LYT Token White Paper

Ver. 1.0

2024. 05. 21

Table of Contents

Executive Summary

1. Problems

2. Solutions

3. Product

4. Target Market and Entry Strategy

5. Tokenomics

6. Revenue Model

7. Competitive Advantage

8. Team Members/Advisors

9. Roadmap

10. Disclaimer

Executive Summary

The LYT token team is developing an innovative product called Loyalty as a Service (LaaS) platform based on BIP20, the mainnet of the BOSAgora Foundation. This product has been developed in close cooperation with several partners since 2023, and the MVP (Minimal Viable Product) reflecting the needs of the market has already been developed and is being continuously upgraded by testing the product and its compatibility with the market.

Because LaaS platforms are innovative products that haven't existed in the market before, they can be difficult to spread until the benefits and convenience are proven in the marketplace and go viral. To overcome this, the LYT Token team has been exploring ways to provide practical benefits and convenience to end-users with the functions required by the partners from the beginning of business planning. As a result, more than 100 open APIs have already been planned and developed for Web 3.0 loyalty programs, and there are many differentiating factors that can provide practical benefits and convenience compared to Web 2.0 loyalty programs.

The LYT Token team is composed of highly qualified team members and advisors with strong blockchain technology and experience in spreading innovative products. Because of their rich experience, they know that even if Innovators (2.5%) and Early Adopters (13.5%) who prefer LaaS platforms in the early market adopt Web 3.0 Loyalty Program, they will be slow to spread and may disappear from the market forever. The risk is called Chasm, and to avoid falling into Chasm, LaaS platforms must become a Whole Product and enter the mainstream market by satisfying the needs of the Early Majority (34%) through selection and focus.

To achieve this, the LYT Token team will focus on achieving three goals as follows.

The first goal is to create a loyalty program that can be differentiated by solving long-standing issues such as provider-centricity and point loss that have been problems in the existing market by using Web 3.0. to solve.

The second goal is to provide various open APIs to partners so that they can easily and quickly adopt Web 3.0 loyalty programs at a reasonable cost and spread through word of mouth and marketing.

The third goal is to successfully target the consumer loyalty program market of more than 2,000 trillion won per year, the employee loyalty program market of more than 4,000 trillion won per year, and the advertising market of about 1,300 trillion won per year with our LaaS platform, and to create a sustainable new ecosystem so that decentralized "LYT Points" and "LYT Tokens" can be conveniently used by anyone, anywhere in the world.

1. Problems

Loyalty programs are a huge and growing market. The traditional loyalty program market is provider-centric, leaving consumers frustrated. Consumers are demanding more benefits and differentiated loyalty programs tailored to their needs, but solution providers, companies, and brands have yet to deliver.

1.1. Provider-centric: The loyalty program market has been provider-centric and fragmented, with users typically having 5-10 loyalty programs.

Loyalty is a concept used to mean loyalty to a particular company or brand. When a customer is loyal to a company or brand, it means that he or she repeatedly purchases goods or services from that company or brand or becomes an advocate for that company or brand or the goods or services they offer, and when an employee is loyal to a company, it means that he or she wants to continue to work for that company in the future and wants to work hard for the betterment of the company as an employee.

company as an employee.

A loyalty program is any plan or activity that a company or brand has in place to reward consumers or employees for being loyal or to maintain a good relationship with them. Loyalty programs have been around for hundreds of years. In the United States, copper coins were given to consumers who purchased a product as a promise that they would receive a discount on their next purchase. Today, loyalty programs are very similar, such as a paper stamp for every cup of coffee purchased, or collecting online stamps on a mobile app to get a free cup of coffee when you collect 10 stamps. The total benefits of loyalty programs provided by companies and brands to consumers worldwide are about 2,000 trillion won per one year, and in Korea, it is estimated to be about 20 trillion won in 2019 and 24 trillion won in 2021, according to the Korea Consumer Affairs and Statistics Korea. Loyalty programs for employees have existed for a long time, and with the development of technology, employee welfare programs have recently been implemented by using mobile meal ticket apps or exclusive welfare cards for employees' meals, vehicles, vacations, birthdays, etc. Assuming that about 20 million office workers in Korea receive an average of 200,000 won per month, including 100,000 won per month for food, it is a market worth over 48 trillion won per year, and the total global market is estimated to be over 4,800 trillion won.

As such, loyalty programs are continuously growing in size and changing with technological advancements to build loyalty among consumers and employees. According to an April 2023 forecast by Markets and Markets[1], the Loyalty Management Market, which manages loyalty programs for companies and brands for consumers, was valued at $10.2 billion in 2023 and

[1] Reference site https://www.marketsandmarkets.com/Market-Reports/loyalty-management-market-172873907.html

is expected to grow at a compound annual growth rate (CAGR) of 17.5% through 2028, reaching $22.8 billion by 2028.

Ebbo and Oracle in the U.S., Sumup and Paystone in the U.K., NHN Payco and Dodo Point in Korea, and many others. In the loyalty program business for corporate employees, there are global companies such as Edenred and Pluxee, which generate tens of trillions of won per one year in sales, and in Korea, there are olive meal vouchers from Smart Olive, which is growing rapidly.

hese loyalty programs are operated by each company and brand, so individuals have no choice but to join multiple loyalty programs. Since the points or miles earned from loyalty programs are distributed among multiple providers, used for different purposes by each provider, and cannot be integrated, there are limitations to using them in the form that most individuals want. .

1.2. Continued frustration: users (consumers, employees) are frustrated, but not resolved.

Loyalty programs have been offered to consumers and employees in a variety of forms and names, including miles, points, stamps, coupons, loyalty points, cafeteria cards, corporate points, and more. They are intended to provide many benefits to consumers who purchase goods and services or employees who work for companies, but because they are created by suppliers, they are often used as a marketing tool to continuously engage consumers and encourage them to repurchase quickly, or as a way to reduce costs and prevent leakage for employees who work for companies. As a result, there are some inconveniences for both consumers and employees. Here are some of the most common inconveniences experienced by consumers and employees.

① There is an expiration date that expires.

Domestic airlines introduced mileage programs in the 1980s to create "lifelong customers". Initially, there was no expiration date, but in 2008, a 10-year mileage expiration system was introduced, and according to the terms, mileage began to expire once a year starting from January 1, 2019. However, due to the corona pandemic, the mileage expiration date was extended, and the mileage accumulated in 2010 and 2011 was extended for three years and two years, respectively, and will be expired all at once on January 1, 2024. International airlines, such as Lufthansa and Singapore Airlines, have a three-year mileage expiration date. Delta Air Lines has no mileage expiration date, and while they are transferable, you can't combine miles between family members. Each airline has different mileage policies and benefits that you should familiarize yourself with.

Most other loyalty point programs also have an expiration date. In the case of OK Cashback, which has been promoting loyalty points since 1997, the points are valid for 5 years, but when you earn/redeem points even once, the validity of all previously earned

points is extended to 5 years again. If you redeem even once within 5 years, your points will not expire, so in effect, they have no expiration date. This is how American Airlines and United Airlines, two of the largest U.S. airlines, renew their validity by earning and redeeming miles. In the case of credit card companies, card points are usually valid for about 5 years. Depending on the type of points and the provider, some points have unlimited validity, while others have a short validity period of one to three years. It is not easy for users to understand all these expiration dates.
In the case of a loyalty program used by employees belonging to a company, there are many constraints attached to it, such as how much can be used per day, how much can be used for a meal, where it can be used, when it must be used, and what time it can be used, so if it is not used according to the conditions, it will be penalized.

With blockchain technology, you can create points and tokens with no expiration date and decentralize them so that no one can counterfeit them.

② It has a limited number of uses and a limited amount of usage.

As of the third quarter of 2023, Korean Air had 2.468 trillion won in unredeemed miles and Asiana Airlines had 952.2 billion won. The reason why such a large amount of money is accumulating unused is that there is no place to spend the miles or points earned from loyalty programs such as airline miles. In the case of airline miles, the typical reward is buying a plane ticket or upgrading to a higher class, but in reality, it is often difficult to use them because there are no seats available. In Korean Air's case, the new miles allow for "bundled payments". This means that you pay part of the ticket price (30% of the regular ticket price) with miles and the rest with cash. However, there is still a shortage of seats (award seats) that can be purchased with miles during peak periods or on weekends. Those who want to redeem their miles before they expire can use them to pay for excess baggage, pay for lounge access, or buy products sold at Mileage Mall, an online shopping mall, but they have to deal with the inconvenience that there are fewer items to choose from and they can only use them at a few partners, such as Kyobo Bookstore, E-Mart, and Jeonggwanjang. In the case of card company points, the maximum usage limit is set and managed so that only a certain percentage of the total purchase amount can be paid with points depending on duty-free shops, shopping malls, car purchases, and offline partners. In the case of Hyundai Card's M-points, they can only be used up to 25% at Lotte Internet Duty Free Shop, can only be used for payments of 150,000 won or more per transaction, cannot be used for payments made with simple payment, and cannot be used in conjunction with Lotte's own discounts such as coupons and savings, and can only be used up to 10% at Shilla Internet Duty Free Shop and Shinsegae Internet Duty Free Shop. In addition, the conditions and availability of M-points are set differently for each online shopping mall and offline partner. It would be very difficult for users to understand this in advance.

In the case of loyalty programs used by employees belonging to a company, it is often clear where and how much they can spend on meals. To solve this problem, e-meal voucher service companies are making efforts to prevent the loss of corporate points and increase

the number of uses by allowing employees to purchase and convert coupons from other famous brands. In the case of meal vouchers, companies are also providing an open welfare mall system that allows employees to convert welfare points to NAVER points on their own apps, and then use the NAVER points to purchase products at shopping malls provided by NAVER and receive cash receipts.

If a blockchain-based loyalty program is introduced, users will feel more convenient because they can secure partners that can be used anywhere in the world, and there will be no restrictions on usage.

③ It's more of a "money" concept that can be used to purchase goods and services, but it doesn't have a constant value.

