

# Piction Network

ENGLISH

## Pick Your Creation!



### Whitepaper

Blockchain-based peer to peer  
digital content ecosystem.

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# Summary

**Piction Network is a decentralized peer-to-peer digital content ecosystem.** Leveraging blockchain technology, Piction Network intends to cultivate a creator oriented and trustless digital content ecosystem. We aim to disrupt the centralized models of content monetization, distribution, and ownership dominated by extractive intermediaries to return power back to the content creators.

The alignment of incentives via token economic structures opens up a new realms for collaboration between creators and community supporters, a realm untapped in the status quo. Supporters can now provide the creator with various services such as marketings, translations, and sponsorships. This also provides an opportunity of growth to many creators who were not able to be supported to publish their content before.

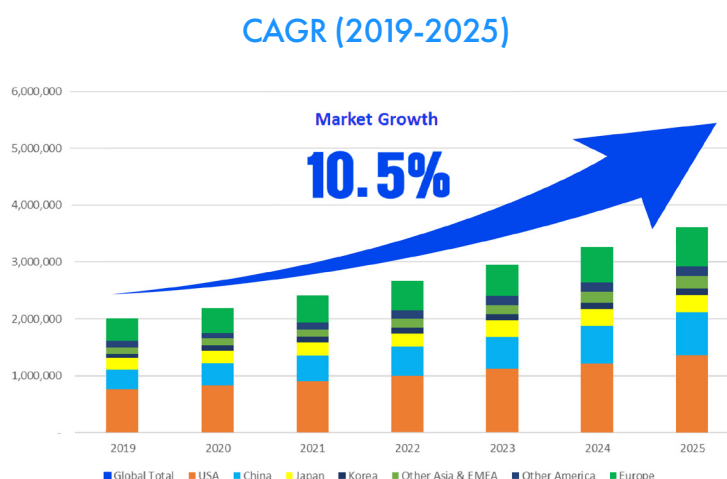
The global era is quickly changing the classic business models. In particular, the creative content economy has been undergoing radical changes for more than a decade.

The global digital content market was approximately valued at \$1.8 trillion in 2016 and it is anticipated to grow rapidly in the future, at the average rate of more than 10.5% in the period ranging from 2019 to 2025. It is expected that the global digital content market will be valued at \$3.6 trillion in 2025.

Million USD

### Digital Content Market by Region

	2019	2020	2021	2022	2023	2024	2025
Global Total	1,982,000	2,179,000	2,405,000	2,661,487	2,945,329	3,259,441	3,607,052
USA	375,200	397,800	415,500	447,507	481,979	519,107	559,095
China	172,700	187,900	202,300	224,874	249,968	277,861	308,867
Japan	101,400	104,900	108,600	112,884	117,336	121,965	126,775
Korea	40,200	42,000	43,900	46,257	48,740	51,356	54,113
Other Asia & EMMA	53,200	53,200	61,100	66,272	67,754	72,301	77,154
Other Ameica	53,900	53,900	59,500	63,493	67,754	72,301	77,154
Europe	197,300	199,800	218,500	232,989	248,439	264,914	282,481



Digital Content market by Region, CAGR — Source from 2017 Global Digital Contents Market Analysis  
(<https://www.nipa.kr/board/boardView.it?boardNo=77&contentNo=511&menuNo=292&gubn=board&page=1>)

**The so-called digital content industry refers to the use of high-tech digital tools and information technology to integrate text, image, audio, and other content into products and services.** The various forms of digital content include information that is digitally broadcasted, streamed, or contained in computer files. Recently, digital content has quickly started to spread as more households get access to the Internet. Therefore, it has become easier for people to get news and watch TV from the online, rather than from the traditional platforms.

## Digital Content Market by Category for Piction

Million USD

	2019	2020	2021	2022	2023	2024	2025
Digital Cartoon	1,078	1,185	1,302	1,431	1,571	1,728	1,899
ebook	47,068	51,351	56,024	61,122	66,684	72,752	79,373
Digital Music	15,000	16,770	18,749	20,961	23,434	26,200	29,291
Digital Broadcasting	335,317	350,406	366,174	382,652	399,872	417,866	436,670
Piction Target Total	398,462	419,711	442,249	466,166	491,562	518,546	547,233

Source from 2017 Global Digital Contents Market Analysis  
(<https://www.nipa.kr/board/boardView.it?boardNo=77&contentNo=511&menuNo=292&gubn=board&page=1>)

In the contemporary global market, companies accumulate power by building carefully designed hyper-specialized service platforms. However, this situation ultimately creates an imbalance between the platform owners and its users, and business owners are not afraid to use their leverage to impose rules that benefit them, at the expense of users. Content providers are initially hard to attract but platforms eventually become an unavoidable part of the market. In this model, distribution is the core value of business.

The large platform players extract \$40 billion in platform fees annually. These so-called extractive intermediaries charge a disproportionately high fee whenever a consumer buys content from its creator. Because they often hold a monopoly on their platform, the creators have no choice but to pay these fees. Simply put, the creators have no bargaining power against them. This is precisely why content creators have long been yearning for a fairer means of monetizing, distributing, and exercising ownership of their content.

**Piction Network, we envision such an ecosystem and we want you to be part of our vision.** Leveraging blockchain technology, Piction Network intends to cultivate a reliable, creator-oriented digital content ecosystem. We aim to disrupt the centralized models of content monetization, distribution, and ownership currently dominated by extractive intermediaries to give the power back to the creators. Piction Network ecosystem leverages smart contracts, allowing creators to directly license their content to consumers. The decentralized and peer-to-peer authentication mechanism can be considered as the ideal right management mechanism.

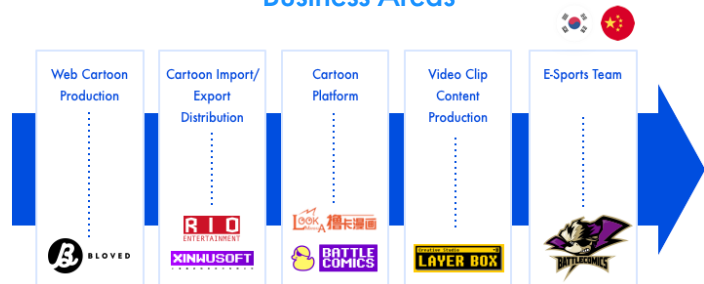
Under this unfair structure, no stakeholder can win and no stakeholder can be rewarded enough except for the large platforms. For sustainable and healthy growth of all stakeholders, the traditional centralized business model should be changed.

**Piction Network is a reverse ICO supported by a strong parent company in Korea – Battle Entertainment that specializes in operating digital content platform and distributing digital content overseas.** Battle Entertainment has been operating for 5 years in the content business industry and is trusted by leading venture capitals such as Smilegate Investment, Industrial Bank of Korea, KTB Network, and many more. We have a total of 60 people in the team in Korea and China as well. Battle Entertainment operates Battle Comics, one of the top digital content platform in Korea. It also produces digital content in Korea and China and translates/distributes digital content to overseas. Hence, at the first stage, we can leverage our Piction Network ecosystem with Battle Entertainments' asset such as digital content and network.

### Subsidiary & Affiliated Companies



### Business Areas



The five years of experiences and insight of the digital content industry and after working in a close consultation with content creators has led us to the conclusion that the industry is mired in deep problems for various stakeholders. In order to solve the aforementioned problems, we intend to create a decentralized content ecosystem, Piction Network.

In Piction Network ecosystem, (1) Content creators raise the production fund required to maintain their creative activities directly from the community. (2) Community can participate as supporters, translators, influencers, and consumers. (3) The value that is generated from the ecosystem is based on blockchain technology and smart contract so that the distribution of benefits and costs can be transparently disclosed and automatically distributed without intermediaries. (4) We will return all the ownership, rights, and responsibilities over the content to the participants who have created, invested in, translated, and promoted the content. (5) In addition, Piction Network ecosystem is also not dependent on any particular platform, country, or language but will be managed through the voluntary incentivised participation between creators and consumers through an interplay of various token economic incentives.

# Background

For the people who live in the digital era, their “fan identity” is one of the dominant ways of consuming popular culture. Users who consume popular culture are fans or fan-like people in the space of Internet websites, communities, blogs, social media, etc. They show a similar behavior style that they share, enjoy and enjoy with others about their enthusiastic things. Fans do not just spend cultural goods. They build their own popular culture in such a way that they use them as ingredients and create pleasures for themselves. In this process, fans constantly produce something.

A fan base that is actively engaged in creative activities can be defined as a 'creative user'. A fan base that is actively engaged in creative activities can be defined as a 'creative user'. Creative users are an entirely new group that can explain community market models that are different from existing market models. Fandom is growing by communicating continuously with members through fan cafes, and it is the basis for such fanatics to make a second creative work through translation, arrangement, transformation, adaptation, video production, and other methods. Piction Network is paying attention to the ecosystem where all participants, including the creator and the reader, make an organic relationship and support each other and grow up.

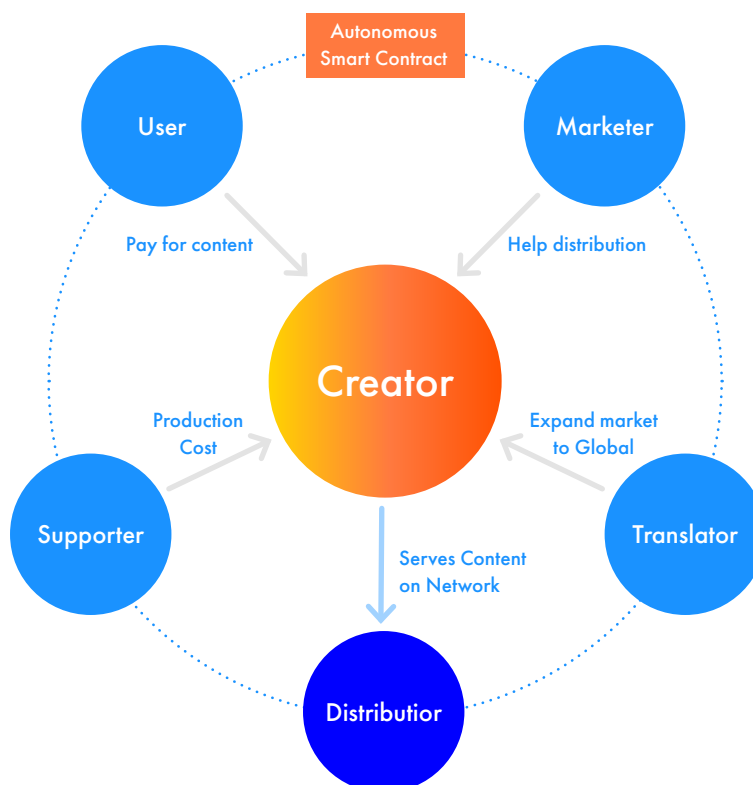
# Our Philosophy

We intend to build an ecosystem where all participants will co-exist for the healthy growth of the digital content market. Equality of opportunity should be guaranteed for many creators through low entry barriers. The final consumer should not go beyond simple purchasing but expand opportunities for the rights and participation as consumers in the content market. In addition, by creating an open market and eliminating unnecessary intermediary operators, content distributors are expected to benefit from the sharing of reasonable revenues.

## Creator Oriented Revenue Distribution

### Returns Power Back to Content Creator

Piction Network returns power back to content creators. Piction Network is digital content platforms to establish a creator centric ecosystem where creators can receive more benefits for their content. Digital content platforms and creators can freely sell the content published on Piction Network ecosystem as it lowers the barriers to enter for platform content distributors and to reduce the burden required for them to manage a creator's production by tapping into the power of the community. This lower entry barrier and the reduction of administrative costs enable a higher rate of revenue distribution to content creators.



## Transparent Settlement

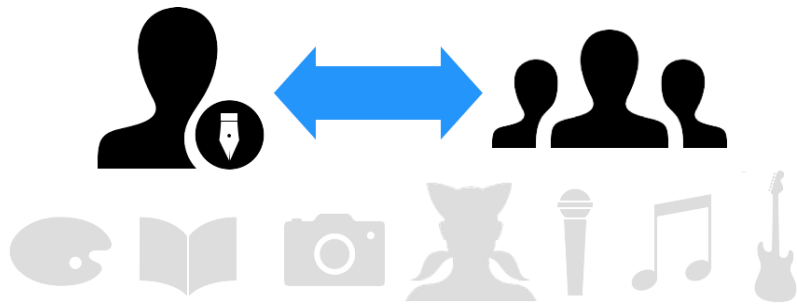
Full transparent &  
Immutable

In traditional platforms mired with extractive intermediaries, there is a lack of transparency and accountability in revenue distribution and revenue settlement. Creators are given their fair share of benefit rewards without full disclosure of the data regarding the sales of their content. Since transactions on the blockchain are fully transparent and immutable, [Piction Network resolves the issues related to transparency and accountability.](#)

## Sponsorship to More content Creators

Growth together :  
Community & Creators

Traditional digital content platforms support only a handful of creators to publish their content. In Piction Network, creators can have access to support beyond traditional platforms and leverage the power of community supporters. Supporters can provide the creator with various services such as marketing, translation, and sponsorship. The alignment of incentives via token economic structures opens up new realms for collaboration between creators and community supporters. [This also provides an opportunity of growth to many creators who were not able to have chance to be supported to publish their content.](#)





# Problem

Artists, the victim of monopolized extractive digital platform.

The digital content industry faces a deep problem of diminishing innovation and creativity as young talents are not given enough spaces to grow, distribute, translate, and showcase their works to the wider global community. Furthermore, the high platform fees reduce the income of these creators and their production sustainability.

**As a platform, securing as many pieces of work as possible at a low price is a major success strategy.** This is the result of the content industry's feature, which has a burden of high risk/ high return. Because the production cost required to produce one piece of work for individual creator is smaller than that of a movie or a TV drama, the platform normally takes a strategy of increasing the number of digital content to raise the probability of success. Since the market has been reorganized to be driven by a small number of large platforms, displaced creators have begun to provide low-cost, free-of-charge digital content just to be featured on these large platforms platform.

**On the creators' side, being chosen by the large major platforms has a huge impact on the success of their work.** However, as the platforms become stronger, a lot of conflicts have emerged between the platforms and the creators. Recently, many platforms and creators are having disputes over sales settlement issues, copyright issues, and contractual problems due to early termination, and these disputes have led to complaints between the creators or associations representing them to demand for greater fairness from the platforms.

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## Weakened creator's Power

- Creators not having sufficient negotiating power to demand for lower fees for their creation.
- Pricing model of digital content are entirely based off by central monopolies.
- Promising and budding creators face high barriers to entry in terms of cost and sustainability.
- Facing settlement process is slow and inefficient, creator cannot earn a consistent income.
- Facing production cost issues for their work that leaves them to discontinue their work.

