any Act of Singapore; (viii) a pension fund or collective investment scheme; (ix) the holder of a capital markets services licence for — (A) dealing in securities; (B) fund management; (C) providing custodial services for securities; (CA) real estate investment trust management; (D) securities financing; or (E) trading in futures contracts; (x) a person (other than an individual) who carries on the business of dealing in bonds with accredited investors or expert investors; (xi) the trustee of such trust as the Monetary Authority of Singapore (“Authority”) may prescribe, when acting in that capacity; or (xii) such other person as the Authority may prescribe.

“accredited investor” means — (i) an individual — (A) whose net personal assets exceed in value S\$2 million (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe in place of the first amount; or (B) whose income in the preceding 12 months is not less than \$300,000 (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe in place of the first amount; (ii) a corporation with net assets exceeding \$10 million in value (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe, in place of the first amount, as determined by — (A) the most recent audited balance-sheet of the corporation; or (B) where the corporation is not required to prepare audited accounts regularly, a balance-sheet of the corporation certified by the corporation as giving a true and fair view of the state of affairs of the corporation as of the date of the balance-sheet, which date shall be within the preceding 12 months; (iii) the trustee of such trust as the Authority may prescribe, when acting in that capacity; or (iv) such other person as the Authority may prescribe; (b) “expert investor” means — (i) a person whose business involves the acquisition and disposal, or the holding, of capital markets products, whether as principal or agent; (ii) the trustee of such trust as the Authority may prescribe, when acting in that capacity; or (iii) such other person as the Authority may prescribe.

41 “relevant person” means — (a) an accredited investor; (b) a corporation the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; (c) a trustee of a trust the sole purpose of which is to hold investments and each beneficiary of which is an individual who is an accredited investor; (d) an officer or equivalent person of the person making the offer (such person being an entity) or a spouse, parent, brother, sister, son or daughter of that officer or equivalent person; or (e) a spouse, parent, brother, sister, son or daughter of the person making the offer (such person being an individual).

42 The persons to whom an offer referred to in Section 275(1A) is to be made include a person who acquires the securities as principal, whether or not the securities have been previously issued, if — (a) the offer is on terms that the securities may only be acquired at a consideration of not less than \$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets; (b) the offer is not accompanied by an advertisement making an offer or calling attention to the offer or intended offer; (c) no selling or promotional expenses are paid or incurred in connection with the offer other than those incurred for administrative or professional services, or by way of commission or fee for services rendered by — (i) the holder of a capital markets services licence to deal in securities; (ii) an exempt person in respect of dealing in securities; or (iii) a person who is licensed, approved, authorised or otherwise regulated under the laws, codes or other requirements of any foreign jurisdiction in respect of dealing in securities, or who is exempted therefrom in respect of such dealing; and (d) no prospectus in respect of the offer has been registered by the Authority or, where a prospectus has been registered — (i) the prospectus has expired pursuant to section 250 of the SFA; or (ii) the person making the offer has before making the offer — (A) informed the Authority by notice in writing of its intent to make the offer in reliance on the exemption under section 275(1A) of the SFA; and (B) taken reasonable steps to inform in writing the person to whom the offer is made that the offer is made in reliance on the exemption under section 275(1A) of the SFA.

Any failure to comply with these restrictions may constitute a violation of applicable securities laws in Singapore.