Miles and points earned through loyalty programs can be used like cash, so it's not uncommon for people to accumulate them over time. In most cases, there is an earning and redemption threshold that can be exchanged for cash value, such as "1 point = 1 dollar". But sometimes this isn't the case. In the case of airline miles, the value varies depending on where you redeem them. For example, one mile is worth 7.1 won when you buy a smoothie coupon (785 miles) for 5,600 won on Asiana Mileage Mall. If you use Korean Air miles to buy a 10,000 won book at Kyobo Bookstore (1,400 miles), the value of one mile is 7 won. On the other hand, when you use Korean Air miles to book a first class ticket from Incheon to New York, the value of one mile is 80 to 90 won (off-season), a difference of more than 10 times. If you have a favorite product in a mileage mall or affiliated brand and pay with miles to purchase it, you will lose more money than buying an award seat. In the case of Hyundai Card M-points, 1 point = 0.66 won when purchasing products at Lotte.com, an affiliated mall, while 1 point = 1 won when using points to purchase a new Hyundai or Kia car or for everyday use. In the case of McDonald's, the terms of use state that "Points have no cash value and cannot be sold, transferred, assigned, acquired, or given away" and invite users to exchange them for specific products offered by McDonald's in the app.

Blockchain-based decentralization of points can ensure that their value doesn't change and that they have a constant exchange value, such as a 1:1 ratio to fiat currency in each country. In addition, if you convert your points into tokens, you can own assets with tokens that are traded on the exchange market, so you can expect to increase your wealth when the value of the token increases.

④ There are limitations to redeeming miles or points for “cash".

In the case of Toss, the points earned for free are called Toss Points and can be converted into cash. In this case, Toss collects 10% of the conversion amount as a fee from the customer. In the case of OKCashback, you can get cash back when you have 50,000 points or more. If you have less than 50,000 points, you can only redeem cash through partners such as Hana OKCashback bank account. In the case of card companies, each card company's app allows you to convert card company points into cash and deposit them to your bank account, deduct them from your card bill, or withdraw cash from an ATM. For those who have multiple credit cards, the Korea Credit Union Association has a site for

integrated card point search and card point cash conversion, and anyone can use the search function for free. Not only can you check the points of all your cards in bulk, but you can also receive points in bulk that can be cashed in your name or donated to others through the point deposit service. Card companies are converting points to cash at a rate of one cent per point, and direct deposit is available from one point, but only once per day. Some cards offer instant direct deposit on the same day, while others offer direct deposit the next day. In the case of Naver and Kakao, you can't exchange your free points for cash. McDonald's also does not exchange free points for cash, but only for certain products.

In the case of corporate employees, "corporate points" and "meal points" cannot be redeemed for cash, which are tax-free meal or welfare expenses provided by the company. Therefore, companies have created a system that allows employees to use their loyalty program benefits through their respective apps provided by e-ticket service providers and encourage them to use them for their intended purpose. As a result, employees use the points they receive from the company for meals by purchasing "restaurant-specific food menu coupons" at cafeterias or general restaurants, or by purchasing "brand-specific coupons" sold by franchises. However, in the case of web 2.0-based coupons, the coupon must be exchanged for a specific menu of the brand specified in the coupon or used for a specific amount. As a result, there are many cases where coupons are purchased but not used within the expiration date and are lost. In this case, the profit generated from the sale of coupons that are not used and disappear, called dropouts, is being captured by coupon issuers or coupon issuing brands. The limitations of coupon provider-centric Web 2.0 coupons result in unprofitable outcomes for both the employee who fails to redeem the coupon, the company that reimburses the employee for the meal, and the e-ticketing service that adds the coupon as one of the redemption options. There is a need for more options for the employees and the solution providers involved.

Since blockchain has smart contracts, the use of Web 3.0 assets (decentralized points) for issuing and purchasing coupons can make it possible to mutually benefit coupon issuers, coupon sellers, coupon buyers, and coupon users by reducing the time it takes for coupons to be used as intended. The smart contract logic can be divided into the time when the coupon is created and sold, the time after the sale but before it is redeemed, and the time after it is redeemed. If a Web2.0 coupon exists as a Web 3.0 coupon until someone purchases it with Web 3.0 assets, and then a Web 3.0 coupon is created the moment the buyer binds Web 3.0 assets to a specific coupon, the time between the sale of the Web 3.0 coupon and the time it is used for its intended purpose can be considered as staking, giving additional benefits to all participants. In other words, when a specific coupon is sold, the Web 3.0 assets (decentralized points) used to purchase it are staked by the amount of tokens corresponding to the amount of points, and additional Web 3.0 assets are provided in the form of interest. The interest on staking can be shared equally between the person who bought the coupon, the person who sold the coupon, and the person who issued the coupon. By utilizing smart contracts to approach the concept of Web3 coupons, it is possible to create Web3 coupons that have no expiration date and can wait to be used without losing money even if the coupon is not used for a long time.

In the same way, blockchain technology can be used to help employees get additional benefits from the loyalty program benefits they receive from companies. If they are converted into tokens, they can be cashed out at any time through the exchange market where they are listed.

⑤ Sometimes you want to earn or redeem miles or points, but you don't have the right way to do it.

According to the United Nations World Tourism Organization (UNWTO[2]), the number of international travelers reached 1,285.66 million in 2023. To break it down further, in 2022, 79.4 million tourists visited France annually in terms of arrivals, followed by Spain with 71.7 million, the United States with 50.9 million, and Italy with 49.9 million. When comparing the revenue generated from international travelers, the United States generates 136.9 trillion won in tourism revenue per year, followed by Spain with 72.9 trillion won, France with 50.7 trillion won, and Italy with 46.6 trillion won. When comparing tourism expenditures by country, Americans are expected to spend 115.3 trillion won, Chinese 114.8 trillion won, French 41.3 trillion won, Italian 27.4 trillion won, and Spanish 21.9 trillion won in 2022. About 1.3 billion people travel abroad every year and spend hundreds to thousands of trillions of won on tourism, but it will be difficult to receive the benefits of earning miles or points through loyalty programs that you usually receive in your home country. In addition, there are various blind spots when it comes to earning and using points. According to the Korea Tourism Data Lab, 17.752 million foreigners paid 5.4904 trillion won with credit cards in 2019, which dropped sharply due to the corona pandemic, but recovered in 2023, when 10.316 million foreigners paid 6.9115 trillion won with credit cards. These people would not have earned miles or points from loyalty programs at Korean stores by traveling to Korea and spending on credit cards. If they had a service that allowed them to earn and redeem globally, they would have been able to earn and redeem elsewhere.

McDonald's, one of the largest franchisees in the world, launched My McDonald's Rewards in July 2021, a loyalty program that rewards customers with "points per dollar spent". Starting with a digital menu through the McDonald's app, the company made ordering and paying easier, offering 1,500 points for the first order and 100 points per dollar for subsequent orders. The design is such that 1,500 points can be redeemed for a hash brown or cheeseburger, while a Happy Meal or Big Mac costs 6,000 points. As of March 2022, in South Korea, McDonald's is also giving its members "rewards" of 5 percent of the purchase price, or 5 points per 100 won. These points can then be redeemed for McDonald's products. The program is available in more than 31 countries, including France, but each country has a different amount of points per unit of currency, and the points that can be redeemed for specific products. Therefore, it is currently not possible to use points earned in Korea to go to the United States or France. For the convenience of users, the McDonald's app installed in Korea can be used in 81 countries around the world by simply changing the language. After changing the language in the app installed in Korea, you can

[2] reference site www.unwto,org/tourism-data/

use the membership number or membership QR provided by the app to pay in that country. However, it does not support exchanging points for specific products overseas. Since each country has different currency units, different exchange rates, and different point accumulation rates for each currency unit, it is not possible to freely use points anywhere in the world with one app. In fact, McDonald's Korea's terms and conditions specify the stores where you can redeem points, so you can't use them overseas. It also states that points can be earned up to 5 times per day and a total of 100,000 won per day (up to 5,000 points), and that points will not be earned for purchases that exceed 5 times per day or a total of 100,000 won per day.

This creates a blind spot for users to properly utilize their rewards when traveling internationally, which is where LaaS, a new blockchain-based loyalty program solution, aims to address. It will provide a service that allows users to collect and redeem points with a single phone number, or with a specific ID or QR, wherever they go in the world.

1.3. The challenge of differentiation: Providers and users alike want to differentiate their loyalty programs, but haven't yet figured out how.

According to Ebbo's 2023 survey of consumers about loyalty programs, consumers are exposed to so many similar types of loyalty programs these days that about 91% of consumers feel that companies and brands have similar loyalty programs. And yet, 81% of consumers would buy goods or services from a company or brand that offered them a loyalty program[3]. This shows that loyalty programs are very important. For employees, loyalty programs are also important because they make them feel like they're getting special treatment, which can help prevent turnover and increase job satisfaction.

As a result, companies and brands have no choice but to introduce loyalty programs for consumers and employees, and they are thinking about how to provide differentiated benefits to consumers, who are increasingly expecting and demanding of loyalty programs, and how to treat employees so that their loyalty to the company grows.

Loyalty management solution providers such as Ebbo are working on solutions to help companies and brands grow their customer base and reduce churn by incorporating blockchain, AI, and machine learning into their loyalty programs. Meanwhile, global companies such as Edenred and Pluxee, which are targeting employees in the enterprise, are still in the process of testing and identifying problems with blockchain in 2023. There are still opportunities to create differentiated loyalty programs for consumers and employees with the new technology.

[3] reference site. https://www.ebbo.com/insights/data-study/2023-loyalty-programs-data-study/

2. Solutions

In order to solve the problems raised above, there have been recent attempts to create a loyalty program with blockchain, AI, ML, and Web 3.0, but no operator has yet solved the problem. The LYT Token team aims to solve the problems raised above by creating a web 3.0-based LaaS (Loyalty as a Service) platform that organically integrates a blockchain-based "decentralized point system" and an AI/ML-based personalized advertising platform system. This will solve all of the following problems in the loyalty program field.

2.1. Shift to user-centric: We will create "decentralized points" and "tokens" with blockchain mainnet and smart contracts, and innovate to provide a user-centric web 3.0 loyalty program.