## Extractive Monopolies

- Digital content publishers or platforms have almost absolute control over an creators' success in the digital content industry.
- Monopolization over resources and access crowds out budding creators. The digital content industry faces a deep problem of limited innovation and creativity as young talents are not given the space to grow and showcase their work to the wider global community.

Due to increased production costs, competitive and aggressive marketing strategies to secure high quantities of digital content, the competition structure has been changing rapidly. **We are seeing the digital content industry being driven by large Internet companies with huge capital strength and traffic.**

## Missing Community

- The largest untapped resource today is the power of the community. Community fans and loyal supporters form an integral part of an creator's success in the industry.
- Gap between the community and the creator is mired in layers of communication barriers and funding barriers.

Most of the tasks related to the success of work, ranging from the selection of work, arrangement of manuscript fees, selection of promotional items, settlement, sublicense business, to overseas advancement, are entirely handled by the platforms. In the creators' view, under the current industry structure where all the tasks other than the creation of work are done by the platform, it is difficult for the creators, the core of the content industry, to ensure the transparency of the whole process.

**The creators should be able to showcase their creations to consumers without the entry barriers, with full rights to their own creations.** The creators should be able to work in a fair and transparent manner in a free environment, eliminating other stakeholders' intervention as much as possible during this process. Diverse and creative work will be created only in such ecosystem. A new distribution structure should be created, not centering on the platforms which are monopolized but on the creators who is the core value of content.

## Lack of Transparency

The lack of transparency and a central database that organizes information about digital content that have created substantial problems when trying to determine the right owner in order to arrange subsequent use of such objects. Information about copyright owners are scattered in various databases of publishers, record companies, collecting societies, and other entities, which do not have incentives to share it. Sometimes it is simply unavailable or its receipt is prohibitively costly both from a timing and financial perspective. All these create substantial transaction costs for users of such digital content, who sometimes have even to refrain from using certain copyrighted work due to its unclear legal status. Lack of transparency and publicity available conveniently presented information about copyright ownership also impact authors and other right owners, who do not receive remuneration for usage of their works or have to share such remuneration with intermediaries, such as collective societies, which retain a substantial part of such remuneration.

## Piracy and Infringement

Right owners cannot effectively control usage of their works on the Internet. Digital copies of copyrighted works have the unique attributes of loss, less replication and near-zero transmission costs. Digital copies are perfect replicas, each a seed for further perfect copies. There are no more natural barriers to infringement, such as the expense of reproduction and the decreasing quality of successive generations of copies in analog media. Today, anyone can easily undertake the kind and extent of copying that would have required a significant investment and perhaps criminal intent only a few years ago. There is also no technological limit to the number of people who can access such digital works simultaneously, from literally anywhere on the planet where there is an Internet connection. Besides, modern Internet technologies enable sending information products worldwide, cheaply and almost instantaneously. As a consequence, it is easier and less expensive for individuals or pirates to make and distribute unauthorized copies. Sharing the work on the Internet means losing control over it. **If copyright belongs to an individual, he probably will not know about the infringement. Moreover, if he did know about it, it is very burdensome to take effective legal action about it.**

# Our Solution

The entire concept is completely different from the conventional centralized operated rights management system. By realizing this new concept, Piction Network aims to pioneer the beginning of decentralized blockchain based global content digitization. By building the creator-oriented content ecosystem on the blockchain technology, Piction Network seeks disruption of the centralized business model for digital content currently dominated by the extractive intermediaries and 'bring the power back' to the creators.

The digital world is undergoing a revolution and we want you to join us. The primary goal of Piction Network is to tackle the imbalance between creators, consumers, distributors, and all other participants.

The largest untapped resource today is the power of the community. Community supporters will form an integral part of a creator's success in the industry. They also form a crucial role in helping to fund, distribute, and translate a creator's work to bigger markets. Blockchain can help to reduce the gap between the community and the creator. In doing so, we return power back to the creator and empower the community.

The authentic value of digital creations is in the content itself, not in platforms, and therefore, the creators must have the full rights and controls over their creations. By disrupting the existing structure whereby work cannot be presented without going through platforms, and by creating an ecosystem in which the creators and community directly participate, the breadth of content can be more diversified and the consumers can also access a variety of creative content.

## Decentralized Digital Content Ecosystem

Helps creators to produce and consume a great range of content

- Returns full ownership to creators and grants creators freedom to decide on monetization model and ownership rights
- Allow creators to choose how to distribute benefits among various stakeholders who have helped in the production and distribution of the content.
- Disintermediate intermediaries in the digital content value chain and allow creators to earn more from their work and effort.
- Hasten the payment settlement process so that creators have consistent income.

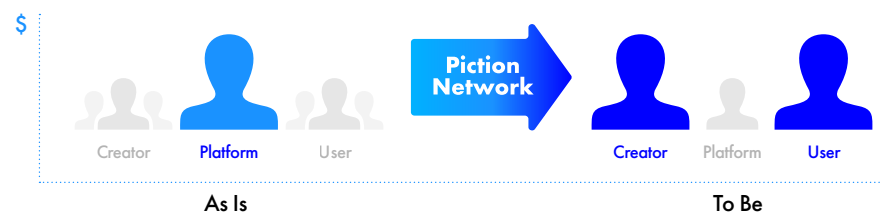
There are millions of professionals creating digital content around the world, and many more consumers. However, the content distribution system is generally controlled by few major centralized agencies. For creators, it means giving up a large part of their revenues, and most of their rights and control over content to distribution giants. Our solution to this issue is to create a distributed peer-to-peer marketplace on the blockchain network. This ecosystem utilizes the blockchain and develops specific smart contracts, which enables direct trading between content creators and consumers based on a new licensing system.

Piction Network

From the beginning of time, content has been connecting two important groups of people: the creators and the people who love their work. But over time, that relationship has been distorted and monopolized. Today, we access our cultural content in a centralized way using servers operated by centralized enterprises. This system concentrates financial and cultural power into the hands of a few, aided by the vast ecosystem of intermediaries, consisting of distributors and promoters, lawyers and administrators. We believe that we can change this.

**Piction Network gets rid of the middleman.** No longer will content be demonetized or pirated. By connecting creators directly to consumers and reinventing digital rights management in a decentralised way – with blockchain technology – we are focusing on what matters: getting a better deal for the people who matter. By building a new, self-sustaining culture economy, we will breathe the life into a new way of exchanging cultural assets. At the same time, Piction Network innovation brings us back to our roots – to a time when there were just the creators, their community and little else in between.

**Through blockchain technology, Piction Network allows its creators and consumers to trade directly without going through a centralized platform.** This reduces platform fees and gives creators the opportunity to earn more revenue. Blockchain also enables the creators to transparently raise funds to cover their production costs to continue their creative activities. The benefits from the creative activities become entirely attributable to the creators, and they can also decide wholly how to distribute the benefits to various stakeholders who have helped in translation, marketing and further distribution.



In Piction Network, a small amount of content transaction fee will be returned to the ecosystem and incentivise the consumer who support the creator with PXL by getting payback from this Creator Support Pool once a month commensurate with the individual payment amount. The reward paid is not just a simple compensation, but it is expected to lead to a virtuous circle structure, being used to continuously support the creative activities of the work or to discover other content. As a result, it will help more creators to produce a greater range of content.



## Community support budding artist

# Support by Community

Creators require a stable production cost to eliminate the economic uncertainty in the production of their work. In Piction Network, community members are able to safely support promising budding creators

Digital content created by individual creator can be produced with relatively low production cost. It does not cost much to build infrastructures necessary for creative work. However, it is a labor-intensive activity, which requires investing considerable time in order to perform regular work activities. Most of creators should spend their time not to raise the fund but to produce the content. In other word, the creators need a stable income for production cost to eliminate the economic uncertainty in the production of the work. So far, in the traditional industry, centralized platforms have covered the costs in the form of minimum guarantee or manuscript fees or advertisement revenue share. However, in Piction Network, the opportunity is open to anybody in the ecosystem without restriction.

**In Piction Network ecosystem, the creators post the synopsis and plans of their own content.**

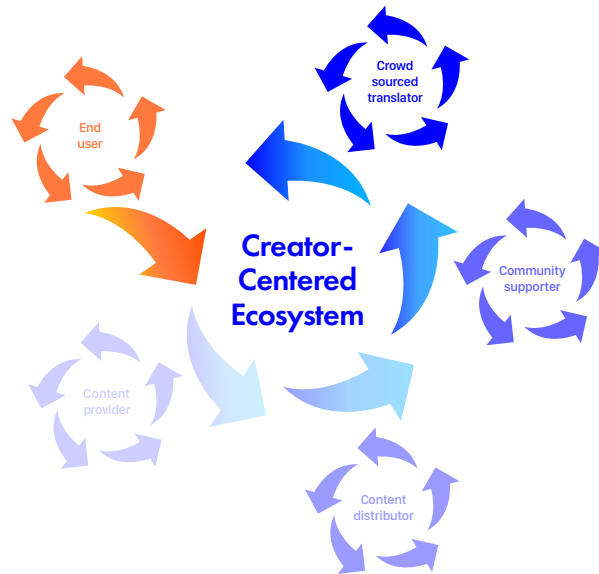
Community supporters who are interested in their work can support an creator 's production by giving PXL tokens. Supporters and the creators both agree on the revenue distribution model before the funds are deposited. If consumer purchases content, the revenue according to the rate agreed to with a smart contract will be distributed to the supporters automatically.

**The creators can be funded according to the desired conditions by the community and creators rather than the centralized platform.** Such conditions include the amount of the revenue share that will be provided to supporters as a benefit in return or fund distribution model (monthly payment, weekly payment or milestone-based).

Community Supporters also manage content publications. Community Supporters serve the role of Program Director, similar to conventional content businesses to consistently manage the content production. If the content under management does not comply the plan or publicize inappropriate content, the supporter may delay the payment of production sponsor under agreement. Community Supporters will hold voting power proportionally to the amount they sponsored the content.

## Greater Ancillary Support for Artists

Through token economy incentives, Piction Network will help creators to leverage the power of the community. When Supporters of an creator help in marketing, translation, and outreach beyond Piction Network to overseas markets and when these efforts convert into sales for the creator , these supporters would be rewarded by PXL tokens.



A decentralized ecosystem where every creator can conveniently and freely disclose and sell their creations will be the foundation for more free and diverse content to generate tremendous value. Moreover, the community can contribute to maintaining the platform ecosystem by evaluating and inspecting the work in various ways. The community can carry out the activities listed below.

The community can participate in content inspection “policy” activities to prevent harmful side effects of decentralized content platforms and to keep the ecosystem healthy and free from harmful content. Individuals who inspect content are referred as reporters, who report to Piction Network Council when they find issues with content such as plagiarism, and vulgarity. Anyone in the community can be a reporter.

Consumers can also take on a marketing role to help expand the market reach of an creator’s work. Consumers who like the content can recommend the work directly inside and outside Piction Network, and when the recommendation leads to sales, they will receive benefits at the revenue distribution rate set by the creators. Creators not only can create the publicity effect of their content through the consumers who recognize and like their work, but also determine the rate of sharing the revenue, and so the creators can directly design a more flexible promotional plan. When revenue sharing is favorable, social influencers with great influence online and have market-reach abroad, will have incentives to help distribute their favorite content in a viral manner.

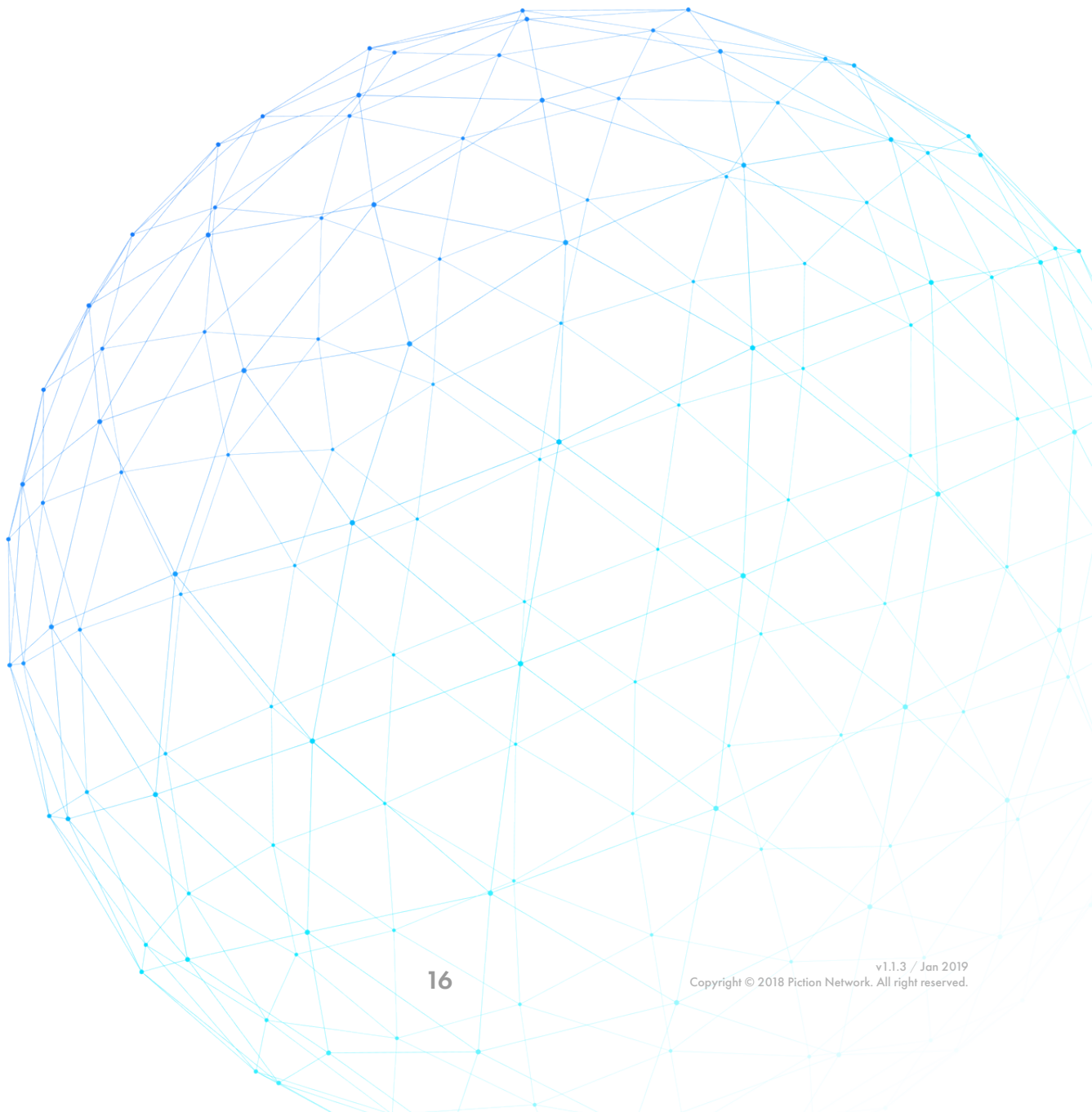
To help an creator expand the market further, community members who can translate can participate in translation. Anyone can translate a content and receive certain rate of revenue by that content. Translators are incentivized to improve the quality of translation to increase the sales of translated content. They can also prove the credibility of their work to consumers and content providers by revealing their work history.