NOTICE TO RESIDENTS OF THE PEOPLE'S REPUBLIC OF CHINA

LYDIAN TOKENS MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY IN THE PEOPLE'S REPUBLIC OF CHINA (WHICH, FOR SUCH PURPOSES, DOES NOT INCLUDE THE HONG KONG OR MACAU SPECIAL ADMINISTRATIVE REGIONS OR TAIWAN) (THE "PRC"). THE INFORMATION CONTAINED IN THIS WHITEPAPER WILL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY LYDIAN TOKENS WITHIN THE PRC. THIS WHITEPAPER AND THE INFORMATION CONTAINED IN THIS WHITEPAPER HAVE NOT BEEN AND WILL NOT BE SUBMITTED TO OR APPROVED/VERIFIED BY OR REGISTERED WITH ANY RELEVANT GOVERNMENTAL AUTHORITIES IN THE PRC AND MAY NOT BE SUPPLIED TO THE PUBLIC IN THE PRC OR USED IN CONNECTION WITH ANY OFFER FOR THE SUBSCRIPTION OR SALE OF THE INTERESTS IN THE PRC. THE LYDIAN TOKENS MAY ONLY BE OFFERED OR SOLD TO PRC PURCHASERS THAT ARE AUTHORIZED TO ENGAGE IN THE PURCHASE OF LYDIAN TOKENS OF THE TYPE BEING OFFERED OR SOLD. PRC PURCHASERS ARE RESPONSIBLE FOR OBTAINING ALL RELEVANT GOVERNMENT REGULATORY APPROVALS/LICENSES, VERIFICATION AND/OR REGISTRATION THEMSELVES, INCLUDING, BUT NOT LIMITED TO, ANY WHICH MAY BE REQUIRED FROM THE PEOPLE'S BANK OF CHINA, THE STATE ADMINISTRATION OF FOREIGN EXCHANGE, THE CHINA SECURITIES REGULATORY COMMISSION, THE CHINA BANKING REGULATORY COMMISSION, THE CHINA INSURANCE REGULATORY COMMISSION AND OTHER REGULATORY BODIES, AND COMPLYING WITH ALL RELEVANT PRC REGULATIONS, INCLUDING, BUT NOT LIMITED TO, ANY RELEVANT FOREIGN EXCHANGE REGULATIONS AND/OR OVERSEAS INVESTMENT REGULATIONS.

Further Disclaimer

This Whitepaper does not constitute a recommendation by LydianCoin SG or the Gravity4 Corporate Family or any other person, or advice to any recipient of this Whitepaper, on the merits of Lydian tokens. This Whitepaper does not necessarily identify, or purport to identify, all the risk factors associated with Lydian tokens. Prospective participants must make their own independent assessment, after making such investigations as they consider necessary, of the merits of participating in the proposed sale of Lydian tokens. Prospective participants should consult and rely upon their own investment, accounting, legal and tax representatives and advisers as to such matters concerning a purchase of and investment in Lydian tokens and to evaluate independently the financial risks, consequences and suitability of an investment in the Lydian tokens, or if in any doubt about the contents of this Whitepaper.

An investment in Lydian tokens carries substantial risk and may involve special risks that could lead to a loss of all or a substantial portion of such investment (*see* further under the section headed "*Risk Factors*"). Unless prospective participants fully understand and accept the nature of Lydian tokens and the potential risks inherent in an investment in Lydian tokens they should not invest in Lydian tokens. Each prospective participant is wholly responsible for ensuring that all aspects of an investment in Lydian tokens are acceptable to them.

There can be no assurance that a purchaser's objective in its purchase of Lydian tokens will be achieved and prospective purchasers should carefully consider whether a purchase of Lydian tokens is suitable for them in light of their circumstances and financial resources.

Prospective participants should inform themselves as to the legal requirements within the countries of their nationality, residence, ordinary residence or domicile for such acquisition, any foreign exchange restrictions or exchange control requirements which they might encounter on acquisition or negotiating of Lydian tokens and the income tax and other taxation consequences which might be relevant to the acquisition, holding or negotiating of Lydian tokens.

IF THE PROSPECTIVE PURCHASER IS IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT THEY SHOULD CONSULT WITH THEIR ACCOUNTANTS, LEGAL ADVISORS OR OTHER PROFESSIONAL ADVISORS BEFORE INVESTING.

Anti-Money Laundering

Measures aimed at the prevention of money laundering may require a participant in this proposed sale of Lydian tokens to verify his, her or its identity and/or the source of funds to the LydianCoin SG. By way of example, an individual may be required to produce the original passport or identification card or copy duly certified by a public authority such as a notary public, the police or the ambassador in his or her country of residence, together with two original documents evidencing his or her address such as a utility bill or bank statement or duly certified copies. In the case of corporate (or other entity) applicants this may require production of a certified copy of the related organizational documents (and any change of name) or the equivalent, and of the names and residential and business addresses of all directors, officers and beneficial owners. The details given above are by way of example only and LydianCoin SG will request such information and documentation as it considers is necessary to verify the identity or source of funds of a potential purchaser at the time of a potential sale.

Each purchaser acknowledges that LydianCoin SG shall be held harmless by such purchaser against any loss arising as a result of a failure to provide such information and documentation as has been requested by LydianCoin SG or if such purchaser provides any information or documentation to LydianCoin SG that is false or misleading in any respect.