Web 3.0 technologies can enable users to directly own and manage assets such as points and miles earned through loyalty programs. Recently, providers have been experimenting with Web 3.0-based loyalty programs. Boston Counsulting Group[4] (BCG), a global consulting firm, introduces four types of Web 3.0 loyalty programs. Each type of Web 3.0 loyalty program is being tried by providers. The first is to replace traditional points with crypto. This is what Venmo a subsidiary of the financial company Paypal and SoFi have introduced, where users can receive crypto instead of traditional points if they wish. Rakuten, a major Japanese online shopping mall conglomerate, has already been crypto-friendly since 2019 by creating Rakuten Wallet, a cryptocurrency exchange affiliate and exchange that allows consumers to convert Rakuten Group loyalty points into cryptocurrencies such as Bitcoin. To use Rakuten Wallet, you need to open a Rakuten Bank account, download the Rakuten Wallet app, and sign up. Once registered, you can deposit, withdraw, and trade cryptocurrencies. Rakuten Wallet provides a service that allows you to exchange Rakuten Superpoints, which are used by the Rakuten Group, for cryptocurrency. From 2021, Rakuten is planning to allow consumers to load (register) their Rakuten Wallet accounts with Bitcoin, Bitcoin Cash, Ethereum, etc. to their Rakuten Pay accounts, the group's payment provider, so that they can make cryptocurrency payments at retail stores such as McDonald's, Seiyu, and FamilyMart. The second is to offer NFTs. Starbucks is offering NFTs to its members, providing various types of drawings and photos as NFTs. Similarly, Visa has partnered with SmartMedia Technologies to introduce a new concept of loyalty program that allows users to acquire NFTs. The third is issuing tokens and points on the blockchain. This is useful in cases where tracking, settlement, and reconciliation of earned and redeemed points with partners is complex. The airline Emirates used a Blockchain as a Service (BaaS) platform provided by a blockchain company called Loyyal[5] to build a system that allows Emirates to easily track, analyze, and effectively share how Emirates passengers spend their points with various partners. The fourth step is to issue a market-traded token and build a token ecosystem. This is a step that requires a cautious approach, as there may be legal issues.

---

[4] BCG homepage site https://www.bcg.com/publications/2023/web3-customer-loyalty-program-opportunities

[5] Loyyal homepage www.loyyal.com

The LYT Token team aims to build a user-centric web 3.0 loyalty program by mixing the first and fourth types above. To do this, we will create decentralized "points" and "tokens", but we will strictly separate the areas where points and tokens are utilized. In other words, all loyalty programs will be operated only with decentralized "points", and we will provide the LaaS platform system to convert "points", which are decentralized assets acquired by users, into "tokens" only if users choose to do so.

2.2. Low cost and low inconvenience: By providing enough of the LaaS platform's open APIs for providers to tailor it to their own circumstances, partner company can configure a loyalty program with low cost and low inconvenience.

The LaaS platform will provide various open APIs so that providers can freely set the expiration date of decentralised "points", the conditions for using "points", the accumulation rate of "points", etc. when providing loyalty programs to users, and the set values can be embedded in smart contracts as loyalty program operation logic. On the other hand, the LaaS platform will provide a separate function for users to convert points into tokens regardless of the expiration date of points set by the provider, eliminating the restrictions on the validity period of points. Similarly, the limited use of points, different values at the time of use, and difficult conditions for converting points into cash will be largely solved by simply converting points into tokens. In addition, the ability to earn points overseas, to easily exchange or integrate with other points, and to share ad revenue will be provided through the diversification of the Open API.

This is the area of technology that the LYT Token team is best at. From 3Q 2024, when the LaaS platform will be commercialised, we are preparing solutions that can be applied directly to real industries and real life. Through continuous development efforts and close cooperation with partners, the LYT Token team will continue to strive to become a loyalty programme solution provider that not only eliminates user inconvenience but also enables users to have an amazing experience.

2.3. Maximize differentiation with ad revenue sharing, stability, and reliability: end users' loyalty information is useful for targeted ads, so instead of giving it to ad platforms, each end user can be shared ad revenue so end user can get the best benefit.

In order to maximize the benefits of the ecosystem participants, we will also develop a "personalized advertising platform solution" that combines AI and ML. The advertising fees paid by advertisers will be distributed evenly among the LYT Token team, companies and brands as loyalty program providers, and consumers and employees as users, benefiting everyone.

In addition, for providers who want to offer loyalty programs around the world, not just in one country, all points will be accumulated on the blockchain mainnet and smart contracts, and transaction history will be transparently recorded, making it impossible to counterfeit, and the loyalty program will be operated with "points" matched to local currency, and when users convert points to tokens, the conversion will be based on the price registered on the exchange, ensuring both stability and reliability. The blockchain technology and decentralized "points" and "tokens" provided by the LaaS platform will facilitate providers to expand their business globally.

3. Product

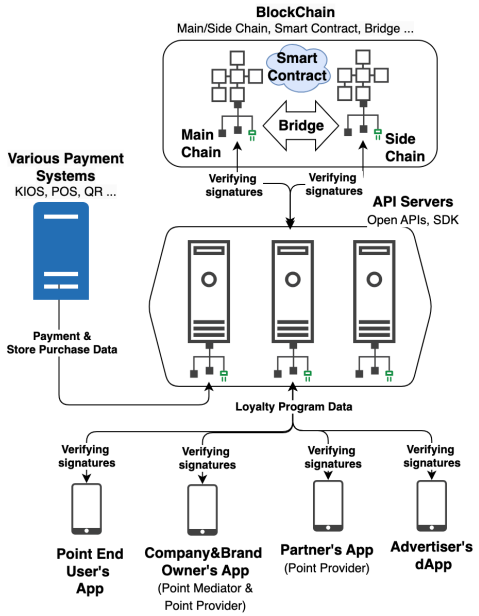
The LaaS (Loyalty as a Service) platform is a system consisting of a blockchain mainnet, smart contracts, various Open APIs, mobile applications, web applications, etc. We will provide various functions that can be easily and differentially utilized by various operators in the field of loyalty programs.

Through cooperation with partners, we are incorporating the features that the market needs from the beginning of development. The MVP (Minimal Viable Product) or higher LaaS platform has already been developed, and through collaboration with partners and market feedback, we are continuously improving it by discovering unmet customer needs in the existing market and combining it with blockchain technology. All of the LYT Token team's work is shared on GitHub, and there are already about 100 open APIs that can be provided to partners.

We will continue to collaborate with our partners to improve the relevance of our LaaS platform to the market[6] and establish it as a complete loyalty program platform based on Web 3.0.

3.1. The LaaS platform description and components

The LaaS platform is a system that provides all the functions required to run a differentiated loyalty program in a customized manner. It consists of blockchain-related systems, open APIs, apps/DApps, decentralized digital assets (points, Tokens), loyalty program data, and functions for integration with various payment systems.



LaaS Platform

1. payment systems and users do not send transactions directly to the blockchain, but through an API server to deliver transactions to the blockchain.

2. SDKs and apps provided to companies have built-in signature functions, so you can add signature information to transactions.

3. The smart contract verifies the signature to ensure that only authorized people can access the transaction.

4. Users or businesses don't need to own native tokens to execute transactions because they don't send them directly.

5. Users pay fees in utility tokens (LYT) instead of native tokens (BOA).

6. Transferring and depositing with one utility token (LYT) is simple, increasing usability.

7. No native token is required for the payment and use of LYT points.

8. The LaaS Platform is a system consisted of various entities such as Point Provider, Point Mediator, Point End user, Advertiser, Payment system operator, etc

[6] This is the equivalent of increasing product-market fit as described in Lean Startup

3.2. The LaaS Platform Features: Optimized system for earning Web 3.0 "LYT Points" for free

The LaaS platform is being developed by segmenting the functionality for the five participating entities as follows: Point Provider, Point End User, Point Mediator, Point Swapper, and Validator. Through the customized LaaS platform, each entity will experience a new loyalty program in the Web 3.0 era that perfectly solves the problems of the Web 2.0 loyalty program era.

① **For Point Provider** (Entities providing Web 3.0 points for no charge)

- Who: partners, corporations and brands, advertisers, franchises, small businesses, etc.
- LaaS platform features available to Point Providers

Features	How to use	Feature details
Apps for Point Provider	Any business that wants to offer points can download the app, authenticate with a phone number, and use it (by default, only the wallet address is created; additional business information can be added)	- LYT Wallet: a wallet feature that allows you to transfer tokens purchased on the exchange. - Acquire points: 1 point = 1 won when tokens are deposited into the app - Check points: issued/holding/circulating/used/expired/token conversion/expired/exchange - Check tokens: corporate tokens / corporate conversion history, user tokens / user conversion history - Conversion of points to tokens: The function of converting points back to LYT tokens (possible number of times per day, maximum, etc., can be set, blocked in case of fraud, specified in the Terms of Use) - Token Withdrawal: Function to withdraw tokens (move from sidechain to mainchain) - Token Transfer: The function to withdraw tokens to an exchange account or other accounts. - Personalized Points: A function that allows you to set your own point name, symbol, etc. - Point grouping: A function to group the uses of your own points (the connection between companies and stores is linked when the company selects the grouping and the store selects the points. If either party deactivates the setting, the connection will not be connected) - Point accrual rate/timing: Set the accrual rate (%) and timing according to conditions such as the amount spent. - Point expiration: No expiration, 1 year, 2 years, etc. - Point swap support: Support for swapping points within the LYT system - Third Party Provision: A special function for advertisers and companies that have agreed to exchange points, which includes a function that receives the user's phone number or wallet address, the number of points to be earned, and the signature of the advertiser and point exchange company so that points are automatically provided to the user according to the activity result value of an external system such as an advertising platform and point exchange setting function (click on an advertisement, download, play a game, exchange points, etc.

Integration between systems (SDK/ Open API)	Integrate with payment systems, admin systems, service apps, etc. with APIs provided by the LaaS platform	- Integration with various payment systems: Kiosk, POS, PG, QR, etc. - Integration with corporate management systems: CRM, ERP, admin apps - Integration with user service apps: LYT Wallet embedding integration, etc. - Integration of settlement logic with Point Mediator: point flow, settlement policy, etc.