## Greater Chance to participate for Consumers

In the meantime, in the content market, consumers have been granted only passive authority, even though they play the most important role as consumers. As a result, consumers were naturally excluded from the value generated by the creation of the content market and the resulting revenue from the content market.

In recent years, channels have been created to collect consumer needs and feedback during the pre-production stage of the production and in the series, but it is still too limited to represent consumers' rights to determine final demand.

In the upcoming digital content market, we look forward to more active and proactive consumer rights and roles to participate in creation, distribution, and final consumption. Piction Network believes that consumers will be able to share the utility and value of content market directly or indirectly through ecosystem participation. **Our ultimate goal is to make consumers value the content they actively sponsor and participate in.**



## Transparent information about copyright ownership

Creators benefit from transparent copyright ownership

Creators benefit from entirely new levels of transparency and retain large parts of the control over their content. The lack of transparency and a central database that organizes information regarding music, photos, and other copyrightable digital content have long been causing substantial problems when people try to determine the right owner to arrange the subsequent use of such objects. Piction Network will solve this issue, as blockchain may substantially increase the visibility and availability of the information regarding copyright ownership..

In other words, Piction Network's blockchain-based marketplace allows creators to benefit the most of distributing their content directly. By removing costly intermediaries, we aim to foster the creators' creativity and ensure that creators are compensated fairly for their original work.



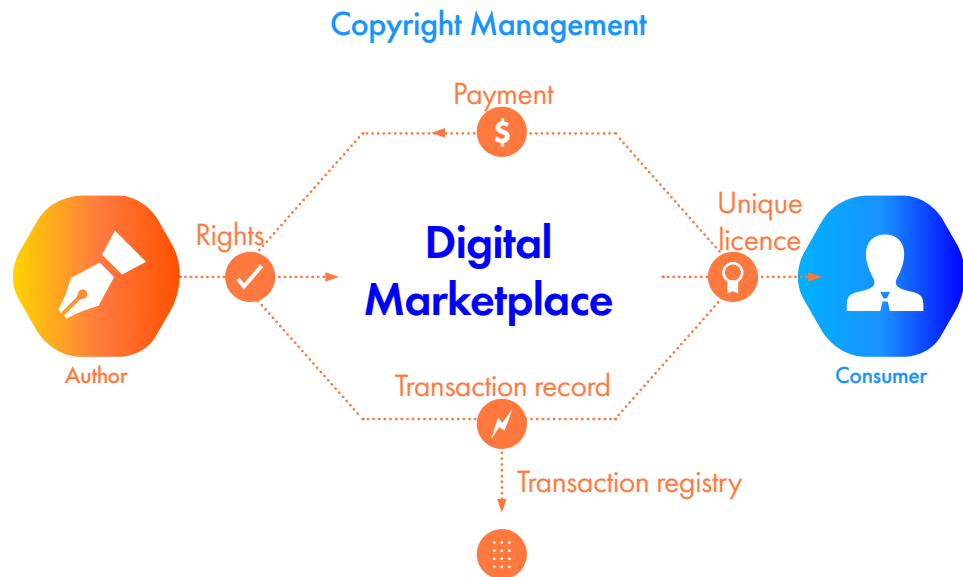
Such information can be provided by means of so-called trusted timestamping. Thus, blockchain can be very useful for defining the presumption of authorship and resolving disputes as priority in this sphere. This potential of blockchain in the IP sphere is already recognized in specialized literature. Besides, if the register is based on blockchain, its copies are available for all users: therefore the recordings relating to copyright ownership will not suddenly disappear with the company maintaining the database. Immutability of blockchain ensures that the content of the database will not be tampered with or otherwise compromised. It increases the trustworthiness of recordings from blockchain and potentially this can be used as evidence in court in case of a copyright dispute, although judges will have to pass a period of acclimatization for such kinds of evidence, like for any new types of evidence based on technical innovation. It is worth noting that services offering at least some of the functionalities described above and based on blockchain technology are already becoming a reality.

Also, the main feature is that creators permit IP license directly to consumers. Piction Network signs a digital distribution contract with creators, which includes a price range for licensing the content, the license to be issued to users, and the distribution fee will be paid to the ecosystem. Once digitally signed, the contract and its terms are immutable and can only be changed with the consent of all parties. All licenses are registered and kept on the blockchain.

## Digital Content Copyright Management

Entire set of development tools needed to build a content-based ecosystem

Blockchain allows to individualize each digital copy of a copyrighted work. Piction Network will revolutionize the digital content industry and fundamentally solve the issues of data ownership and access control through the combination of blockchain infrastructure and technology. Piction Network will securely initiate, store, and manage user identities and data access permissions.



## Intellectual Property Registration and Licensing

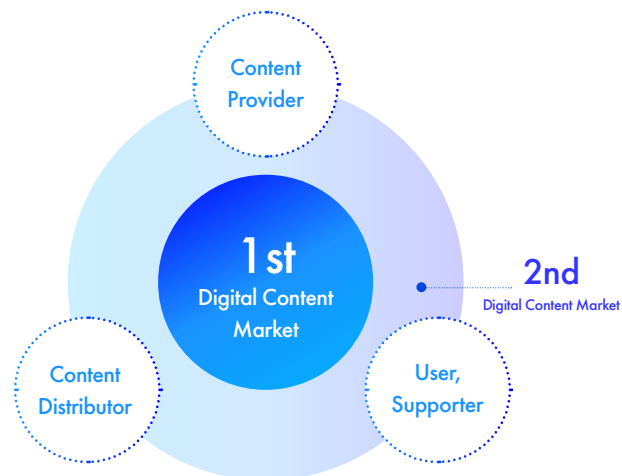
Help users secure their copyrights

Creators will be able to register their digital content on our blockchain. This will help users secure their copyrights and makes it easy for us to track both the licensed and the unlicensed use of the digital content. The registry process and the identity of blockchain will contain an encryption layer that protects the identity of our creators. It will also handle the registration of digital content copyrights, since every digital content will need to be linked to the account that it belongs to. Also, Piction Network blockchain technology will enable IP buyers to license digital content through the use of smart contracts. This will automate the process of licensing and greatly reduce administrative costs for all the parties involved. The blockchain will keep track of all smart contracts and the licensing agreements included within them.



# How It Works

Decentralized ecosystem sustain itself through works on aligned incentive, competition, and governance to encourage good behavior and maximize value from each stakeholder.



## Works on aligned incentive, governance.

Participants in Piction Network ecosystem are classified as content providers, consumers, community supporters (such as reporters, marketers, translators), and content distributors. Each stakeholder has the following objectives and get rewarded for each role they participate in.

Content providers, consumers, and community supporters are the main participants of Piction Network ecosystem, producing and consuming digital content using PXL tokens, while creating the value in Piction Network ecosystem. The roles of content providers, consumers, and supporters are classified based on their functions. It is possible for an individual to hold multiple roles and it is possible to act as a supporter or an consumer as well as a content provider and an supporter at the same time.

Content Distributors lay the infrastructure for key participants to act in the ecosystem by using the APIs and SDKs provided by Piction Network. They develop the user interface necessary for consumer to view and purchase the content. The User interface may include modules other than tools necessary for viewing the content, such as a system for sponsorship, reporting process, and token wallet.

Piction Network Council governs the ecosystem to facilitate growth and fair competition between the stakeholders of Piction Network ecosystem. The initial Council consists of the developing team of Piction Network. But as time goes by, there will be 21 members from each group of stakeholders.

# Community Stakeholders

## Content Provider

It refers to individual or agency participants who produce and create digital content to make benefits, so called creators. They create digital content and upload it to the Piction Network ecosystem to receive benefits from sales. They can pitch their ideas to raise funds for the production cost for their work, and be rewarded with PXL for the content that they sell. They are obliged to generate valuable content to get the attention of consumers and investors.

## Consumer

It refers to individuals who consume the produced digital content, participate as an individual reader, and purchase the creators' content with PXL or fiat.

## Community Supporter

They help the creators to perform stable work activities in the production stage of the work. Community supporters are stakeholders that sponsors content providers' production cost. They act as micro-investors or donors rather than as simple consumers by contributing to the value of the content through activities, such as the curation and value measurement of the content.

They can also be a marketers, reporters, or translators depending on their preferred type of contribution to content creators. All supporters will be incentivized via token economic incentives to participate with good behavior and adhere to their responsibilities.

## Content Distributor

It refers to a provider that deals with the archiving, transmission of digital content, and fiat transactions. While Piction Network will provide an SDK (software development kit) that contains the back-end codes for the sponsorship, reporting, marketing, crowdsourced translation, and payments systems, Content Distributors would still be required develop the front-end UI (user interface) necessary for consumers.

The content distributors are largely classified into content hosting companies and fiat payment service agencies, which are responsible for content archiving and transmission. Battle Entertainment will be participating as the first core content distributor in Piction Network ecosystem and more content distributors will join ecosystem as partnership expands.

## Reporter

Reporters are stakeholders that controls the quality of content by reporting issues including plagiarism and vulgarity.

## **Marketer**

Marketers are stakeholders that advertise digital content outside of Piction Network ecosystem and receive a part of revenue from the sales of the content.

## **Crowdsourced Translator**

Crowdsourced Translators are stakeholders that translate content created in one language into a different language.

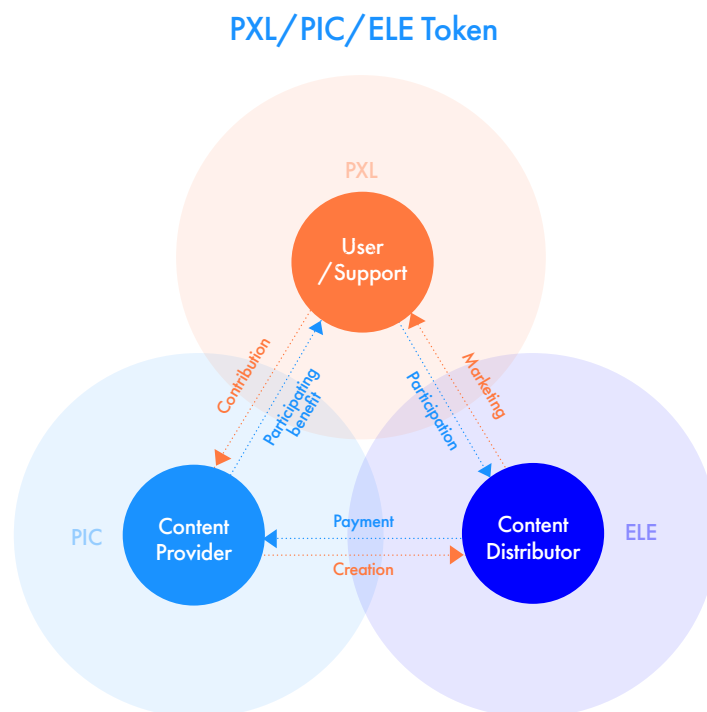
## **Piction Network Council**

Piction Network Council is a stakeholder that facilitates fair competition as an adjudicator of Piction Network. Within the council, there is a Governance Committee which determines important governance issues within the ecosystem, like decision of important parameters of ecosystem, internal judgement, intellectual property right and legal mesure, qualification of Content Distributors.

# Token Economy

## Introduction

Piction Network's token set out to foster a healthy and trustworthy digital content industry ecosystem. As a pioneer in creating new value for the digital content industry by applying blockchain technology, Piction Network enables all participants to exchange reasonable values based on credibility through the token economy. In this part, we describe the functions, features, and roles of the token that constitute the economy of Piction Network.



## Pixel token (referred as “PXL”)

### 1) Utility of PXL

PXL (Pixel) is a utility token native to Piction Network and serves various utility functions as below:

### 2) PXL as Means of Exchange

Basically, PXLs are used as a means of exchanging utility values paying for services within Piction Network. Participants in Piction Network will use PXL to make payments if they want to play and enjoy in the ecosystem. Also, if you participate in the ecosystem and provide your own resources or services, you will be rewarded by PXL. In addition, participants can freely transfer and trade PXL in the exchange market.

### 3) PXL as Means of Staking

PXL tokens are used as a means of staking to gain access to features of the Network. Key stakeholders are required to stake designated amount of PXL for a certain period in order to receive benefit.

For instance,

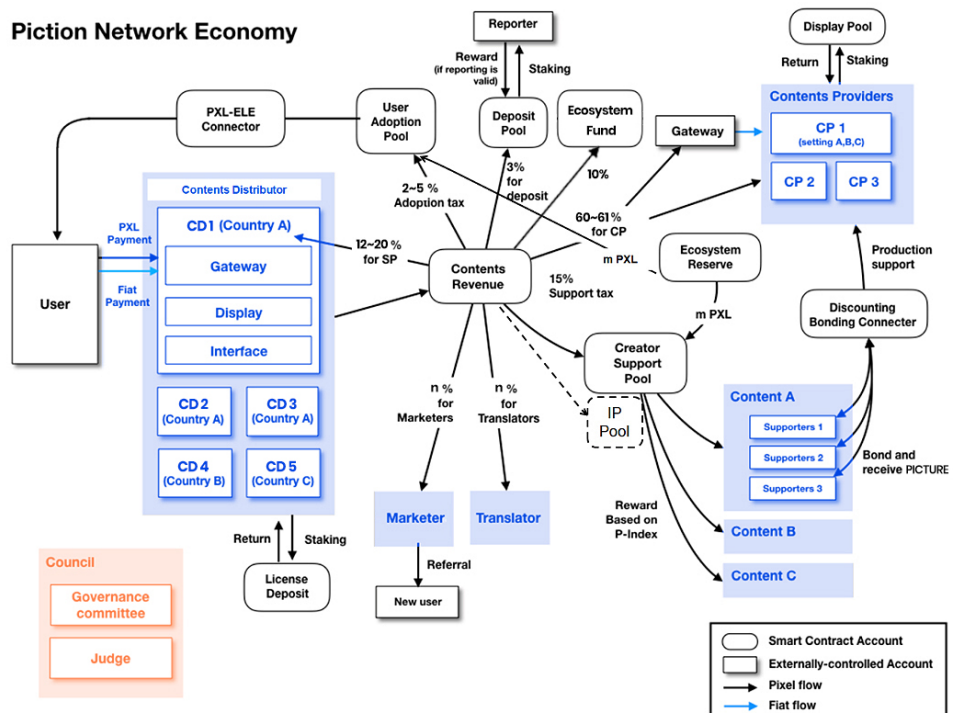
Content distributors are required to stake a designated amount of PXL on the Network to be able to gain benefits of content distributorship.