No Representations and Warranties

LydianCoin SG does not make or purport to make, and hereby disclaims, any representation, warranty or undertaking in any form whatsoever to any entity or person, including any representation, warranty or undertaking in relation to the truth, accuracy and completeness of any of the information set out in this Whitepaper.

Representations and Warranties of Purchasers

By accessing and/or accepting possession of any information in this Whitepaper or any part thereof, or by participating in the proposed sale of Lydian tokens as described herein, each purchaser represents and warrants to LydianCoin SG that:

- (a) such purchaser is not a citizen or resident alien of the United States, unless such person is an “accredited investor” as defined in Regulation D under the Securities Act;
- (b) such purchaser is not a citizen or resident of a country the laws of which prohibit or conflict with this proposed sale of Lydian tokens or the purchaser’s participation in such proposed sale;
- (c) the amounts invested by such purchaser were not and are not directly or indirectly derived from any activities that contravene the laws and regulations of any jurisdiction, including anti-money laundering laws and regulations;
- (d) none of: (1) such purchaser; (2) any person controlling or controlled by such purchaser; (3) if such purchaser is a privately-held entity, any person having a beneficial interest in such purchaser; or (4) any person for whom such purchaser acting as agent or nominee in connection with this purchase is a country, territory, entity or individual named on an OFAC list, or a person or entity prohibited under the OFAC Programs;
- (e) none of: (1) such purchaser; (2) any person controlling or controlled by such purchaser; (3) if such purchaser is a privately-held entity, any person having a beneficial interest in such purchaser; or (4) any person for whom such purchaser is acting as agent or nominee in connection with this purchase is a senior foreign political figure, or any immediate family member or close associate of a senior foreign political figure, as such terms are defined below;

A “senior foreign political figure” is defined as a senior official in the executive, legislative, administrative, military or judicial branch of a government (whether elected or not), a senior official of a major political party, or a senior executive of a foreign government-owned corporation. In addition, a “senior foreign political figure” includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure. “Immediate family” of a senior foreign political figure typically includes such figure’s parents, siblings, spouse, children and in-laws. A “close associate” of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with such senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of such senior foreign political figure.

- (f) if such purchaser is affiliated with a non-U.S. banking institution (a “Foreign Bank”), or if you receive deposits from, make payments on behalf of, or handle other financial transactions related to a Foreign Bank, you represent and warrant to the LydianCoin SG that: (1) the Foreign Bank has a fixed address, and not solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities; (2) the Foreign Bank maintains operating records related to its banking activities; (3) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct its banking activities; and (4) the Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate;
- (g) such purchaser has a substantial understanding of the functionality, usage, storage, transmission mechanisms and intricacies associated with cryptographic tokens or coins, and blockchain-based software ledger systems;
- (h) such purchaser is legally permitted to participate in this proposal sale of Lydian tokens and all actions contemplated or associated with such proposal sale, including the holding and use of such tokens;
- (i) if the purchaser is a natural person, such purchaser is of a sufficient age and capacity under the applicable laws of the jurisdiction in which such purchaser resides and the jurisdiction of which such purchaser is a citizen to participate in this proposed sale of tokens;