② **For Point End User** (Entities that accrue and redeem Web 3.0 Points)

- Who: consumers, employees, etc.
- LaaS platform features available to point end users

Features	How to use	Feature details
APP for Point End User	End users who want to receive points need to download the app and authenticate with their phone number through the app provided by the point provider, and can use it after agreeing to the terms of use, etc.	- Individual Point Query: Query each point by point provider - Integrated View : View all points based on BosAgora Mainnet - Point Swap: Points based on BOSAgora Mainnet can be swapped with each other - Accrue points: Receive points by entering a phone number or QR at the time of payment, or receive points for free by clicking on advertisements, etc. - Point redemption: The function of using 1 point = 1 won for payment - Convert points to tokens: the ability to convert points to LYT tokens (10% fee, deducted when converting tokens, and the function to enter the amount of points to be converted) - Point/Token display: If you have tokens, display the number of tokens. - Token Withdrawal: Function to withdraw tokens (move from sidechain to mainchain) - Token Transfer: A function to transfer tokens to an exchange market account or other accounts. - Token Deposit: Not available

③ **For Point Mediator** (Companies as an Intermediary in the Web 3.0 Points Ecosystem)

- Who: Merchants, franchises, etc. that need to receive settlements from point providers
- LaaS platform features available to Point Mediators

Features	How to use	Feature details

Functions for Point Mediator	Download and use the app for the point provider, accumulate points in the app based on the point provider's settlement logic, and convert them to tokens (or negotiate a different settlement agreement with the point provider)	- Use the functionality of the Point Provider as it is (Potential Provider) - Setting points to be handled by the store (Mediator): Allows the store to set points to be handled, which are linked to points from the Point Provider. - Settlement for Mediators: There are two types of settlement logic (one that requires a settlement contract with the Point Provider, and one that settles itself with smart contract points). - Point to Token Conversion: Function to convert points to LYT tokens - Token withdrawal: the ability to withdraw tokens (move from sidechain to mainchain) - Token transfer: the ability to transfer tokens to an exchange account, another account, etc.)

④ **For Point Swapper** (Companies/users who want to swap Web 3.0 points for each other)

- Who : Companies who want to use the swap as a point provider in the LYT system
- LaaS platform features provided to Point Swappers (to be expanded to other ecosystem points in the future)

Features	How to use	Feature details
Functions for Point Swapper	Point providers use the function to swap (exchange) their own points created in the Point Provider app with other loyalty programs. End users use the point swap function in the End User app	- Point Swappers will be emerging among Point Providers - Companies set whether to swap points: The function to set whether to swap Boa Mainnet-based points with other points, and both companies with their own points must be approved by each other to swap. - Users can conduct point swap: Users can swap their own points for other points at any time (no fee). - Point flow to be deducted when the user swaps points: Since 1 won = 1 point, one side is deducted by the amount of the swap. The logic of transferring the deducted points to the provider's point wallet for the increased points. - Increased point flow when a user wants to swap points: The points that the user wants must come from the point provider that provided the points, so points are transferred from the point provider's point wallet to the user's wallet who requested the swap through the third-party function of the LaaS platform. - Checking the company's points: The quantity of points issued by the company, third-party points swapped, etc. will be checked. - Token conversion of third-party points: the function of swapping third-party points for LYT tokens - Token withdrawal: the function to withdraw tokens (move from sidechain to mainchain) - Token Transfer: A function to transfer tokens to an exchange account, another account, etc.

⑤ **For Validator** (Entities that want to participate as validators in LYT ecosystem)

- Who: Any validator who deposits 100,000 LYT tokens can participate[7]
- LaaS platform features provided to Validators

Features	How to use	Feature details
Functions for Validator	You can participate in the Staking Site (DApp) for validators by purchasing 100,000 LYT tokens on the exchange market and depositing them on the staking site.	- Necessity of validators: It is essential to introduce decentralized validators so that the values of functions and variables essential to the loyalty program, such as token standard/ currency price verification, point payment quantity/time verification according to purchases/ advertisements (whether the point payment quantity and payment timing are well executed, etc.) - Validator role details: Validators aggregate the values submitted by validators for the values of various functions and variables required by the smart contract and configure the conditions to be executed when the quorum is satisfied, and validators are provided with Validator Rewards. Issue in advance and deposit in a separate smart contract. - (1) Token base/ currency price determination: Record token price once every 30 seconds, maximum reward of 15,400 LYT tokens per day, paid to validators who function normally - (2) Verification of point payment quantity/time according to purchases/ advertising, etc.: Verifiers will be rewarded for verifying the amount and timing of point payment based on the purchase history and advertisement participation history recorded in the blockchain and IPFS from various payment systems. If the result is different from the agreed result or if they do not participate, they will be penalized. The maximum reward for a day is 24,000 LYT tokens. A total of 24,000 LYT tokens will be distributed to all fully functioning validators for the number of items validated during the day. - (3) Point burning verification: Verify the burning of expired points at a certain time every day. A list of points to be burned is created for each type of burning, including burning by point usage, burning of points converted to tokens, and expiration, and agreed upon through voting. Validators will be rewarded if their validations match the agreed upon results. Those who disagree or don't participate are penalized. The maximum reward for a day is 15,400 LYT tokens. A total of 15,400 LYT tokens will be distributed to all validators per day, separating rewards and penalties. - Features provided: the function to deposit tokens, the function to withdraw as a validator, and the function to make additional deposits.

- Validator Rewards: Validators are rewarded with Validator Rewards, which are pre-minted and deposited in a separate smart contract that can only be withdrawn in the form of Validator Rewards. For the first 10 years, the Validator Reward is 200 million pre-minted

[7] Validators can withdraw at any time and their deposited tokens will be returned. The number of validators can be determined by considering appropriate validation validity, reasonable load on traffic, and motivational reward scale.

tokens. After 10 years, every 10 years, the LYT Token team will issue new tokens and deposit them into the validator smart contract. The amount of new minting per decade will be determined by a vote of the LYT Token team and Community at that time. The table below shows the number of validator seats available to validators over the next 10 years and calculates the rewards they can earn. The total reward per year is not affected by the number of validators and always has the same value. If the number of validators is 200, the total reward per year will be equally divided among the validators, so the expected profit for one validator is 100,010 tokens. Also, since the amount of tokens required to become a validator is 100,000 tokens, a validator's return in a year is 100%.

[Table 1] Annual Compensation and Validators' Estimated Revenue

Years	Cumulative rewards
0	0
1	20,002,000
2	40,004,000
3	60,006,000
4	80,008,000
5	100,010,000
6	120,012,000
7	140,014,000
8	160,016,000
9	180,018,000
10	200,020,000

Roles	Daily compensation
A	15,400
B	24,000
C	15,400

Parameters	Values
# of Valdators	200
Deposits	100,000
Total Rewards per year	20,002,000
Estimated Earnings	100,010
APR	100%

- Validator Penalties: Because validators play a key role in building and growing a transparent and stable decentralized ecosystem, they will pay a penalty equal to the reward they would have received if they did nothing or provided incorrect information. If your deposit balance drops below half (50,000 tokens), you will lose your validator status.

3.3. Open APIs on the LaaS platform

The LaaS platform is all about decentralizing the benefits of loyalty programs to web3.0 and providing a variety of open APIs to make it easier for companies and brands to adopt web3.0 loyalty programs. The reason why the Loyalty Token team believes that the LaaS platform is more than an MVP (Minimal Viable Product) is that various Open APIs have already been developed and are in the process of being developed, including the following

Category	Function	Method	Endpoint	Description
Ledger	Nonce	GET	/v1/ledger/nonce/:account	Each nonce account included in the original signature is managed separately, and after one transaction is processed, the nonce is automatically incremented in the smart contract. Prevents double use of signatures.
	Balance	GET	/v1/ledger/balance/account/:account	We provide the balance deposited in your wallet address.
	Balance	GET	/v1/ledger/balance/phone/:phone	Provides the balance deposited in the phone number hash. The input is the phone number and calculates the hash and provides the balance.
	Balance	GET	/v1/ledger/balance/phoneHash/:phoneHash	Provides balance deposited in phone number hash
	Transfer		/v1/ledger/transfer	Send tokens to others.
	Deposit	POST	/v1/ledger/deposit_via_bridge	It is used when a user deposits money from the main chain to Ledger via the bridge using the app.
	Withdraw	POST	/v1/ledger/withdraw_via_bridge	It is used when a user withdraws money from Ledger to the main chain via the bridge using the app.
	Delegator [TBD]	POST	/v1/ledger/account/delegator/create	사용자가 결제과정에서 매번승인해야 하는 불편함을 해결하기 위해 승인을 위한 간편승인용 지갑을 생성하여 서버에 등록합니다.
	Delegator [TBD]	POST	/v1/ledger/account/delegator/remove	To solve the inconvenience of users having to approve each time during the payment process, a wallet for simple approval is created and registered on the server for approval.
	Delegator [TBD]	POST	/v1/ledger/account/delegator/save	Register the wallet address for payment approval in the smart contract.
Company & Brand	Add	POST	v1/company/add	Add companies that use the system.
	Update	POST	/v1/company/update	Edit company information.
Shop	Add	POST	/v1/shop/add	Used when a store owner adds a store in the store app.
	Update	POST	/v1/shop/update/create	Used when changing store information on the administrator screen
	Update	POST	/v1/shop/update/approval	It is used when the store owner who receives notification of a change in store information decides whether to allow it through the app.
	Status	POST	/v1/shop/status/create	Used to update whether a store is closed or not on the administrator screen.
	Status	POST	/v1/shop/status/approval	Used by the store owner to determine approval in the store app.
	Withdraw	POST	/v1/shop/withdrawal/open	It is used when the store owner applies for settlement in the store app.