Creators are required to stake a designated amount of PXL to the Network in order to expose their content on content distributors platform to be displayed.

Reporters are required to stake a designated amount of PXL on the Network for a period of time in order to make a report.

### 4) Flow of PXL Token

[Figure 1] shown below depicts how PXL flows within Piction Network's economic system. The role of each stakeholder and their interactions will be explained with more detail under "Detailed Role and Incentive System" chapter.



## Picture Token (referred as "PIC")

### 1) Utility of PIC Token

PIC is a token that supporters utilize to sponsor creators, and it represents a "sponsor certificate" given to community sponsors or participants. Piction Network, decentralized content ecosystem, which aims to give talented, but unknown creators the opportunities to voluntarily perform up to their capabilities.

Creators need support to sustain their creative work. In Piction Network, active supporters provide sponsorship for creators to continue their work and grow more. When the creators upload their works, the supporters decide to sponsor a particular piece of the art and they will sponsor the works of the creators with PXL tokens. Subsequently, supporters receive a PIC token as a certificate of sponsorship. Supporters can exchange the sponsorship certificate for PXL if sponsorship is terminated or required.



## 2) PIC Token Features

PIC Token, Sponsorship Certificate, is impossible to be traded in the exchange market. Sponsorship is issued exclusively through the Piction Network Connector. The connector is designed to operate automatically based on a smart contract. Supporters with a sponsor certificate, PIC, will be given incentives for their activities in the ecosystem.

## Element token (referred as “ELE”)

### 1) Utility of ELE token

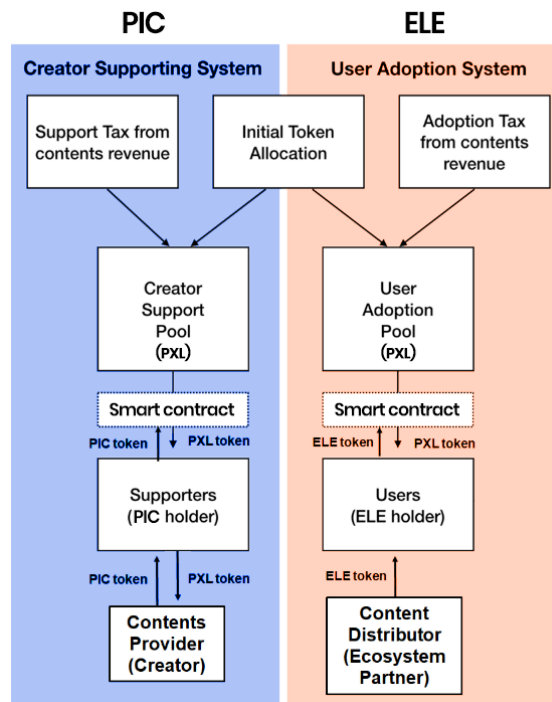
ELE token is issued to activate ecosystem along with partners. ELE token encourages many users to join Piction Network ecosystem. In the initial stage, when users pay for contents on Piction Network ecosystem partner channel, users receive the ELE token as compensation for the payment action. If you receive an ELE token and collect more than a certain amount, you can request to exchange it to PXL in Piction Network. Switching from PXL to ELE is not possible. ELE token does not represent a currency, but an incentive.

### 2) Features of ELE token

ELE tokens can be exchanged for PXL. However, the total amount of PXL to be allocated ELE token holder per period is fixed, but the total amount can be changed, subject to the decision of the committee. Thus, if there is a high demand to exchange ELE token with PXL token, the percentage of PXL token that can be received per ELE token is lower. It takes 48 hours to exchange ELE with PXL. For example, if a million PXL are allocated per day, the number of people who apply for exchange on any given day is divided by one million.

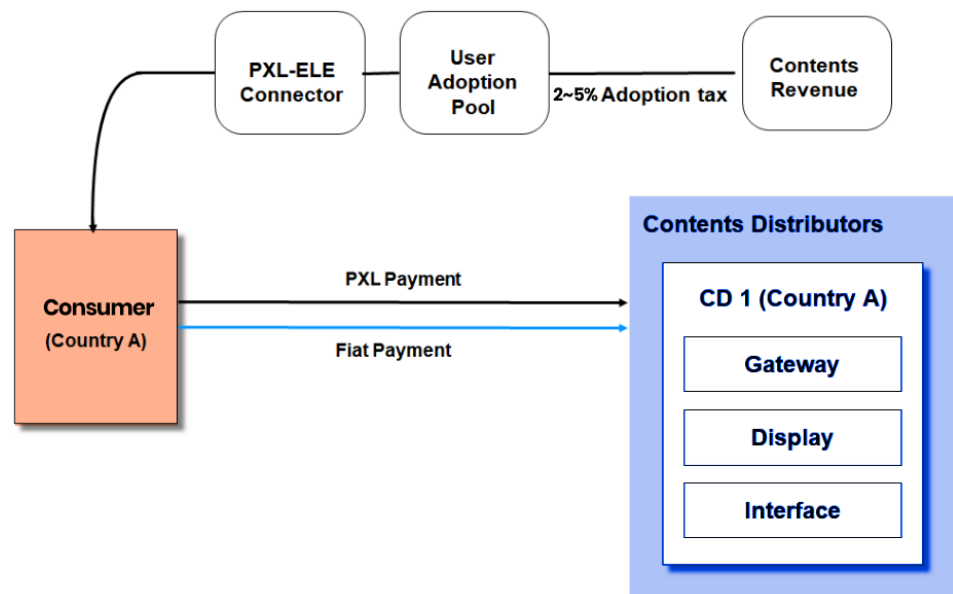
ELE token is not listed on an exchange market. Users who receive ELE from ecosystem partners, such as Afreeca TV, Dungeon and Fighter, should come to Piction Network. Then, within Piction Network, ELE can be exchanged for PXL. This way, users are encouraged to come to Piction Network and use PXL. When ELE token holders from Piction Network's partners visit Piction Network, Piction Network will be able to give more benefits to the participating activities such as purchasing content and activating the community. ELE token will continue to be issued until token foundation stops the payment, due to exhaustion of the user adoption pool or other reasons.

## Flow of PIC/ELE Token



# Detailed Role and Incentive System

## Consumer



### 1) The Role of Consumer

Consumers participate in Piction Network and consume the content offered by content distributors by purchasing it. As an initial onboarding strategy, Piction Network will offer both fiat currency and PXL as payment methods for consumers that are not crypto-savvy. In Piction Network ecosystem, the role of consumers is not limited to consumers, but they can also serve multiple roles as community supporters, marketers, or reporters within the ecosystem.

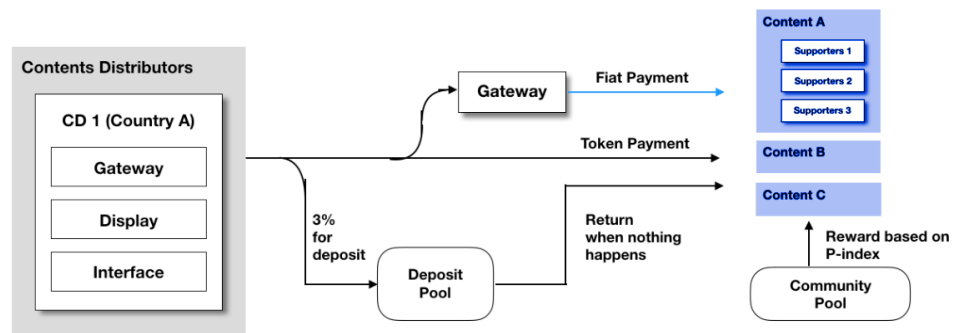
### 2) Reward for Consumer (User Adoption System)

For the growth of Piction Network, it is very important to attract content creators as well as consumers who will use PXL at the initial stage. Therefore, Piction Network constitutes a user adoption pool for the initial user popularization. The User Adoption pool is designed to replace PXL with ELE tokens that are provided as benefits when they make payments through partner platforms using Piction Network. This is essential for the activation of Piction Network partner channel.

### 3) The resources of the User Adoption Pool

First, 100 million PXL (10% of the total issued token) will be distributed to the user adoption pool under the name 'Ecosystem User bounty'. This initially assigned user adoption pool will be used to replace the ELE with PXL after Piction Network launched. Secondly, the user adoption pool also will be generated from the 2% ~ 5% of content sales revenue. Also, the user adoption pool can be procured from the Ecosystem Reserve by the Commission's decision.

# Content Providers



## 1) Role of Content Provider

- **Create Content** | Content Providers create and provide content for consumers within Piction Network ecosystem. Content Providers can be individual creators or content agencies managing multiple individual creators. Content providers have the power to decide on the terms and conditions of the sponsorships, such as the benefit distribution share from the total sales amount. They can also raise funds to produce content on Piction Network.
- **Initial Deposit** | All content providers deposit certain amount of PXL in deposit pool as initial deposit when they are listing their content on Piction Network. This initial deposit incentivises content providers to ensure that their content follows a set of rules and standards. Should the content be found to break any rules, reporters will be able to flag the content. If the content is confirmed to be breaking the rules, a portion of the initial deposit will be deducted and given to reporters. The specific number of deposit is determined by Piction Network Council. If there is no report before the end of the content sales, content providers will be refunded the initial deposit.

## 2) Reward for Content Provider

Content providers in Piction Network receive maximum 61% of the benefit generated from the content sales, which is above the average payout in the traditional platform dominated by extractive monopolies in the digital content industry.

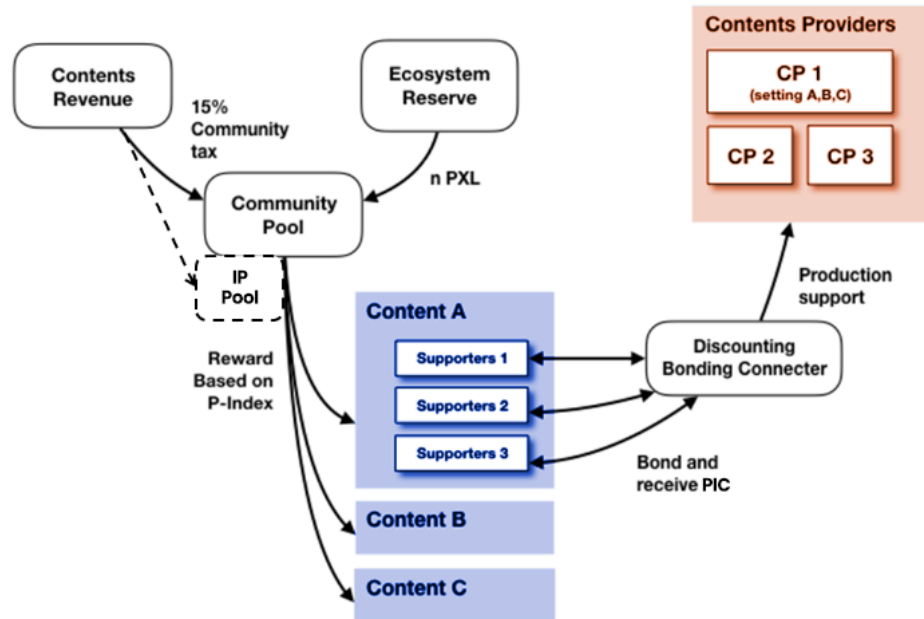
## 3) Settlement Methods for Creators

The content provider of Piction Network supports two types of settlement methods for the revenue generated for the creator's content. The content provider of the fiction network supports two types of settlement methods for the revenue generated for the creator's content. First, the creator is settled in the fiat currency equivalent to the settlement rate received from the existing platform, and the rest is settled in PXL. The exchange fee generated by the conversion of cryptocurrency to fiat currency is paid by the creator himself. Second, there is a way for the creator to pay the full amount of the content sales amount in PXL. In the case of the second settlement method, the creator is paid an additional 5% of the content sales amount.

- **50% of fiat currency + 50% of PXL** | The creator is entitled to 50% of the amount to be settled in fiat currency, and the rest is settled by PXL. The service provider pays the creator the amount deducted from the fees incurred in paying the exchange fee generated by the conversion of cryptocurrency to fiat currency.
- **PXL 100% Settlement** | When creators settle only with PXL, they contributed to stabilizing the PXL value of Piction Network by reducing the flow of PXL in circulation. To kickstart Piction Network ecosystem in the short term, content providers who choose to receive all payments in PXL tokens will receive additional N% PXL tokens from the total revenue determined by Piction Network Council. These N% PXL token will come from Piction Network Growth Fund.

# Supporters

## Community Pool and DBC



### 1) Role of Supporters (Supporting System for Creators)

Supporters play the most important role in Piction Network. For the purpose of providing benefit to community sponsors, Piction Network designs the Creator Supporter Pool. The resources for the Creator Support Pool consist of the following: First, 15% of all paid content sales amount in Piction Network will be accumulated in the Creator Supporter Pool. Through this, the growth of the network, the growth of paid content sales amount, and the growth of creator influx will become a virtuous cycle.s

Second, tokens allocated to the Ecosystem Reserve at the time of the initial issuance of tokens are periodically accumulated in the Creator Support Pool. In the early days, when the paid content sales were low, PXL was supported to solve the Chicken and Egg problem. However, since the resources are not infinite, this support is set to decrease as the network continues to grow. The amount of supported PXL will be determined by the foundation, after the release of the mainnet, considering the economic conditions of the network.

### 2) Methods for Creators Support Pool distribution

The rewards accumulated in the Creator Support Pool are distributed by the popularity index (P-Index) of the sponsored work. The P-index is a unique algorithm of Piction Network that measures the popularity of specific content. The number of views, the number of comments, and other factors are considered here.

**Popularity Index (PI) = (reviews, likes, subscribers, referral link, payment amount, etc.)**

Supporters who have a PICi for a particular work will be rewarded in the Creator Support Pool. The reward cycle lasts one week. The level of compensation is determined by the relative size of the P-Index of a particular work in the overall P-Index. Assuming that one supporter is sponsoring several works, the specific compensation level can be expressed using the following formula.



$$R_{a,b,...h} = \frac{\sum_{i=a}^h (Pl_i \times Si)}{\sum_{i=a}^z Pl_i} \times P$$

**R<sub>a...h</sub>** : Compensation for supporters of works a, b, ... h

**Pl<sub>i</sub>** : The popularity index of work i

**Si** : Percentage of PICi tokens of supporters to total issuance of PICi tokens

**P** : Amount collected in creators support Pool

### 3) How to distribute sponsored PXL

Supporter sponsored PXLs are tied to connectors, and this PXL grant is distributed to authors once a week. For example, if 1% of the total recruitment PXL is supposed to be paid once a week for creative grants, the PXL deposited on the connector will continue to be sent to the author's wallet address in 1% increments. The artist can cash in this PXL and use it as a subsidy for his creative activities.