- (j) such purchaser is not obtaining or using Lydian tokens for any illegal purposes;
- (k) such purchaser waives the right to participate in a class action lawsuit or a class wide arbitration against LydianCoin SG, any member of the Gravity4 Corporate Family or any entity or individual involved with the creation and proposed sale of Lydian tokens;
- (l) such purchaser understands the participation in the proposed sale of Lydian tokens does not involve the purchase of securities in any jurisdiction;
- (m) such purchaser understands that the participation in the proposal sale of Lydian tokens and purchase and use of Lydian tokens may carry significant financial, regulatory and reputational risks;
- (n) such purchaser understands and expressly accepts that there is no warranty whatsoever on Lydian tokens, expressed or implied, to the extent permitted by law;
- (o) such purchaser understands that the value of Lydian tokens (if any) over time may experience extreme volatility or depreciate in full;
- (p) such purchaser understands that such purchaser bears the sole responsibility to determine what tax implications a purchase in the Lydian tokens may have for such purchaser and agrees not to hold LydianCoin SG or any other person involved in the proposed sale of the Lydian tokens liable for any tax liability associated with or arising therefrom.
- (q) you agree and acknowledge that this Whitepaper does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities of any form, units in a business trust, units in a collective investment scheme or any other form of investment in any jurisdiction, or a solicitation for any form of investment, and you are not bound to enter into any contract or binding legal commitment and no cryptocurrency or other form of payment is to be accepted on the basis of this Whitepaper;
- (r) no regulatory authority has examined or approved of the information set out in this Whitepaper, no action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction and the publication, distribution or dissemination of this Whitepaper to you does not imply that the applicable laws, regulatory requirements or rules have been complied with;
- (s) you agree and acknowledge that this Whitepaper, the undertaking and/or the completion of the Lydian token sale, or future trading of Lydian tokens on any cryptocurrency exchange, shall not be construed, interpreted or deemed by you as an indication of the merits of LydianCoin SG or the Gravity4 Corporate Family, Lydian tokens and/or the Lydian token sale;
- (t) the distribution or dissemination of this Whitepaper, any part thereof or any copy thereof, or acceptance of the same by you, is not prohibited or restricted by the applicable laws, regulations or rules in your jurisdiction, and where any restrictions in relation to possession are applicable, you have observed and complied with all such restrictions at your own expense and without liability to LydianCoin SG or the Gravity4 Corporate Family;
- (u) you agree and acknowledge that in the case where you wish to purchase any Lydian tokens the Lydian tokens are not to be construed, interpreted, classified or treated as:
- (i) any kind of currency;
 - (ii) debentures, stocks or shares issued by any person or entity;
 - (iii) rights, options or derivatives in respect of such debentures, stocks or shares;

- (iv) rights under a contract for differences or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss;
- (v) units in a collective investment scheme;
- (vi) units in a business trust;
- (vii) derivatives of units in a business trust; or
- (viii) any other security, class of securities or form of investment;
- (v) you have a basic degree of understanding of the operation, functionality, usage, storage, transmission mechanisms and other material characteristics of cryptocurrencies, blockchain-based software systems, cryptocurrency wallets or other related token storage mechanisms, blockchain technology and smart contract technology;
- (w) you agree and acknowledge that none of LydianCoin SG or the Gravity4 Corporate Family is liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this Whitepaper or any part thereof by you; and
- (x) all of the above representations and warranties are true, complete, accurate and non-misleading from the time of your access to and/or acceptance of possession this Whitepaper or such part thereof (as the case may be).

Further Representations and Warranties of Purchasers that are United States Citizens

Although LydianCoin SG does not consider the Lydian tokens to be “securities” under the Securities Act, nonetheless as a matter of best practice, LydianCoin SG will require that, each initial purchaser of Lydian tokens that is a United States citizen represent and warrant to LydianCoin SG that it would qualify as an accredited investor as defined in Regulation D under the Securities Act if it were investing in securities offering, meaning a person or entity that falls within any one or more of the following categories:

- (i) Any bank, as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; any broker-dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended; any insurance company, as defined in Section 2(13) of the Securities Act; any investment company registered under the Investment Company Act or a business development company, as defined in Section 2(a)(48) of the Investment Company Act; any Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; and any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of the Employee Retirement Income Security Act, that is either a bank, savings and loan association, insurance company or registered investment advisor, if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by person(s) that are accredited investor(s);

- (ii) Any private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940, as amended;
- (iii) Any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, any corporation, Massachusetts or similar business trust, or company, not formed for the specific purpose of acquiring the Lydian tokens, with total assets in excess of \$5,000,000;
- (iv) Any director or executive officer of LydianCoin SG;
- (v) Any natural person whose individual net worth, or joint net worth with that person's spouse, exclusive of the value of the person's primary residence net of any mortgage debt and other liens, at the time of his or her purchase exceeds \$1,000,000;
- (vi) Any natural person who had an individual income in excess of \$200,000, or joint income with that person's spouse in excess of \$300,000, in each of the two most recent years and who reasonably expects to reach the same income level in the current year;
- (vii) Any trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Lydian tokens, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; or
- (viii) Any entity all of whose equity owners are accredited investors.

The term "net worth" means the excess of total assets over total liabilities, exclusive of the value of your primary residence net of any mortgage debt and other liens. In determining income, you should add to your adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depreciation, contributions to an IRA or Keogh retirement plan, alimony payments and any amount by which income from long-term capital gains had been reduced in arriving at adjusted gross income.

Each such initial purchaser may also be required to provide certain documentation in support of such representation. In addition to the foregoing requirement, each such initial purchaser must also represent in writing that it is acquiring the Lydian tokens for its own account and not for the account of others and not with a view to resell or distribute such tokens.