Category	Function	Method	Endpoint	Description
	Withdraw	POST	/v1/shop/withdrawal/close	It is used in the store app when the store owner receives the requested settlement amount.
	List	GET	/v1/shop/list	Used to check the list of stores on the administrator screen.
	Nonce	GET	/v1/shop/nonce/:account	Each nonce account included in the original signature is managed separately, and after one transaction is processed, the nonce is automatically incremented in the smart contract. Prevents double use of signatures.
	Delegator	POST	/v1/shop/account/delegator/create	To solve the inconvenience of store owners having to approve each time during the payment cancellation process, a simple cancellation wallet is created and registered on the server for payment cancellation.
	Delegator	POST	/v1/shop/account/delegator/remove	Remove proxy key for approval of payment cancellation
	Delegator	POST	/v1/shop/account/delegator/save	Register the wallet address in the smart contract for approval of payment cancellation..
Save Purchase Results to IPFS	New	POST	/v1/tx/purchase/new	Purchase details are stored in IPFS. Verifiers verify the purchase details, determine the amount of royalty payment, and sign. The royalty payment amount and the signatures of all verifiers are collected and the smart contract's Ledger is called. Ledger pays royalties when the verifiers' signatures are received by 2/3 of the verifiers.
	New [TBD]	POST	/v2/tx/purchase/new	Purchase details are stored in IPFS. Includes the partner company's wallet signature. Allows points from this wallet address to be paid to the user..
	Cancel	POST	/v1/tx/purchase/cancel	Information about canceled purchases is stored in IPFS.
	Cancel [TBD]	POST	/v2/tx/purchase/cancel	Includes the partner company's wallet signature.
Payment	Account	POST	/v1/payment/account/temporary	We issue a temporary wallet address for payment.
	Info	GET	/v1/payment/info	We provide balance and exchange rate information required for payment.
	Info	GET	/v1/payment/item	Provides information about ongoing payments. It is used to check payment information using messages received from the user app.
	New	POST	/v1/payment/new/open	Start payment. Only partners have permission to run
	New	POST	/v1/payment/new/close	End payment. Only partners have permission to run
	New	POST	/v1/payment/new/approval	When making a payment, the user receives a message from the app and approves it.

Category	Function	Method	Endpoint	Description
	Cancel	POST	/v1/payment/cancel/open	Used to initiate payment cancellation in the management system. Only partners have permission to run it.
	Cancel	POST	/v1/payment/cancel/close	It is used to terminate payment cancellation in the management system. Only partners have permission to run it.
	Cancel	POST	/v1/payment/cancel/approval	When a payment is canceled, a message is sent to the store owner app. Payment will be canceled upon approval by the store owner.
Payment for Partners	Balance	GET	/v1/payment/user/balance	Provide the balance required for payment. Used in kiosks and apps.
	Balance	GET	/v1/payment/phone/balance	Provide the balance required for payment. Used in kiosks and apps.
	Convert	GET	/v1/payment/convert/currency	Provide the balance required for payment. Used in kiosks and apps.
	ShopInfo	GET	/v1/payment/shop/info	Provides store information. Used in kiosks and apps.
	Withdrawal	POST	/v1/payment/shop/withdrawal	Provides store settlement request information. Used in kiosks and apps.
Providing Loyalty for Partners	Provide [TBD]	POST	/v1/partner/provider/account/:account	Partner companies provide royalties directly to users with wallets. Transactions must be signed and delivered to the partner's wallet.
	Provide [TBD]	POST	/v1/partner/provider/phone/:phone	Partner companies provide royalties to users who do not have their own wallets but disclose their phone numbers. Transactions must be signed and delivered to the partner's wallet.
	Provide [TBD]	POST	/v1/partner/provider/ phoneHash/:phoneHash	Partner companies provide royalties to users who do not have their own wallets but disclose their phone number hashes. Transactions must be signed and delivered to the partner's wallet.
Main Chain	Transfer	POST	/v1/token/main/transfer	Transfer tokens to others on the main chain.
	Balance	GET	/v1/token/main/balance/:account	Provide token balance to mail chain.
	Nonce	GET	/v1/token/main/nonce/:account	If each nonce account is managed separately, it must be included in the original signature. After one transaction is processed, the nonce is automatically incremented in the smart contract. Prevents double use of signatures.
	Chain Info	GET	/v1/chain/main/info	Provides information on the main chain. RPC address, Chain ID
Side Chain	Transfer		/v1/token/side/transfer	Transfer tokens to others on the sidechain.
	Balance	GET	/v1/token/side/balance/:account	Provides the balance of tokens on the sidechain.

Category	Function	Method	Endpoint	Description
	Nonce	GET	/v1/token/side/nonce/:account	If each nonce account is managed separately, it must be included in the original signature. After one transaction is processed, the nonce is automatically incremented in the smart contract. Prevents double use of signatures.
	Chain Info	GET	/v1/chain/side/info	Provides information about side chains. RPC address, Chain ID
	Deposit	POST	/v1/bridge/deposit	It is used when depositing money from the main chain to the side chain via the bridge.
	Withdraw	POST	/v1/bridge/withdraw	It is used when withdrawing money from a sidechain to the main chain via a bridge.
Bridge of Main Chain & Side Chain	Deposit	POST	/v1/bridge/deposit	Moves assets from the main chain to the side chain.
	Withdraw	POST	/v1/bridge/withdraw	Moves assets from the side chain to the main chain.
Phone No. Hash	Hash	GET	/v1/phone/hash/:phone	Calculates and provides a hash of the phone number.
Exchage Rate	Convert	GET	/v1/currency/convert	We provide conversion of a specific currency to another currency.
History	Main Chain	GET	/v1/token/main/history/:account	Provides the transfer history of tokens on the main chain.
	Side Chain	GET	/v1/token/side/history/:account	Provides the transfer history of tokens on the sidechain.
	Ledger	GET	/v1/ledger/history/account/:account	Ledger provides the transfer history of wallet address account points and tokens.
	Ledger	GET	/v1/ledger/history/phone/:phone	Ledger provides the transfer history of phone number hash account points and tokens.

4. Target Market and Entry Strategy

There are three main markets targeted by the LaaS platform.

The first is the "consumer" market, where approximately 2,000 trillion won loyalty program-related miles or points are generated annually worldwide. The goal is to penetrate a portion of this market by solving the existing problems of the 2,000 trillion won annually and convert them into Web 3.0-based miles or points provided by the LaaS platform.

The second is the "employee" market, where about 4,000 trillion won per one year is spent on employee welfare expenses such as food and car maintenance related to loyalty programs worldwide. The goal is to penetrate a portion of the market by solving the existing problems of the approximately 4,000 trillion won annually to become Web 3.0-based mileage or points for food and vehicle maintenance provided by the LaaS platform.

Finally, the third is the "advertiser target" market, which is expected to exceed 1,278 trillion won per one year globally by 2023 and 1,326 trillion won by 2024, of which about 68% is digital advertising, and in Korea, it is about 14 trillion won as of 2021 and is growing by more than 20% every year, and digital advertising is about 7 trillion won with a market share of 54%. By combining AI and ML to help advertisers effectively target marketing with the LaaS platform, we aim to capture a portion of the 1,326 trillion won advertising market and share the revenue generated by the LaaS platform with all parties involved.

As the LaaS platform is an innovative product based on blockchain, AI, and ML, we will analyze the target market based on the Technology Adoption Life Cycle and Diffusion of Innovation theory. If we categorize the market into Innovators (2.5% of the total market), Early Adopters (13.5% of the total market), Early Majority (34% of the total market), Late Majority (34% of the total market), and Laggards (16% of the total market), Web 3.0 LaaS platforms are still in the early stages of the market and need to cross the chasm to enter the mainstream market.

Based on the Technology Adoption Life Cycle and Diffusion of Innovation theory, the LYT Token team will present a concrete plan on how to define the effective and profitable markets in the overall market and how to effectively penetrate them in each of the three markets that the LaaS platform can penetrate.

4.1. Target market 1: "Consumer" Loyalty Program market

To successfully penetrate the Service Available Market in the 2,000 trillion won per one year consumer loyalty program market, the LaaS platform will focus on three key areas. The first is to generate B2B2C business, the second is to target B2C companies of the Innovators and Early Adopters type who want to adopt Web3 Loyalty Programs, and the third is to capture the initial market for consumer Web3 Loyalty Programs, and then use the know-how

gained during the capture process to create a complete product that can cross the chasm and be adopted by the Early Majority.

① Focus on B2B2C business

The business that the LYT Token team is developing through the LaaS platform is a B2B2C business. It is neither a B2C business that directly provides loyalty programs to end users nor a B2B business that only sells to companies. It is a form of business that breaks down the economy between B2C and B2B and helps B2B customers (partner organizations) secure the best competitiveness by taking the experience and insights of B2C end-users in the field of web 3.0 loyalty programs and applying them to B2B customers (partner organizations) so that end-users can receive better loyalty program benefits.

To accomplish this, the LYT Token team will follow the following steps to obtain a profitable market.

First, we will identify affiliate organizations to partner with. To this end, we will prioritize industries where loyalty programs are heavily utilized to promote marketing and sales, and simultaneously seek partners in various regions of the world.

☑ Financial (BFSI: Bank, Financial Service, Insurance)
☑ Aviation
☑ Automobile
☑ Media and Entertainment
☑ Retail and Consumer Goods
☑ Hospital
☑ Others : Education, Healthcare and Telecom

The second is to design a Web 3.0 Loyalty Program that can create a satisfying experience for end-users with partner organizations.

The third is to customize the integrated LaaS platform with various open APIs and SDKs, and provide the Web3.0 Loyalty Program on the partner's app, web, and digital devices that touch end users.

Finally, the fourth step is to repeat the second and third steps mentioned above and help partners find the optimal "success model".

In this way, the affiliates will be able to offer the new Web 3.0 Loyalty Program to their end-users, whether they are using existing apps, web, or devices, and the LYT Token team will be able to expand their contact with the affiliates' end-users. This is a win-win situation for the partner organization, LYT Token team, and end users.

② Focus on Innovators and Early Adopters

There are three main submarkets in which a B2B2C business model can be effective. In each of these submarkets, you need to identify innovation adopters and early adopters.

The first submarket is to find 2.5% of Innovators and 13.5% of Early Adopters among companies or brands that do not have a Web 2.0 loyalty program and are not hesitant to adopt a Web 3.0 loyalty program. In Korea and other countries around the world, we will identify and establish partnerships with the approximately 16% of enterprise and brand customers who are likely to choose a LaaS platform in the early market.

The second submarket is companies and brands that have a Web 2.0 loyalty program, but can adopt a Web 3.0 loyalty program as a duplicate.

Finally, the third submarket is companies or brands that have a Web 2.0 program and are looking to replace it with a Web 3.0 program.

Among them, the LYT Token team will focus on companies or brands that have never had a Web 2.0 loyalty program before. The companies and brands that need to sell in the first place will be companies and brands that want to choose a loyalty program as a differentiator, companies and brands that have a large number of end users in their 20s and 30s who are less anti-blockchain and more friendly to blockchain, and small and medium-sized enterprises (SMEs) that want to introduce a loyalty program but have been hesitant to do so due to the high cost structure.