Writers should be informed about how much donations they will recruit, how much they will be given per week, and how much of the money will be left at the end. (You can find out more in the full recruitment process through 1.5 DBC.)

### 4) Creating and distributing sponsorship (Discounting Bonding Connector)

The arrangement on the Ecosystem where users can support content providers through transfers of PXL and receiving PIC tokens in exchange, receiving PIC token amount is coming from the transaction fee and reserve from Piction Network Ecosystem, not from the content revenue. People who want to become supporters can receive a PIC by posting a PXL on the connector of the work that they want to sponsor. At this time, the initial exchange ratio of PXL and PIC depends on the artist. The issue volume of PIC is fixed at 10,000. The number of PICs is fixed, because they can be divided into decimal points. Until 10,000 copies are issued, supporters receive a PIC at the first exchange rate set by the artist. If the donation amount (PXL standard) is not collected during the period set by the artist, the donation subscription will be canceled and the sponsor will be returned the PXLs that they contributed.

### 5) Transfer of donation

A sponsorship (PIC) can be sold for money. To this end, the recipients of the PIC must disclose the amount of sponsorship they wish to sell at the moment of payment. The amount for sale can be changed at any time if the holder requests a change. However, if someone indicates that they are willing to buy the amount of the sale that they declare, the sponsor (PIC) holders will have to sell without choice.

Therefore, if there are people who still wish to receive sponsorships after all 10,000 initial donations have been issued, they can make purchases at the price set by existing PIC holders. The second buyer must always disclose the amount for sale.

### 6) PXL payment for creative support

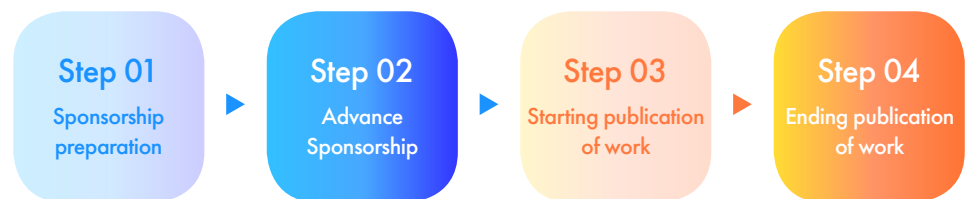
The amount prescribed for the sponsorship will be deducted according to the rate set by the artist and paid to the artist in the form of a contribution. Since the amount is constantly deducted, this mechanism is called the Discounting Bonding Connector.

### 7) Liquidation of sponsorship

Even if you do not sell the sponsorship to someone else, the PIC holders can send a PIC to the connector to get back the remaining PXL per PIC at any time. This is called the liquidation of sponsorship. The price of the sponsorship (PIC) does not fall below the remaining PXL to PIC exchange rate after the sponsor has paid the sponsorship.

# Full recruitment process through DBC

This chapter explains how the aforementioned DBC rules work in real life situations.



## 1) Steps to prepare for sponsorship

In the preparation phase for a sponsorship, the artist establishes conditions under which he or she will receive the sponsorship. At this stage, the artist sets the following elements..

### a. Informing the sponsors about his work and its serialization plan.

The artist discloses information about the work to increase the likelihood of a successful sponsorship. The author freely discloses information about the works for which he wants to receive sponsorship, such as plot, demo, and prologue. There is no mandatory amount or format for the disclosure of information. However, supporters are unlikely to sponsor authors who do not act faithfully, which means there is an incentive for authors to present the information in the most persuasive sense.

### b. Setting the amount of sponsorship (based on PXL) and the sponsorship period.

Sponsor size refers to the total amount of sponsorships you want to receive, and the sponsorship period refers to the maximum period of the sponsorship. If the PXL is not sponsored by the artist for a set period of time, the sponsorship will be automatically canceled and all PXLs backing the content will be returned to their owners.

### c. Determining the percentage of contributions (tap) to be paid to each week.

The percentage of PXL that will be paid to the author from the collected donations will be determined every week. In order to reduce the cognitive costs of artists, the Foundation offers several options, including 2%, 1%, and 0.5%.

The contribution per share (tap) refers to the decrease of the initial exchange rate over the same time period. Let's say you were able to change PIC and PXL at a 1: 1 ratio at the beginning of the connector. However, once the writer is paid 1% of the PXL deposited every week, the exchange rate will drop to 1: 0.99 and 1: 0.98. Thus, if the supporter wants to settle the PIC at the connector at the original exchange rate, the amount of PXL that can be returned is reduced. For example, in a situation where a 10% liquidation of sponsorship occurs, the amount of sponsorship paid to the artist is reduced by 10%.

Therefore, supporters will not want to receive sponsorship if their sponsorship is too high, and the writer will set appropriate donation ratios considering the future expected returns of supporters.

### d. Determining the size of the final donation after all the tap has been paid.

The artist sets up a deposit for the security of the PIC even after all taps have been paid. To reduce the artist's cognitive costs, the Foundation offers several options, including 60%, 50%, and 40%.

This is the element that the artist directly sets for issuing the sponsorship (PIC). The number of donations is 10,000 and the donation payment period is set to one week.

## 2) Sponsorship stage

Supporters place the PXL in the connector and receive the sponsorship (PIC) at the declared exchange rate. Support with a PIC is mandatory for the sales amount. The sponsorship will continue until all 10,000 PICs have been issued. If the amount of PXL deposited by the supporters within the set time does not reach the amount of PXL set by the author, the PXL will automatically be returned to the supporters and the sponsorship will be invalidated.

## 3) Progression stage

If the sponsor PXL recruited by the artist succeeds, (i.e. if 10,000 certificates are issued), the grant money will start being paid out, and the writer will begin work on the series. If another supporter wishes to purchase a PIC, the connector will transfer the ownership of the PIC (PIC) based on the lowest selling price presented by the sponsor holder.

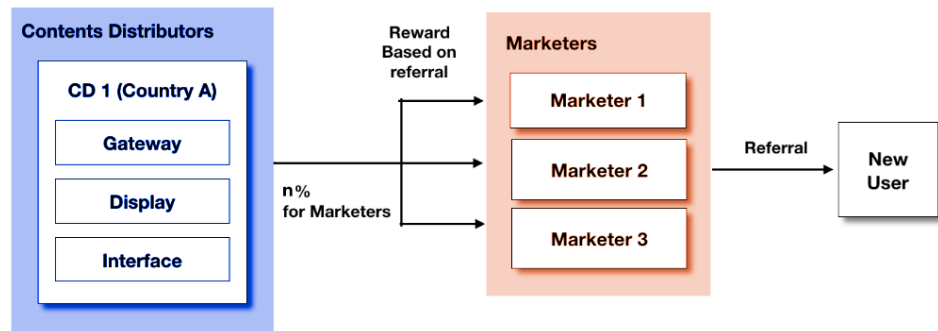
In case you do not want to sell the sponsor's certificate for a high evaluation of the future prospects of the work, if you want to set the amount for sale higher than the current lowest price, you evaluate the prospect of the work poorly and want to cash in the sponsor's certificate again, we automatically set it to be lower than the present lowest price. Even if it is not listed on the exchange, the balance price of the PIC is formed naturally, according to the market principles.

In situations where no supporter wants purchase a new sponsor (PIC), i.e. there is no demand for sponsorships, the sponsor (PIC) can be returned to the PXL at the rate suggested by the connector. This is called liquidation. Since liquidation exists, the equilibrium price does not fall below the liquidation ratio. When the liquidation takes place, the total issue volume of PIC is reduced to less than 10,000. If the number of PICs falls below 10,000, supporters who want to purchase PICs may be eligible to receive PIXLs and PICs by using the current clearing rate.

## 4) End stage

As the series ends and the remaining life of the content decreases, the level of expected compensation from the sponsorship (PIC) will decrease. Supporters who anticipate a reduction in the level of compensation due to the termination of the series may sell the sponsorship to other supporters or settle at the exchange rate provided by Connector in the absence of any further buyers.

# Marketer



## 1) Role of Marketer

Marketers are stakeholders who voluntarily advertise content outside of Piction Network Ecosystem and introduce new users to sign-up and make payment for the content. There is no specific requirement in order to become a marketer.

## 2) Reward for Marketer

Content providers who wish to advertise their content may offer a revenue distribution rate to marketers from 0 to 3%. Marketers decide whether the offered distribution rate is fair and can choose to advertise the content. The performance of marketers is automatically accounted within the system and the performance share will be sent to the account address designated by the marketer.

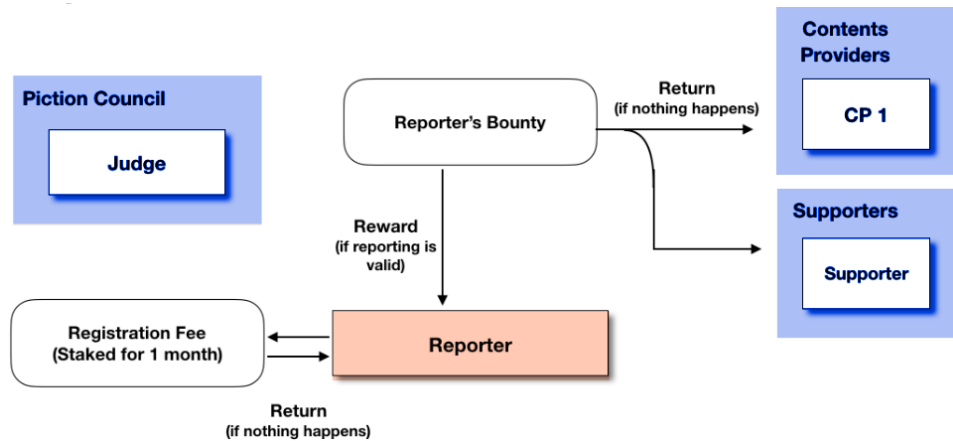
The amount of reward to the marketer is proportionate to the amount that the new consumers' payments in the channels provided by marketer. The reward will be allocated from the marketing budget designated by the content provider.

For instance, let's assume the content provider chooses to distribute 5% of the revenue as a marketing fund. Out of 100 newly invited users from various marketers, 50 users from marketer A's efforts made payment, marketer A will receive 2.5% of the revenue. Marketers will receive their reward once a month. If there has been no marketing performance during a month, the marketing budget will be returned to the content provider.

## 3) Reward to the New consumer

The new consumers who sign-up to Piction Network through the URL provided by the marketer will have access to the content once for free when they make their first payment. In addition, content distributors can offer various benefits to new payment consumers at their own discretion such as further discounts.

# Reporter



## 1) Role of Reporter

Reporters report to Piction Network Council when they discover issues with the content such as plagiarism, and vulgarity. Every participant in the Network can become a reporter.

## 2) Reporting Process

Before reporting the issues of a content, the reporter should select one of the violations suggesting by the interface. (ex. plagiarism, vulgarity, etc) Reporters should also turn in the evidence and basis for their report. If necessary, the reporter can submit image files as evidence. Submitted files will be judged in chronological order as valid, invalid, or insufficient evidence.

## 3) Registering as a Reporter

To prevent baseless reporting, reporters must stake a certain amount of PXL. Staked PXL will remain in locked for 1 month. The amount of PXL Tokens to be staked for registration will begin at 1% of the total PXL transaction volume in Piction Network ecosystem during the previous month. The staking fee will vary monthly depending on the previous month's transaction volume and the Council's decision.

## 4) Rebalancing of the Registration Fee

The Council must take into account the following criteria for the monthly rebalancing of the reporter staking fee:

- The monthly staking fee must be lesser than the potential benefits that can be earned by the reporter.
- The staking fee must be sufficient to dis-incentivise malicious reporters from falsely reporting legitimate content.

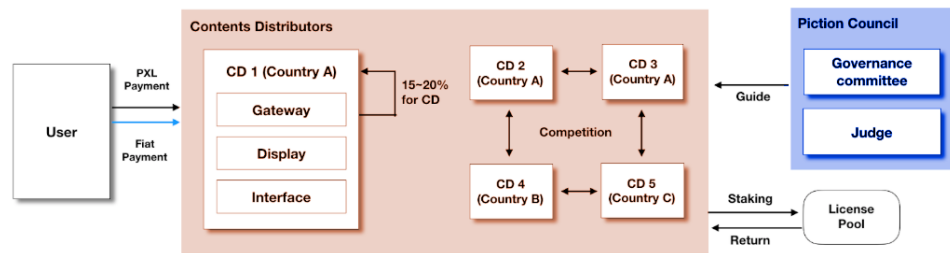
## 5) Reward for Reporters

If the reporting is determined to as valid, the reporter receives a reporting bounty from the reporters' bounty set aside by the content provider. Reporter can get a revenue distribution rate(0%~3%) from contents provider. At the end of the month, the full amount of the staked PXL tokens will be unlocked assuming that the reporter has not performed any malicious activity.

On the contrary, if the reporting is determined as invalid, the reporter loses a portion of their staked deposit decided by the Council. If the reporting is determined to consistently submit multiple reports with insufficient evidence despite warnings within the month, the reporter will be disqualified for the month and have a portion of the staked PXL tokens deducted by the Council.

All deducted token will be transferred to the Ecosystem Growth Fund.

# Content Distributor



## 1) Role of content Distributor

- **Develop User Interface** | While Piction Network will provide an SDK (Software Development Kit) that contains the back-end codes for the sponsorship, reporting, marketing, crowdsourced translation, and payments systems, Content Distributors will still be required to develop the front-end UI (user interface) necessary for consumers. The content distributors are largely classified into content hosting companies and fiat payment service agencies, which are responsible for content archiving and transmission.
- **Payments Gateway** | As an initial onboarding strategy, Piction Network will offer both fiat currency and PXL as a payment method for consumers that are not crypto-savvy. For this reason, the content distributor will operate gateway to external exchanges to ensure the liquidity between PXL and fiat. The amount paid in fiat will be exchanged into PXL.

Since the inflow and outflow of fiat currency will not be recorded on blockchain, the content distributor should separately publicize them on Piction Network. Failure to disclose or forgery of this information may deprive the content distributor of his rights, as determined by Piction Network Council.

- **Publicize Curated Content** | If there is promising digital content on Piction Network, Content Distributors may choose to expose them by featuring them on their own platform. Any purchases done by the underlying users on the native platform will be done via PXL Tokens and fiat.

## 2) Reward for content Distributor

- **Platform Usage Fee** | Because content Distributors can help to further publicize a Content Provider's content, content Distributors take about 12-20% out of the total revenue. For popular content, content distributor may reduce the fee rate. Or, if the content distributor has a negotiation power because of their platform's large user base, the Content Distributor may raise the fee rate and earn additional revenue from it.

## 3) Requirements of Content Distributors

- **Decision by Piction Network Council** | The Council will assess the validity of Content Distributors based on the platform's user interface, payments gateway system (after integrating Piction Network's SDK) and user base size.
- **PXL Deposit** | Rights to be a Content Distributor depends on the following conditions: Content Distributor has to stake a portion of PXL tokens. The minimum stake would be determined by the Council. Content Distribution rights and exposure period will depend on the amount of PXL tokens staked.

After the exposure on their native platform is over, the content provider receives 1/n amount of the stakeover n days. The number n is determined by the Council.

- **Fiat Transactions** | In case of fiat transaction, all content distributors in Piction Network must comply with the Council's decision on the frequency of disclosure of sales and data regarding each content. This enables an ecosystem where content revenue settlement is conducted in a transparent manner.

# Crowdsourced Translator

## 1) Role of Crowdsourced Translator

Crowdsourced translators translate a content created in one language to another language and share it on Piction Network. In Piction Network's ecosystem, anyone can translate a content and receive certain rate of profit according to the agreement between the translator and the content provider.

Crowdsourced translators can take on the role of a marketer by helping to distribute the translated content. In doing so, they can negotiate for a better revenue sharing arrangement with the content provider. However, translators also need to deposit a reporters' bounty so that reporters can report any wrongly translated content.

Crowdsourced translators are incentivized to improve the quality of translation to increase the sales of translated content. They also can enhance the credibility of their work to consumers and content providers by revealing their work history.

## 2) Reward for Crowdsourced Translator

Content provider can collaborate with translators by clarifying the rate of revenue translator will gain if the content is sold after translation. Translators translate content and gain revenue in accordance with the proposed rate by the content provider from 0~3%.

If a content provider does not specify the rate of revenue, translators gain a minimum of 1 percent fee as the revenue for the translated content. The minimum rate can be altered by Piction Network Council.

## 3) Request to Stop the Translation

Content providers can check the list of translated content. If a provider wants to stop translators from translating additional content, he can ask the Council to suspend the translation by sending a reason for the suspension. The Council decides whether the translation for the requested content should be suspended or not.



# Piction Network Council

## 1) Role of Piction Network Council

Piction Network Council is the adjudicator of the Ecosystem who facilitates the ecosystem growth, fair play and competition among the stakeholders of Piction Network. Within the council, there is a Governance Committee which determines the important governance issues within Piction Network.

- **Decision of Important Parameters within Piction Network** | The Council determines the minimum PXL deposit required to be a content distributor, the maximum number of insufficient evidence reporting allowed, the minimum deposit required for publication, the gravity of punishment for invalid malicious reporting, and other important issues regarding Piction Network.
- **Internal Judgement** | The Council decides valid/invalid/insufficient evidence for the reported content. They also determine whether the translation of a content should be suspended or not.
- **Intellectual Property Right Management and Legal Measures** | The Council takes legal measures when the content are exploited outside of Piction Network without permission. Council also takes other legal measures regarding the intellectual property rights of Piction Network.
- **Develop SDK for Content Distributors.**
- **Council develops SDK for content distributors who intend to build modules within the Network.**
- **Qualification of Content Distributors.**
- **Piction Network Council verifies which content distributors are eligible to provide the service.**

## 2) Reward for Piction Council

Council does not directly receive revenue from the revenue of the content. However, they own PXL token so that they have the incentive to increase the value of PXL through growing the ecosystem.

## 3) Decentralization of Piction Network Council

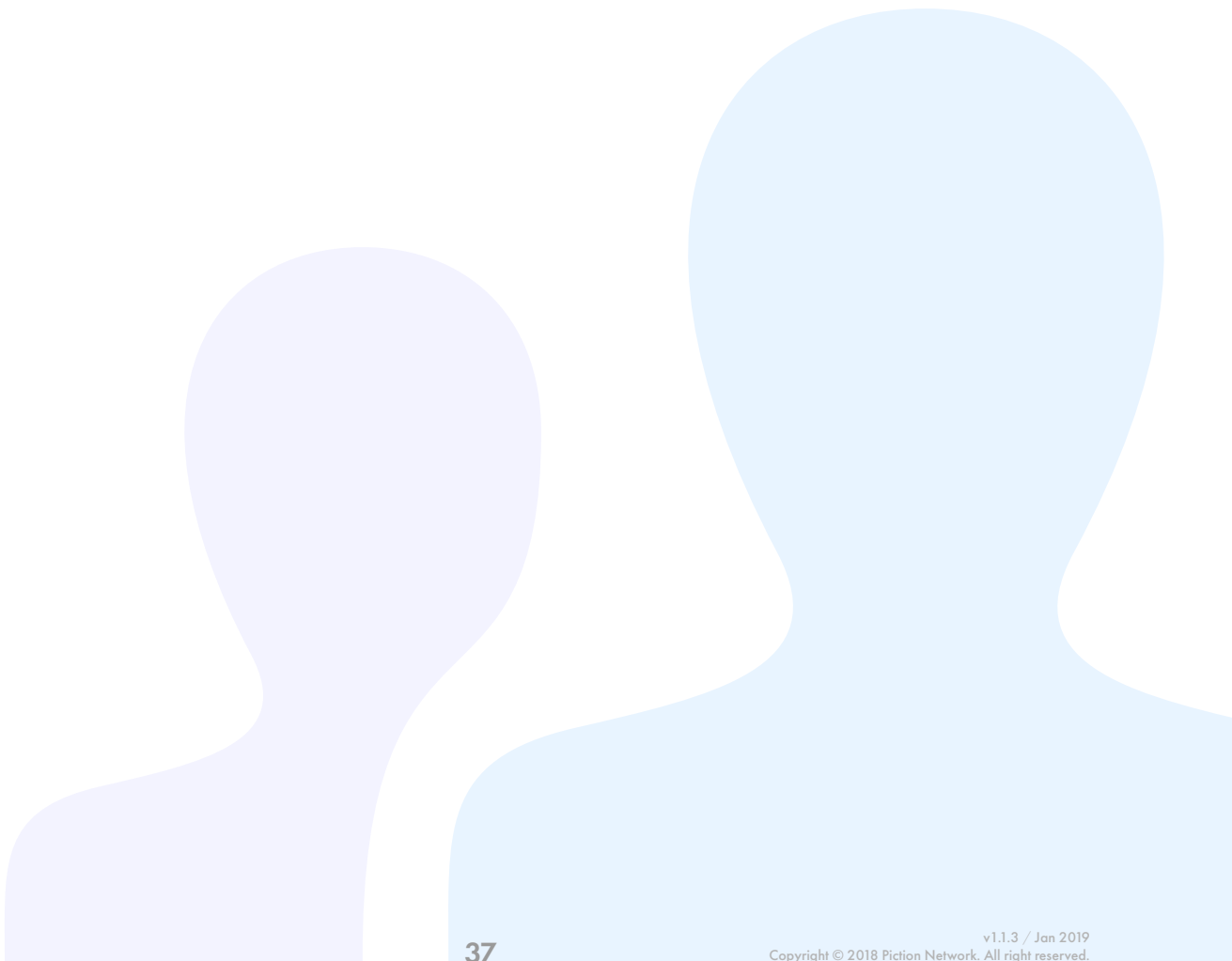
The initial Piction Network Council members consist of the developer team of Piction Network. As the time goes by, there will be seven members from content distributors and seven members from content providers with the most token will become the member of the Council. For example:

- **There will be 7 members from the Content Distributors group.**
- **There will be 7 members from the Content Providers group.**
- **There will be 7 members who are the top sponsors of content providers.**

There will be a total number of 21 members, seven members from content providers who have generated the most revenue on the Ecosystem will become members of the Council.

#### 4) Ecosystem Pool

The Ecosystem Pool is composed of 10% of total content sales. For an ecosystem to settle, the actual operation of Piction Network and the implementation of costs are essential. The Ecosystem Pool will be used primarily as an operating expense for running Piction Network. Proper price formation of PXL is also important for a stable ecosystem. Therefore, if necessary, incineration of PXL is also possible within the scope of the Ecosystem Pool. The Ecosystem Pool can be recruited as an ecosystem reserve by the committee's decision, if necessary.



# Secondary Creation Market through IP Pool

## Consumer

One of the prominent characteristics of the digital content market is the organic relationship with the creator and the reader. Readers simply do not just consume digital content on a one-time basis, but they constantly leave feedback on creator's work with comments or tweets. Readers simply do not just consume digital content on a one-time basis, but they constantly leave feedback on their work with comments or tweets.

Another most remarkable characteristic is the second creative activity. For example, the webtoon fan cafe would be as if it existed for a secondary creative market that will be in the future. There is a very active activity for the second creative among the fans.

The IP pool of Piction Network exists for the secondary creative market. The IP pool is responsible for bringing all participants into the token ecosystem on the secondary creative work related to IP in the digital contents market. The Creator Support Pool is the basis for sponsoring and sharing the primary market generated during the digital content production process. On the other hand, the IP pool supports the token economy, in which the IP of digital content is expanded into a second digital creation such as movies, games, and novels.

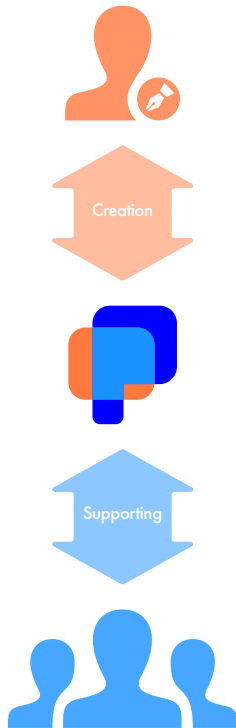
### 1) Resources of IP Pool

In the initial phase, the resources of the IP Pool will be covered from the ecosystem reserve. Once it is determined that the digital content created in Piction Network ecosystem is produced as a secondary creative, and the contract for the secondary creative is concluded, the related price will be received by the silver PXL. The IP Pool allows the contracted PXL tokens to be shared with the content creators and supporters.

### 2) Operation of IP Pool

When a PXL is imported as a secondary contract of digital content IP, it is connected to the corresponding PXL-PIC connector, allowing the creators and supporters to enjoy the profit equally. If all settlement of the PIC has already been completed before the second contract of IP, the IP Pool concludes the second contract as a proxy and settles the PXL at the rate agreed upon between the author and the IP pool. In this case, the PXL drawn into the IP pool is used as the specification of the PXL incineration.

# Participation Scenarios



## Content Providers

A is a renowned author with success in production of multiple content. However, A had an issue with the revenue distribution of the conventional platform who receives most of the revenue. A heard about Piction Network in which the authors can receive up to 61% of the revenue from sales and decided to publicize the work on the Ecosystem.

A made such a success from the publication that he did not need additional support from the supporters. Content Distributor was able to enjoy the increased traffic in exchange for greater revenue for A.

A initially received the reward in both Korean Won and PXL. If A received all of the revenue in PXL, there could be additional certain % of upside revenue distribution from the Ecosystem Growth Fund. Since A believed that the value of PXL will increase over time, A decided to receive the entire reward in PXL.

## Reporter

B is a content provider in Piction Network Ecosystem. B thinks that his benefit is shrinking because the competing content is taking the lead. B decided to report the issues of the competing content and to raise the revenue from his own content.

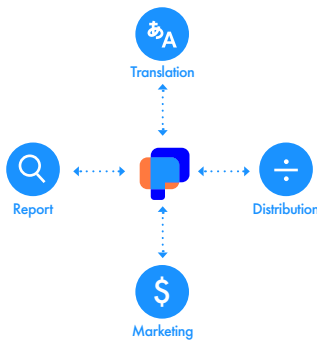
B budgeted a pool to collaborate with many users and defame the competing content by reporting it. The users who collaborated with B took necessary steps by staking the registration fee and reporting the competing content.

The committee of council reviewed this illegitimate report and decided that the reporting is invalid. Because B intended to cause harm to the competing provider by falsely reporting the content, B will lose his stake.

## Community Supporter

C is a new author. C believes that C's new publication will have great impact to the market, but has production cost financing issues financial production costs due to the lack of financial sustainability. C heard about supporters system in Piction Network and decided to publish C's work with the financial support from the supporters. C made a portfolio that depicts C's vision, which includes a detailed representation of his digital cartoon.

In order to consistently publish the work for once a week for the next twenty weeks, C assessed that C needs 3,000 USD as production fee. C offered 30% of the entire revenue to be distributed to the supporters and raised 2,100 USD within a month. The sponsorship was not as high as C expected but C adjusted the production period as 14 weeks instead of the initial 20 weeks and launched the project.



C received 150 USD each week and started to produce the work once a week. After 7 weeks has passed, however, C did not publish the work as promised and the majority of the supporters decided to delay the payment. C explained the situation to supporters and promised to be diligent in producing the work. Afterwards, supporters agreed to pay their sponsorship again.

C deposited 2% of the sponsored amount to reporters' bounty to ensure that C will not violate any regulation in the future. By the time C finished the publication, there were no legal issues including plagiarism and other legal standards. C was able to receive back all of the reporters' bounty.

C earned the total of 10,000 USD during the 14 weeks of production. To repay the supporters, C will need to distribute 3,000 USD back to the initial group of supporters. Thereafter, the initial group of supporters can start receiving a percentage of the recurring revenue from whatever revenue is generated from the digital content.

In addition to that, to show gratitude, C consistently used the names of the supporters as the character names within the digital content.

## Marketer

D is a personal blogger who works as a marketer in Piction Network. D figured out that the content that D was interested in allocated 10% of budget to marketing and decided to advertise the content on the content to overseas markets on the content provider's behalf.

D used a URL linked to the digital content generated by Piction Network and shared it with his overseas community or fans. The total number of new consumers that flowed into the Network was 200 and out of them, 100 new consumers introduced by D made a payment. There was a total revenue of 2000 PXL incurred for the content. Out of the 200 PXL, which is 10% of the revenue, D received 200 PXL as marketer's reward.

## New Content Distributor

E is a famous E-commerce company in Korea which has 2 million user base. They were striving to retain more consumers on their own platform. They pondered whether they should launch a digital comics service, but it is not easy to sustain digital content and support their own group of content providers on its own. However, they realized that they can be a content distributor on Piction Network without worrying about how to retain their own content providers.

After integrating the SDK provided by Piction Network, and developing the payments gateway and other settlement layers, E was able to pass the requirement of the committee because the company was already running an E-commerce platform. In order to become a content distributor, E needs to stake some PXL, as decided by the Council. However, the company decided that it was less costly to stake PXL than to run an entirely separate digital comics service. Thus, the company decided to purchase PXL and stake it to become a content distributor.

Unlike conventional content distributors, E plans to offer more revenue sharing to the content providers. Now that E has featured popular digital content on their e-commerce platform, they can better retain consumers and earn more revenue on their platform without spending upfront cost in developing their own group of native platform content creators.