③ **Complete the Whole Product to cross chasm and grow share of the Service Obtainable Market**

The LYT Token team has already identified a number of companies to work in partnership with on a B2B2C basis. They are Innovators and Early Adopters who are not hesitant to adopt web 3.0 loyalty programs. By industry, they include kiosks, franchising, and global cosmetics/pharmaceutical distribution, and two of them are looking to move from no Web 2.0 loyalty program to a Web 3.0 loyalty program. One is an early adopter that has a web 2.0 loyalty program and is looking to add a web 3.0 loyalty program on top of it.

We will work closely with them to improve the ease of use of the LaaS platform and create a success model where partners get real benefits, which will drive word-of-mouth and marketing impact in the market.

When a consumer loyalty program generates 2,000 trillion won miles or points annually, it means that economic activity is generated many times over. In such a large market, companies around the world that provide loyalty program management solutions using web 2.0 are already generating revenue of 10.2 trillion won in 2023 and 22.8 trillion won in 2028. The LYT Token team will actively work to ensure that the LaaS platform prepared by the LYT

Token team will be selected by end-users in the mainstream market after successfully preempting the initial market with Web 3.0 products.

4.2. Target Market 2: "Employees" Loyalty Program Market

To successfully capture the effective market in the 4000 trillion won employee loyalty program market, the LaaS platform will focus on three things: first, to create B2B2E business; second, to target B2E companies that are innovators and early adopters of Web 3.0 loyalty programs; and third, to capture the initial market for employee Web 3.0 loyalty programs and then leverage the know-how gained during the capture process to create a complete whole product that can be adopted by the early majority beyond the niche.

① Focus on B2B2E business

In the employee loyalty program market, the LYT Token team is using the LaaS platform to develop a B2B2E business. The idea is to establish partnerships with companies that provide services to corporate employees in the form of B2E, and through cooperation between the two companies, the Web 3.0 loyalty program can be applied differently to corporate employees. It's a business model that helps B2B customers (and their partners) gain the best competitive advantage in the B2E market by providing better loyalty program benefits to corporate employees.

To accomplish this, the LYT Token team will follow the following steps to obtain a profitable market.

First, we need to find partners to establish partnerships. Edenred, a global leader, has already tested the use of blockchain to create web3.0 vouchers and make payments in restaurants in early 2023. As such, we need to identify companies that are willing to incorporate blockchain technology as innovators or early adopters. To do this, we will define the business sectors that are in need of loyalty programs and conduct marketing and sales for companies that provide solutions in this field, and establish partnerships in each region of the world.

- ☑ Cafeterias
- ☑ E-meal vouchers
- ☑ Welfare Mall
- ☑ Business travel related fields
- ☑ Vacation-related fields (airline/accommodation/vehicle)
- ☑ Healthcare/medical expenses
- ☑ Other (holiday gifts, vehicle maintenance, corporate cards, etc.)

The second is to provide a web3.0 loyalty program that can create a satisfying experience for enterprise employees with the partner organizations.

The third is to customize the integration of the LaaS platform with various open APIs and SDKs, and provide the Web 3.0 Loyalty Program on the partner's app, web, and digital terminals that touch the employees of the enterprise.

Finally, the fourth step is to repeat the second and third steps and help partners find the optimal "success model".

This will allow the partners to offer the new Web 3.0 Loyalty Program to their enterprise employees who have been using existing apps, web, and devices, while the LYT Token team will be able to expand its network of contacts with the partners' enterprise employees. This is a win-win situation for the partner organization, the LYT Token team, and the corporate employees.

② Focus on Innovators and Early Adopters

We need to identify the innovators and early adopters in the submarkets where B2B2E business models can be effective.

Find the 2.5% of Innovators and 13.5% of Early Adopters who are not hesitant to adopt a Web 3.0 Loyalty Program. In South Korea and other countries around the world, we will find and establish partnerships with approximately 16% of enterprise and brand who are likely to choose LaaS platforms in early markets. Companies that need differentiated solutions, such as companies that need to improve the treatment of employees due to high turnover or companies that need to take special care of talented employees in the high-tech sector, and B2E companies that deal with many young employees in their 20s and 30s can be targeted. In terms of geography, countries where blockchain is not heavily regulated will be targeted. In this way, we will target B2E companies that want to choose loyalty programs as a differentiator and companies that have been hesitant to introduce loyalty programs due to their high cost structure.

③ **Complete the Whole Product to cross chasm and grow share of the Service Obtainable Market**

The LYT Token team has already found B2B2E organizations to collaborate with. One of them is a company that provides food e-voucher solutions and has not had a web2.0 loyalty program until now, but it is one of the innovators that wants to apply both web 2.0 and web3.0 loyalty programs at the same time.

By working closely with them, we will improve the usability of the LaaS platform and create a success model where partners get tangible benefits, so that word-of-mouth and marketing effects can be generated in the market.

The 4,000 trillion won miles or points generated annually by corporate employee loyalty programs represents an economic activity of several times that amount. This market is so large that Edenred, Pluxee, and other Korean catering and meal voucher solution companies are active and developing their business. The LaaS platform prepared by the LYT Token team will strive to successfully preempt the initial market as a Web 3.0 product and then be selected by employees of companies in the mainstream market.

4.3. Target Market 3: "For Advertisers" Ad Platform Marketplace

In order to successfully penetrate the Service Available Market in the entire market of "advertiser-targeted" advertising platforms by utilizing the loyalty program big data obtained from the LaaS platform, we will focus on three things.

The first is to create an AI and ML-based targeted advertising platform that is more efficient and more customized than existing advertising platforms by utilizing big data from loyalty programs,

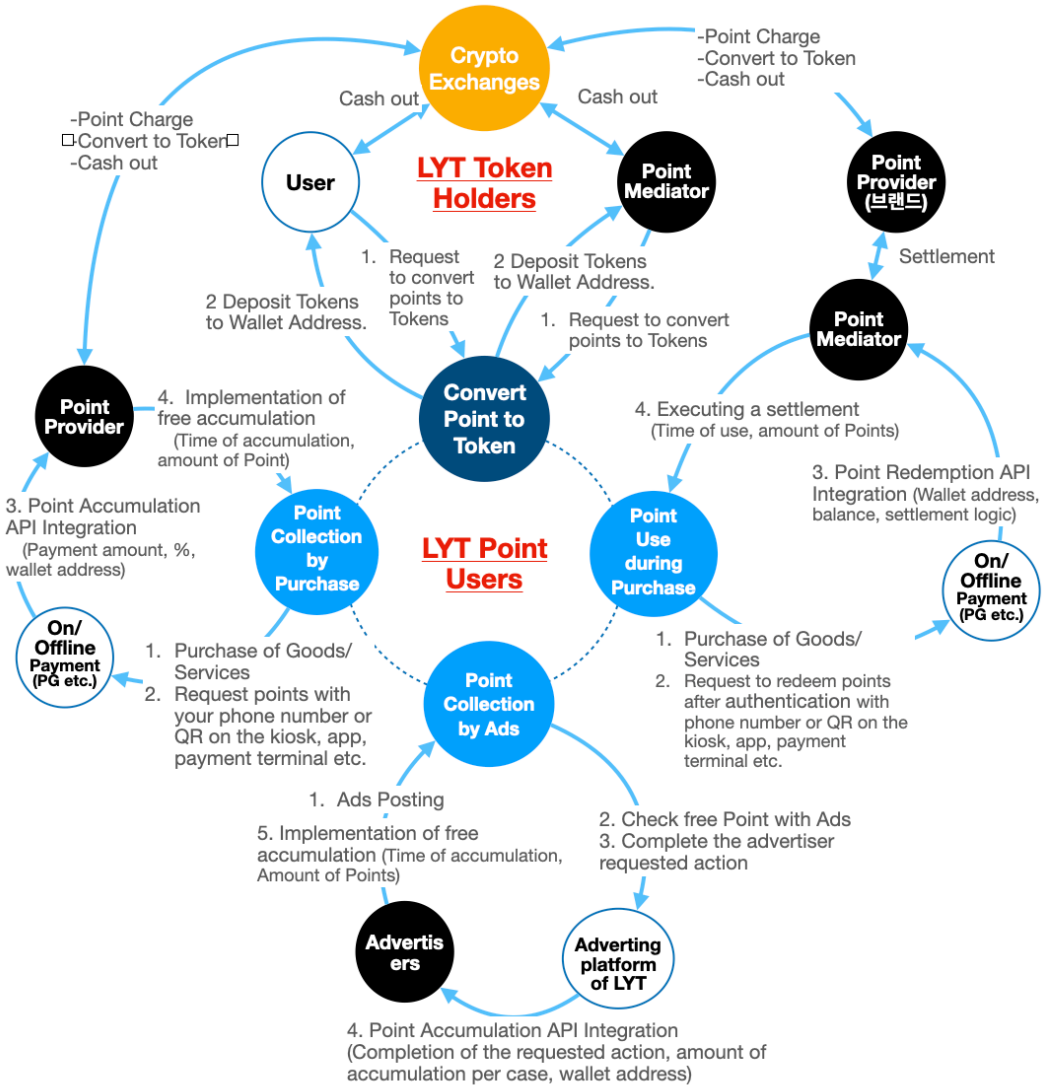
The second is to target advertisers who do not use traditional ad platforms with guaranteed ROAS, but try to advertise through ad platforms based on big data obtained through Web3.0 Loyalty Program, i.e., 2.5% of Innovators and 13.5% of Early Adopters,

The third is to continue to make efforts to make the LaaS big data-based advertising platform more competitive, such as further refining the segmentation of B2B2C end-users and B2B2E employees, and enhancing the performance of AI and ML, so that it can cross the chasm and be adopted by the Early Majority, after being selected by advertisers in the initial market of the advertising platform based on the Web 3.0 Loyalty Program.

5. Tokenomics

As mentioned above, the LaaS platform will continue to evolve into a Whole Product as we successfully enter the three markets we have targeted since the beginning of our business. This evolution is ultimately aimed at creating a new "Web3.0 Loyalty Program Ecosystem" consisting of decentralized "LYT Points" based on the BOSagora Mainnet and "LYT Tokens", a utility token on the BOSagora Mainnet. The LYT Token team will increase the sustainability of the "Web3 Loyalty Program Ecosystem" in the following ways.