## Crowdsourced Translator

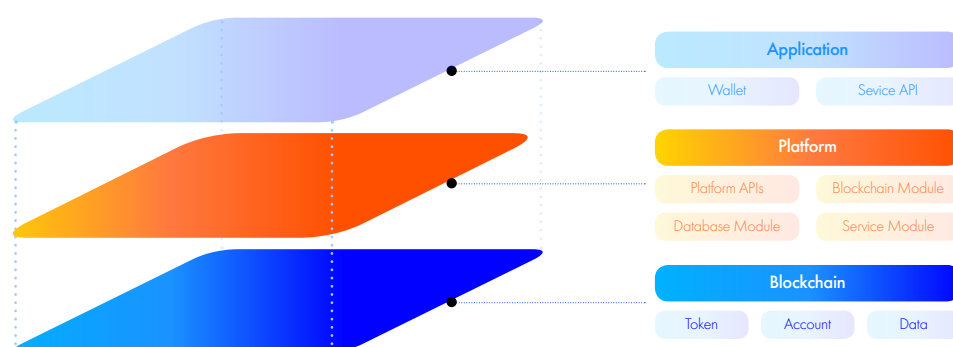
Translator F is a university student who is fluent in Chinese. While F was viewing a digital content on Piction Network, F thought the content is well suited for Chinese consumers. Incidentally, the content provider proposed 30% of revenue for translated content.

F realized that there was other translated content, but there was not enough attraction drawn to the content due to their poor translation and the lack of proper marketing. F started to publish higher quality of translated content in Chinese. As a result, the content attracted many viewers from the Chinese market as F expected and generated the total of 100,000 PXL as revenue from translated content. From this, translator F received the amount out of 30,000 PXL.

From this experience, F realized the potential earnings that can be made as a crowdsourced translator on Piction Network and decided to continue to seek interesting content and work as translator to gain more revenue.

# Technical Considerations

**Piction Network is built on the Ethereum Network basis.** In a centralized system, the rules will be maintained only in the trust relationship with a central entity, and there is no guarantee that the economy will remain impartial. Piction was triggered based on the recognition of a lack of trust among participants in the digital content industry. The interests of the participants in the industrial ecosystem should be dealt with on a reliable basis.



## Blockchain Network

**PXL is implemented with an ERC-20 token issued on the Ethereum platform.**

This ecosystem requires transparent and prompt distribution of goods between creators, consumers, and supporters. The consumers must be able to verify that the properties used have been fully paid to the content creators, and the creators must be able to receive the money paid immediately without a weekly or monthly settlement procedure. In addition, the supporters who allow the creators to stay creative must also be able to receive some of the benefits generated by the creators' content transparently and immediately, depending on their contribution to the creators prior to the publication of the content.

If the implementation of a contract depends on the fulfillment of the contractual parties, the reliability of the contract may be threatened. Therefore, agreements must be concluded in advance via the system without involvement by any external contractual party. This can only be achieved by smart contracts based on Ethereum.

The creators can recruit supporters during the pre-production period of their work. According to the pre-production conditions, including the revenue sharing ratio when the minimum production cost work is sold, ecosystem contracts are constructed and the corresponding smart contracts are distributed to the system. The smart contracts are concluded between the creators and the supporters by the supporters sending tokens to the creators' accounts, and after the release and sale of the work begins, the benefits of each sale are automatically distributed by the contracts.



## Network Architecture

Piction Network offers SDK and API to implement consumer interface for Content Distributors. Any application service built on Piction Network can serve digital content on Piction ecosystem. To provide foundation to Network Piction Network's architecture is made up of three layers.

### Core Layer

It refers to the Piction Network's blockchain layer. It uses Ethereum and Klaytn as a base protocol, and ecosystem contracts, such as purchases and investment, are driven by smart contracts in the EVM environment. The core layer consists of the definitions of the smart contracts related to the distribution and deposit of the benefits from the purchases of the creations, and the contracts are presented by the creators and concluded by the participation of the community or supporters.

### Service Layer

It refers to ecosystem contracts where key features, such as ecosystem purchases, publication, investment, etc., are implemented. Relay or proxy layer will be implemented on service layer to make querying and fetching data from blockchain easy.

### Application Layer

It refers to Dapps to be used by the Piction users, consisting of ecosystem clients, marketplaces, SDK, API etc. Piction Network partner's application interact with network through application layer interface to blockchain. This layer will unburden partners from interfacing directly to blockchain network and will improve UX for developers.

# Content Copyright and Distributed Transmission

## Copyright Protection

Digital content, which mainly takes the form of images or text, is vulnerable to piracy and theft. Image and text files are easily copied and distributed. Therefore, frameworks and technologies to protect the copyright of creations are desperately required for creators. The blockchain is a technology that makes it virtually impossible to forge or tamper data, and thus it is very likely to be used as ownership proof of copyright. Piction Network will keep track of all smart contracts and the licensing agreements. Furthermore, since all the digital contents are registered in the fiction network, the identity is recorded, and this is linked to the smart contract, all the copyright holders and adjacent owners can be all recorded and tracked. Utilizing the technology of blockchain, it is possible to prove each individual's rights and facilitate the protection of creator's rights.

## Distributed Transmission

It is important to safely store and quickly transmit creators' content. Piction Network delivers content to consumers using the centralized server of content distributors in order to overcome the aforementioned limitation. The existing internet network is far superior in terms of data transmission speed, and replacement by the blockchain technology in a short period of time is difficult.

In the long term, when the infrastructure is ready and more applicable that it becomes able to replace existing Internet Networks, Piction Network will migrate to another service layer. One such example is the IPFS system where all computing devices will be connected to the identical file system, and the file data itself will be controlled as a distributed version. This has the same basic characteristics of the data structure of the blockchain.

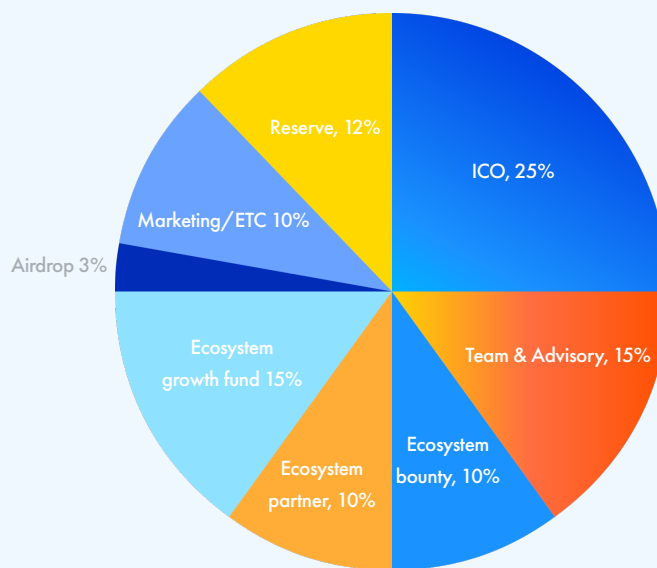
# Token Sales Plan

## Total Sum and Allocation

The total sum of 1,000,000,000 PXL token will be issued to build Piction Network and sustain Piction Network ecosystem. 25% of the PXL token (250,000,000 PXL) will be distributed via Private, and Public sale. 10% of total issued tokens will be allocated to ecosystem partners, which will be used for attracting partners for future ecosystem expansion and attracting institutional investors.

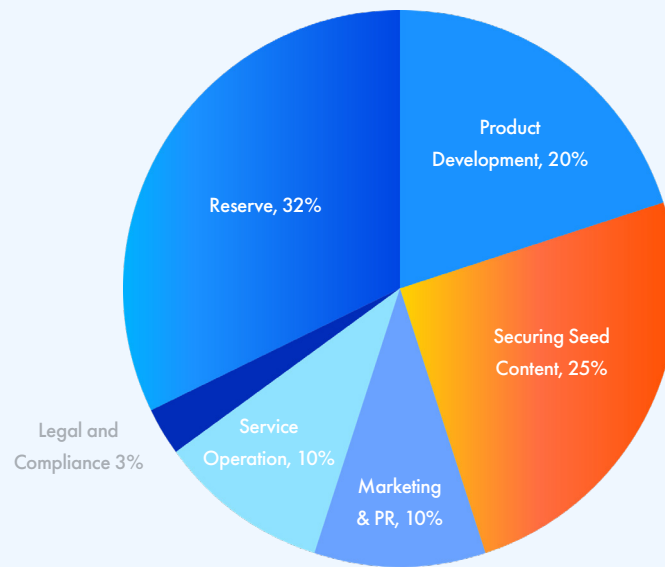
## Distribution

The following are the distribution of the tokens:



- Initial Coin Offering: 25%
- Ecosystem Growth Fund: 15%
- Ecosystem Bounty: 10%
- Ecosystem Partner: 10%
- Team and Advisor: 15%
- Airdrop: 3%
- Marketing/ETC: 10%
- Reserve: 12%

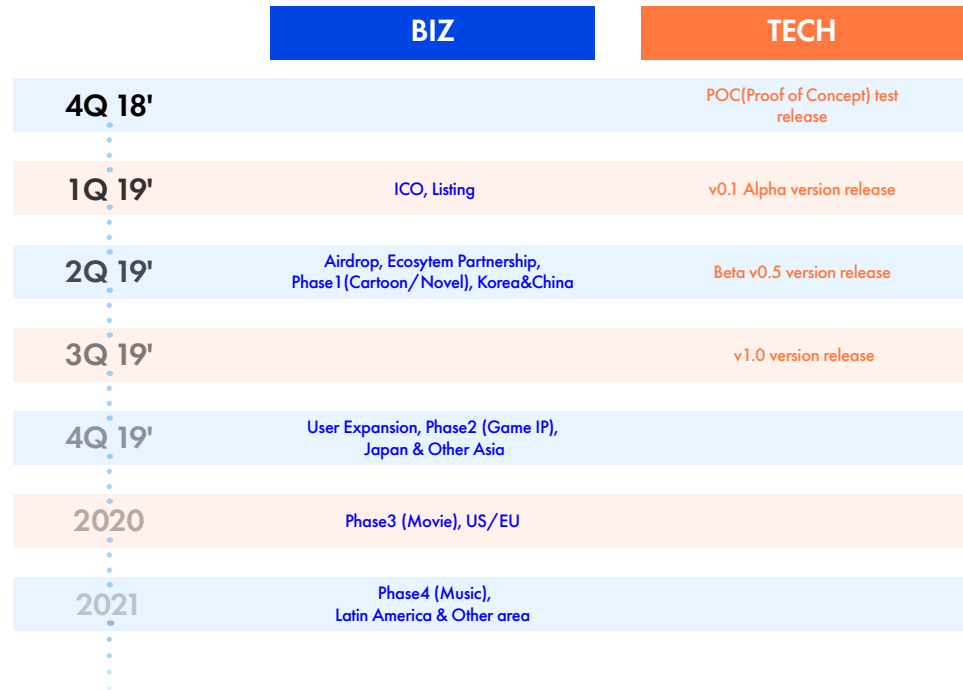
The recruited fund will be used as a following plan:



- Product Development : 20%
- Securing Seed Content: 25%
- Marketing & PR: 10%
- Service Operation and Maintenance: 10%
- Legal & Compliance: 3%
- Reserve: 32%

At Picton Network's initial stage, securing content and creator is key to the success of the project. Reserve fund will be used to secure more content and make that content to expand to overseas markets.

# Roadmap



## Biz Part

### 2019 1Q

- In the first quarter of 2019, Piction Network will proceed ICO and conduct listing on the exchange. The listing will be conducted in the several renowned Korean and overseas exchange markets.
- Also, we will secure seed users through airdrop activities. Also, we are planning to enter into a partnership with global major game companies.

### 2019 2Q

- We intend to expand our ecosystem partnership, which has own unique market scope in each area and a large number of users. We intend to aggressively engage a large number of users who will participate in creators, funding, marketing, and translation in order to ensure that Piction Network operates successfully and successfully.
- Geographically, Piction Network begins from Korea and China. Also, based on content category, it starts in the field of webtoon /web novel.

### 2019 3/4Q

- We plan to concentrate production of secondary creative based on game IP. It is also proven through the experience and history of Battle Comics, which has accumulated 18 million users in Korea.
- We aim to expand into other regions such as Japan, Southeast Asia.

## 2020

- Ecosystem Expansion Phase, we plan to expand to the digital content market such as short clip movies. Video is the largest market for the type of content that Piction Network is planning, where fairly advanced plans are developed every day.
- Physical region expansion will be focused on the United States and the EU.

## 2021

- We target expanding to the music market, which is the most popular and beloved content.
- Physical regional expansion will be focus on other underdeveloped areas such as Latin America and Africa. After 2021, the world becomes the service area of Piction Network.

# Tech Part

## 2018 Q4: POC(Proof of Concept) test release

- The POC of Piction Network launched. Core layer of Piction Network, including transactions, reliability of supporter smart contracts, and prevention of attacks will be tested and verified to evaluate the credibility of the ecosystem.
- The simplest form of the marketplace, where direct content transactions are available, will also be tested.

## 2019 Q1: v0.1 alpha version release

- We will secure content that will be the seeds of the ecosystem and conduct trial sales of the content.
- Supporter and influencer smart contracts will be released. We will facilitate support content based on the seed content.

## 2019 Q2: beta v0.5 version release

- Piction Network beta version will be released on mainnet.
- Base protocol will be determined, and SDK and API also will be announced.

## 2019 Q3: v1.0 version release

- Piction Network will launch the full version that enables the entire content creation process, from content registration and supporter recruitment to sales.

# Team

**Piction Network is led by Battle Entertainment.** The team has run digital content business successfully in Asian for 5 years. Battle Entertainment is trusted by leading enterprises in Korea such as Smilegate, Industrial Bank of Korea and well-known VCs. The lump-sum funding amount is 9 million USD.

We have a total of 60 people in the team both Korean and Chinese, in the team. Each member have specializes in the digital content industry, such as content producers, translators, developers. We've run business successfully for 5 years both in Korea and China.

**We have experiences with digital content business not just platform, but also content creation and distribution in Korea and China.**

The Battle Entertainment will be the first Digital Content Distributor and Content Provider applied to Piction Network.

On the Content Distributors side, 1M existing users of Battle Comics will be the first community member of Piction Network with simple agreement of terms. Battle Entertainment team who runs Battle Comics will make this centralized digital comics platform into a decentralized ecosystem with Piction Network as a partner.

On the Content Provider side, Battle Entertainment's own contents and +100 agencies' one will be published to Piction Network as we will be the first content provider.



# Legal Disclaimer

Please read this entire section carefully. If you are in any doubt as to the action you should take, please consult your legal, financial, tax or other professional advisor(s).

## 1.1 Legal Statement

(a) This Whitepaper ("Whitepaper"), in its current form, is circulated for general information purposes only in relation to the platform and applications described in the Whitepaper ("Platform", "Piction" or "Piction Network") as presently conceived and is subject to review and revision. Please note that this Whitepaper is a work in progress and the information in this Whitepaper is current only as of the date on the cover hereof. Thereafter, the information, including information concerning [Piction] [please insert full name of the company that will run the platform] ("PICTION PTE. LTD." or the "Company") business operations and financial condition may have changed. We reserve the right to change, modify, add or delete parts of this Whitepaper or website without notice for any reason or at any time.