Leveraging LYT Points and LYT Tokens to Build a Sustainable Ecosystem



5.1. Clarifying roles and revenue for each ecosystem entity

① LYT Token Team (ZeroOne + BOSagora)

- Planning and building a blockchain-based Web 3.0 loyalty program ecosystem
- Issuance of decentralized LYT points & LYT tokens based on BOSagora Mainnet (BIP20)
- Exchange Market listing of LYT token
- Development and operation of smart contracts/sidechains/bridges/IPFS/Delegate/AI/ML advertising platforms, etc.
- Development and operation of various Open APIs and SDKs for partners who wish to adopt LaaS platforms
- Big data accumulation/analysis/reporting system related to loyalty program
- Engage and reward validators

② Partners with LYT Token Team (Point Providers)

- Reviewing the necessity and effectiveness of LaaS adoption
- Partnered with LYT Token Team to maximize the effectiveness of LaaS adoption
- Establish Web3.0 business models such as B2B2C, B2B2E, targeted advertising etc.
- Discussion on how to utilize big data for end-users, consumers and employees
- System integration using SDK and Open API provided by LYT Token Team
- Signing "contracts with companies and brands" or "information agreement with end users under the terms of use", etc.

③ Enterprises and brands including large enterprises, SMEs, and Point Mediators

- Sign agreements with partners to use the Web3 Loyalty Program
- Determine reward levels (%) and terms and conditions for end-users, consumers etc.
- Payment of goods and services at the point of contact with end-users

④ End users (consumers, employees, etc., Point End User)

- Agree to use "LYT Points" added to your account in the apps of partner organizations.
- Sign up for apps provided by the LYT Token team (required to convert points to tokens)
- Manage personal LYT Points and LYT Tokens

⑤ ertisers (entities that want targeted advertising, Point Providers)

- Sign an ad platform usage agreement with the LYT Token team (or partner organizations)
- Set rules such as charging ad fees and targeted advertising method by segment
- Check ad spend and monitor ad effectiveness

5.2. Token supply plan

① Token standard
- BOSagora Mainnet Token (BIP 20)
- Token name: Loyalty Token (LYT)

② Total Supply: 10,000,000,000 (10 billion, 100 won each)

- Point users: 8 billion[8] (for conversion of LYT Points to tokens)

- Validator Rewards: 0.2 billion (over 10 years, new issuance every 10 years)

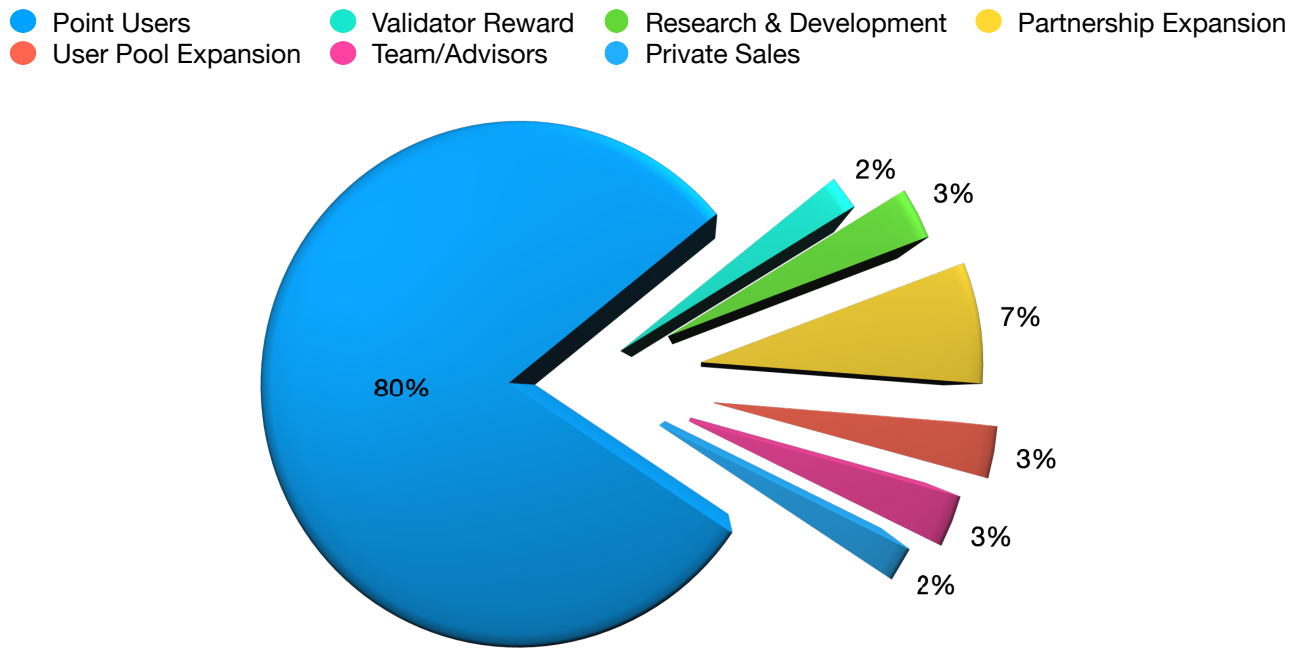
- Research & development: 0.3 billion (mainnet, LaaS platform, ad platform, super app)

- Partnership Expansion: 0.7 billion (point providers around the world, securing exchanges)

- User Pool Expansion: 0.3 billion (for marketing/sales to expand user pool)

- Team/Advisors: 0.3 billion (for incentives for current and future talented people)

- Private Sale: 0.2 billion (for individuals who wish to hold tokens)



[8] additional 5% will be issued prior to exhaustion

③ Vesting Plan[9]

The LYT token team will put 8.2 billion of the total 10 billion in the smart contract from the beginning of the business as follows, and of the remaining 1.8 billion, except for 200 million for private sale, 1.6 billion will be used for the purpose by making a monthly plan over 5 years (60 months). From the 6th year, we plan to cover all costs with the revenue generated through the business.

Distinctions	Description	Vestinng Plan
Point users (8 billion)	When the user wants to convert their points to tokens, the smart contract will automatically convert their points to tokens based on the token price quotation.	All 8 billion are stored in the smart contract from the start and only consumed when a user requests an exchange
Validator Rewards (0.2 billion)	Rewards are provided according to the role of the validator.	All 200 million are stored in the smart contract from the beginning and rewarded to validators
Research & development (0.3 billion)	It is used for mainnet maintenance, bridge, sidechain, LaaS platform, API/SDK, DApp, advertising platform R&D, etc	All 300 million are distributed according to a monthly plan to be used exclusively for R&D purposes for the next 5 years (60 months). After 5 years, we plan to fund R&D through a revenue model.
Partnership Expansion (0.7 billion)	Acquiring core partners such as virtual asset exchanges, point providers, and point mediators in the early stages of the business is crucial to the creation and expansion of the LYT ecosystem, so it is used to expand partners.	All 700 million will be distributed on a monthly plan to be used exclusively for partner acquisition over the next 5 years (60 months). After 5 years, we plan to fund the partnership through a revenue model.
User Pool Expansion (0.3 billion)	It is utilized for marketing and sales to acquire end users, and is focused on global marketing.	All 300 million units are distributed on a monthly plan to be used exclusively for user acquisition over the next 5 years (60 months)
Team/Advisors (0.3 billion)	It is used as a motivational incentive for teams and advisors.	All 300 million will be distributed on a monthly plan to be used exclusively for team and advisor incentives for the next 5 years (60 months).
Private Sale (0.2 billion)	It is used for sales such as pre-sale, IEO, IDO, etc.	Disclose the details of the sale on the website

[9] The detailed vesting plan will be transparently published on Medium, Github, the project's official website, BItcointalk, etc.

6. Revenue Model[10]

6.1. Fee models for end users: B2B2C & B2B2E

- 10% fee when end users (consumers, employees) convert LYT Points to LYT tokens
- Estimated Revenue: # of Token Conversion X 10%

6.2. Monthly subscription model for companies & brands: B2B

- Monthly subscription fee for companies running web3.0 loyalty programs with a LaaS
- Estimated revenue: Number of affiliates partnered X monthly subscription fee (TBD)

6.3. Ad revenue

- Revenue is generated when advertisers purchase tokens, recharge them with points, and distribute them to end users.
- Estimated revenue: Ad costs by subdividing into banner ads, timeboards, etc. (TBD)

[10] Revenue from the LYT project will be 100% reinvested in the areas necessary for the continued growth of the LYT ecosystem, and details will be announced on the website and in the community.

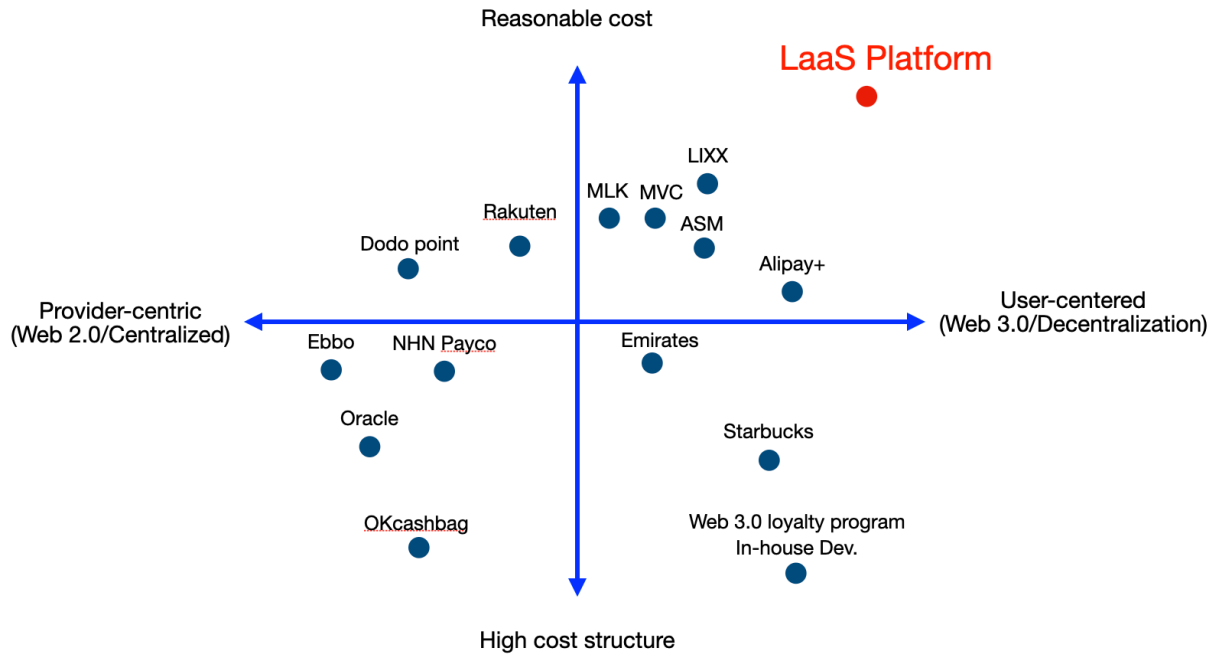
7. Competitive Advantage

Competitive advantage is a concept used to determine whether a business has an advantage over other businesses. Competitive Advantage is a concept that is used to determine whether a company can compete with other companies and gain an advantage over them by offering the best value, such as lowering costs, providing differentiated value, or providing services that justify a higher price.

The LYT Token team will pursue competitive advantage in two aspects as follows.

① Web 3.0 Creating New Value (X-axis): "Decentralized points that solve Web 2.0 problems
- Provide a truly user-centric loyalty program by decentralizing "LYT Points" itself
- Provide custom APIs such as creation, ownership, accumulation, and redemption etc.

② Differentiate at an affordable cost (Y-axis): Open APIs and SDKs
- Eliminate or significantly reduce adoption costs for all stakeholders (partners/affiliates, enterprises and brands, end-users)
- Introduce a Web 3.0 Loyalty Program on a subscription basis for minimal fees
- Facilitates the adoption of LaaS by introducing a sidechain for zero transaction fees

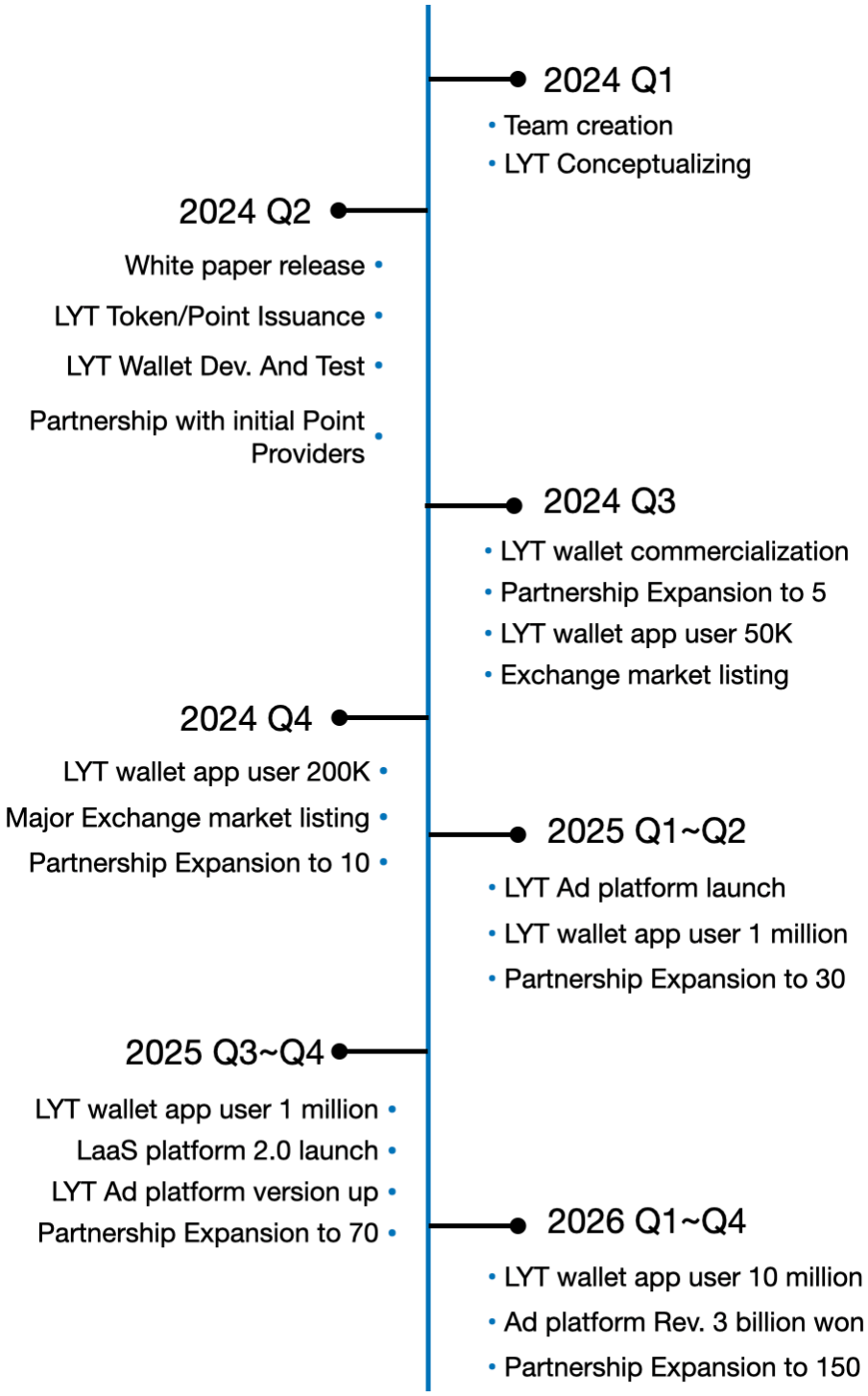


In the figure above, you can see the competitive advantage of LaaS platforms at a glance. On the y-axis, it takes a few months to a few years to build a web 2.0 loyalty program in-

house. Even if you adopt a system from a company that provides a web 2.0 loyalty program, it is a high-cost structure considering the cost of redeeming points and operating costs. LaaS, on the other hand, is subscription-based and inexpensive. On the X-axis, LaaS platforms are superior in three ways. It is capable of 10,000 TPS in terms of speed, decentralized points, and the ability to distribute third-party points to end-users in the form of advertising rewards according to the rules stored in the smart contract, so end-users can benefit greatly from the sharing of advertising revenue. We expect this competitive advantage to be largely sustained with a first-mover advantage.

8. Team/Advisors

9. Roadmap


2024 Q1
• Team creation
• LYT Conceptualizing
2024 Q2
White paper release •
LYT Token/Point Issuance •
LYT Wallet Dev. And Test •
Partnership with initial Point Providers •
2024 Q3
• LYT wallet commercialization
• Partnership Expansion to 5
• LYT wallet app user 50K
• Exchange market listing
2024 Q4
LYT wallet app user 200K •
Major Exchange market listing •
Partnership Expansion to 10 •
2025 Q1~Q2
• LYT Ad platform launch
• LYT wallet app user 1 million
• Partnership Expansion to 30
2025 Q3~Q4
LYT wallet app user 1 million •
LaaS platform 2.0 launch •
LYT Ad platform version up •
Partnership Expansion to 70 •
2026 Q1~Q4
• LYT wallet app user 10 million
• Ad platform Rev. 3 billion won
• Partnership Expansion to 150

10. Disclaimer

This white paper provided by the LYT Token Team does not provide any investment or legal opinions to any individual or organization. The LYT Token Team's white paper is not intended to be an investment solicitation, nor does it bear any legal responsibility, so individuals or organizations reading this white paper should seek their own professional legal and investment advice if necessary.

The LYT Token Team's white paper is intended solely for informational purposes, both technical and non-technical, regarding the problems and solutions related to the Loyalty Program, and this white paper does not contain all the relevant matters of the LYT Token Team. Furthermore, nothing in this white paper is intended to be a part of, or an interpretation of, any partnership agreement entered into or to be entered into by the LYT Token Team.

LYT Token Team does not create or present any specific rights in this white paper, and does not grant any financial and legal rights, including all forms of dividends, redemption, liquidation, intellectual property, etc.

Certain references, estimates, financial information, etc. in this white paper contain estimates of the future and are subject to known and unknown risks and uncertainties, which may cause actual results to differ materially from those projected in the white paper.

Nothing in this white paper is intended to be a solicitation of any form of investment, nor is it an offer to solicit the purchase of any securities in any jurisdiction. This white paper is merely a description of our business.

This white paper is not based on the jurisdiction, laws or regulations of any country and is therefore not subject to or regulated by the laws or regulations relating to consumer protection in any country.

Loyalty Tokens and Loyalty Points are not securities, derivatives, or any other type of financial instrument, and have not been issued or registered under the securities laws and similar laws of any particular jurisdiction in which a potential token holder resides or any particular country.

Loyalty Tokens or Loyalty Points shall not be sold or used in any jurisdiction that prohibits the sale or use of certain digital currencies, digital assets, cryptocurrencies, or the like, and all liability for any violation thereof shall rest with the person doing so, and neither the LYT Token Team nor any of its affiliates shall be liable therefor.

If you purchase Loyalty Tokens, you understand and acknowledge that Loyalty Tokens cannot be understood, interpreted, categorized or treated as

- any kind of currency other than cryptocurrency
- a business unit trust in any country in the world
- Securities or similar in any country
- any guarantee or security as a financial instrument
- Debt instruments, shares, interests, rights, options, or derivatives on such debt instruments or interests issued by any person or entity Units in a collective investment scheme

This White Paper is subject to change or amendment and provides information about the business based on the latest version of the White Paper and Korean documents. The LYT Token team will share the revised white paper contents through a separate communication channel and will do its best to ensure the accuracy of all data provided in the white paper.
Due to changes in policies, laws and regulations, technology, economics and other factors related to cryptocurrency or loyalty tokens, the information provided in this whitepaper may not be accurate, reliable or final and may change multiple times.
This white paper is provided for reference purposes only, and the LYT Token team does not assume any responsibility for the accuracy and legitimacy of the information provided. In essence, this white paper is a business proposal or business promotion document and is not legally binding under any circumstances.