(b) No person is bound to enter into any contract or binding legal commitment in relation to the sale and purchase of the tokens native to the Platform ("PXL" or "Token") (as defined below) and no payment is to be accepted on the basis of this Whitepaper. Any sale and purchase of the Token will be governed by a legally binding agreement, the details of which will be made available separately from this Whitepaper. In the event of any inconsistencies between the abovementioned agreement and this Whitepaper, the former shall prevail.

(c) This Whitepaper does not constitute or form part of any opinion on any advice to sell, or any solicitation of any offer by the issuer/distributor/vendor of the Token to purchase any Token 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.

(d) The Tokens are not intended to constitute securities, units in a business trust, or units in a collective investment scheme, each as defined under the Securities and Futures Act (Cap. 289) of Singapore, or its equivalent in any other jurisdiction. Accordingly, this Whitepaper therefore, does not, and is not intended to, constitute a prospectus, profile statement, or offer document of any sort, and should not be construed as an offer of securities of any form, 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.

(e) No Token should be construed, interpreted, classified or treated as enabling, or according any opportunity to, purchasers to participate in or receive benefits, income, or other payments or returns arising from or in connection with the Platform, the Token, or products, or to receive sums paid out of such benefits, income, or other payments or returns.

(f) This Whitepaper or any part hereof may not be reproduced, distributed or otherwise disseminated in any jurisdiction where offering coins/tokens in the manner set out in this Whitepaper is regulated or prohibited.

(g) No regulatory authority has reviewed, examined or approved of any of the information set out in this Whitepaper. No such action has been or will be taken in any jurisdiction.

(h) Where you wish to purchase any Token, the Tokens are not to be construed, interpreted, classified or treated as: (a) any kind of currency other than cryptocurrency; (b) debentures, stocks or shares issued by any entity; (c) rights, options or derivatives in respect of such debentures, stocks or shares; (d) rights under a contract for differences or under any other contract with the purpose or pretended purpose to secure a revenue or avoid a loss; or (e) units or derivatives in a collective investment scheme or business trust, or any other type of securities.

## 1.2 Restrictions on Distribution and Dissemination

(a) The distribution or dissemination of this Whitepaper or any part thereof may be prohibited or restricted by the laws or regulatory requirements of any jurisdiction. In the case where any restriction applies, you are to inform yourself about, to obtain legal and other relevant advice on, and to observe, any restrictions which are applicable to your possession of this Whitepaper or such part thereof (as the case may be) at your own expense and without liability to the Company or its representatives, agents, and related companies ("Affiliates").

(b) Persons to whom a copy of this Whitepaper has been distributed or disseminated, provided access to or who otherwise have the Whitepaper in their possession shall not circulate it to any other persons, reproduce or otherwise distribute this Whitepaper or any information contained herein for any purpose whatsoever nor permit or cause the same to occur.

## 1.3 Disclaimer of Liability

(a) The Token, the Platform and related services provided by the Company and its Affiliates are provided on an "as is" and "as available" basis. The Company and its Affiliates do not grant any warranties or make any representation, express or implied or otherwise, as to the accessibility, quality, suitability, accuracy, adequacy, or completeness of the Token, the Platform or any related services provided by the Company and its Affiliates, and expressly disclaim any liability for errors, delays, or omissions in, or for any action taken in reliance on, the Token, the Platform and related services provided by the Company and its Affiliates.

(b) The Company, its Affiliates and its directors, officials and employees do not make or purport to make, and hereby disclaim, 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.

(c) To the maximum extent permitted by the applicable laws and regulations, the Company and its Affiliates shall not be 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 benefits, 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.

## 1.4 Cautionary Note on Forward-Looking Statements

(a) Certain information set forth in this Whitepaper includes forward-looking information regarding the future of the project, future events and projections. These statements are not statements of historical fact and may be identified by but not limited to words and phrases such as "will", "estimate", "believe", "expect", "project", "anticipate", or words of similar meaning. Such forward-looking statements are also included in other publicly available materials such as presentations, interviews, videos etc., information contained in this Whitepaper constitutes forward-looking statements including but not limited to future results, performance, or achievements of the Company or its Affiliates.

(b) The forward-looking statements involve a variety of risks and uncertainties. These statements are not guarantees of future performance and no undue reliance should be placed on them. Should any of these risks or uncertainties materialise, the actual performance and progress of the Company or its Affiliates might differ from expectations set by the forward-looking statements. The Company or its Affiliates undertake no obligation to update forward-looking statements should there be any change in circumstances. By acting upon forward-looking information received from this Whitepaper, the Company or its Affiliates' website and other materials produced by the Company or its Affiliates, you personally bear full responsibility in the event where the forward-looking statements do not materialize.

(c) As of the date of this Whitepaper, the Platform has not been completed and is not fully operational. Any description pertaining to and regarding the Platform is made on the basis that the Platform will be completed and be fully operational. However, this paragraph shall in no way be construed as providing any form of guarantee or assurance that the Platform will eventually be completed or be fully operational.

## 1.5 Potential Risks

By purchasing, holding and using the Tokens, you expressly acknowledge and assume the risks set out in this section. If any of these risks and uncertainties develops into actual events, the business, financial condition, results of operations and prospects of the Company or its Affiliates may be materially and adversely affected. In such cases, you may lose all or part of the value of the Token. Such risks include but are not limited to the following:

### Risks Relating to the Tokens

#### (a) There may not be a public or secondary market for the Tokens

(i) The Tokens are intended to be native tokens to be used on the Platform, and the Company and its Affiliates have not and may not actively facilitate any secondary trading or external trading of Tokens. In addition, there is and has been no public market for the Tokens and the Tokens are not traded, whether on any cryptocurrency exchange or otherwise. In the event that the Tokens are traded on a cryptocurrency exchange, there is no assurance that an active or liquid trading market for the Tokens will develop or if developed, be sustained. There is also no assurance that the market price of the Tokens will not decline below the purchase amount paid for the

Tokens, which is not indicative of such market price.

(ii) A PXL is not a currency issued by any central bank or national, supra-national or quasi-national organisation, nor is it backed by any hard assets or other credit. The Company and its Affiliates are not responsible for nor do they pursue the circulation and trading of the Tokens on the market. Trading of the Tokens merely depends on the consensus on its value between the relevant market participants, and no one is obliged to acquire any Token from any holder of the Token, including the purchasers of the Tokens, nor does anyone guarantee the liquidity or market price of the Tokens to any extent at any time. Accordingly, the Company and its Affiliates cannot ensure that there will be any demand or market for the Tokens, or that the price upon which the Tokens were purchased is indicative of the market price of the Tokens if they are made available for trading on a cryptocurrency exchange.

#### **Risks Relating to the Company, its Affiliates and the Platform**

##### **(a) Limited availability of sufficient information**

(i) The Platform is still at an early development phase as of the date of this Whitepaper. Its governance structure, purpose, consensus mechanism, algorithm, code, infrastructure design and other technical specifications and parameters may be updated and changed frequently without notice. While this Whitepaper contains the key information currently available in relation to the Platform, it is subject to adjustments and updates from time to time, as announced on the Company's website. Purchasers will not have full access to all the information relevant to the Tokens and/or the Platform. Nevertheless, it is anticipated that significant milestones and progress reports will be announced on the Company's website.

##### **(b) The digital assets raised in the sale of the Tokens are exposed to risks of theft**

(i) Whilst the Company and its Affiliates will make every effort to ensure that the ETH received from the sale of Tokens are securely held through the implementation of security measures, there is no assurance that there will be no theft of the cryptocurrencies as a result of hacks, mining attacks, sophisticated cyber-attacks, distributed denials of service or errors, vulnerabilities or defects on such blockchain addresses, the Ethereum Blockchain, or any other blockchain, or otherwise. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. In such event, even if the sale of Tokens is completed, the Company and its Affiliates may not be able to receive the cryptocurrencies raised and the Company and its Affiliates may not be able to utilise such funds for the development of the Platform, and the launch of the Platform might be temporarily or permanently curtailed. As such, the issued Tokens may hold little worth or value. The Tokens are uninsured, unless you specifically obtain private insurance to insure them. In the event of any loss or loss of value of the Tokens, you may have no recourse.

##### **(c) The blockchain address(es) may be compromised and the digital assets may not be able to be retrieved**

(i) The blockchain address(es) are designed to be secured. However, in the event that the blockchain address(es) for the receipt of purchase amounts or otherwise are, for any reason, compromised (including but not limited to scenarios of the loss of keys to such blockchain address(es), the funds held at such blockchain address(es) may not be able to be retrieved and disbursed, and may be permanently unrecoverable. In such event, even if the sale of the Tokens is successful, the Company and its Affiliates will not be able to receive the funds raised and the Company and its Affiliates will not be able to utilise such funds for the development of the Platform, and the implementation of the Platform might be temporarily or permanently curtailed. As such, distributed Tokens may hold little worth or value.

##### **(d) There is no assurance of any success of the Platform and the Company and its Affiliates may cease the development, launch and operation of the Platform.**

(i) The value of, and demand for, the Tokens hinges heavily on the performance of the Platform. There is no assurance that the Platform will gain traction after its launch and achieve any commercial success. The Platform has not been fully developed, finalised and integrated and is subject to further changes, updates and adjustments prior to its launch. Such changes may result in unexpected and unforeseen effects on its projected appeal to users, and hence impact its success. There are no guarantees that the process for creating the Tokens will be uninterrupted or error-free.

(ii) While the Company has made every effort to provide a realistic estimate, there is also no assurance that the cryptocurrencies raised in the sale of Tokens will be sufficient for the development and integration of the Platform. For the foregoing or any other reason, the development and integration of the Platform may not be completed and there is no assurance that its systems, protocols or products will be launched at all. As such, distributed Tokens may hold little or no worth or value.

(iii) Additional reasons which may result in the termination of the development, launch or operation of the Platform includes, but is not limited to, (aa) an unfavourable fluctuation in the value of cryptographic and fiat currencies, (bb) the inability of the Company and its Affiliates to establish the Platform or the Tokens' utility or to resolve technical problems and issues faced in relation to the development or operation of the Platform or the Token, the failure of commercial relationships, (cc) intellectual property disputes during development or operation, and (dd) changes in the future capital needs of the Company or its Affiliates and the availability of financing and capital to fund such needs. For the aforesaid and other reasons, the Platform may no longer be a viable project and may be dissolved or

simply not launched, negatively impacting the Platform and the potential utility and value of the Tokens.

##### **(e) There may be lack of demand for the Platform and the services provided, which would impact the value of the Tokens**

(i) There is a risk that upon launching of the Platform, there is a lack of interest from consumers, merchants, advertisers, and other key participants for the Platform and the services, and that there may be limited interest and therefore use of the Platform and the Tokens. Such a lack of interest could impact the operation of the Platform and the uses or potential value of the Tokens.

(ii) There is a risk of competition from alternative platforms that may have been established, or even from existing businesses which would target any segment of the potential users of the Platform fulfilling similar demands, e.g. corporations targeting advertisers seeking purchase consumer data and market analysis. Therefore, in the event that the competition results in a lack of interest and demand for the Platform, the services and the Tokens, the operation of the Platform and the value of the Tokens may be negatively impacted.

##### **(f) The Company and its Affiliates may experience system failures, unplanned interruptions in its network or services, hardware or software defects, security breaches or other causes that could adversely affect the Company or its Affiliates' infrastructure network, or the Platform**

(i) The Company and its Affiliates are unable to anticipate or detect when there would be occurrences of hacks, cyber-attacks, mining attacks (including but not limited to double-spend attacks, majority mining power attacks and "selfish-mining" attacks), distributed denials of service or errors, vulnerabilities or defects in the Platform, the Tokens, or any technology (including but not limited to smart contract technology) on which the Company, its Affiliates, the Platform, the Tokens, rely on or the Ethereum Blockchain or any other blockchain. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. The Company and its Affiliates may not be able to detect such issues in a timely manner, and may not have sufficient resources to efficiently cope with multiple service incidents happening simultaneously or in rapid succession.

(ii) attacks on its appliances or its infrastructure, which are critical for the maintenance of the Platform and its other services, there can be no assurance that cyber-attacks, such as distributed denials of service, will not be attempted in the future, and that any of such security measures will be effective. Any significant breach of security measures or other disruptions resulting in a compromise of the usability, stability and security of the Company and its Affiliates' network or services, including the Platform.

#### **Risks Relating to the Participation in the Sale of Tokens**

##### **(a) You may not be able to recover the purchase amount paid for the Tokens**

(i) Except as provided under any applicable terms of sale or prescribed by applicable laws and regulations, the Company is not obliged to provide you with a refund of the purchase amount. No promises of future performance or price are or will be made in respect to the Tokens, including promises of inherent value or continuing payments, and there is no guarantee that the Tokens will hold any particular value. Therefore, the recovery of the purchase amount may be impossible or may be subject to applicable laws and regulations.

##### **(b) You may be subject to adverse legal and/or tax implications as a result of the purchase, distribution and use of the Tokens**

(i) The legal character of cryptocurrency and cryptographic assets remain uncertain. There is a risk that the Tokens may be considered securities in certain jurisdictions, or may be considered to be securities in certain jurisdictions in the future. The Company and its Affiliates does not provide any warranty or guarantee as to how the Tokens will be classified, and each purchaser will bear all consequences of the Tokens being considered securities in their respective jurisdictions, and bear the responsibility of the legality, use and transfer of the Tokens in the relevant jurisdictions.

(ii) Further, the tax treatment of the acquisition or disposal of such cryptocurrency or cryptographic assets might depend on whether they are classified as securities, assets, currency or otherwise. As the tax characterisation of the Tokens remains indeterminate, you must seek your own tax advice in connection with the purchase, acquisition or disposal of the Tokens, which may result in adverse tax consequences or tax reporting requirements for you.

##### **(c) The loss or compromise of information relating to the purchaser wallet and your Platform ID may affect your access to and possession of the Tokens**

(i) There is a risk that you may lose access to and possession of the Tokens permanently due to loss of unique personal ID created on the Platform, and other identification information, loss of requisite private key(s) associated with the purchaser wallet or vault storing the Tokens or any other kind of custodial or purchaser errors.

##### **(d) Blockchains may face congestion and transactions may be delayed or lost**

(i) Most blockchains used for cryptocurrency transactions (e.g. Ethereum) are prone to periodic congestion during which transactions can be delayed or lost. Individuals may also intentionally spam the network in an attempt to gain an advantage in purchasing cryptographic tokens. This may result in a situation where

block producers may not include your purchase of the Tokens when you intends to transact, or your transaction may not be included at all.

#### Privacy and data retention issues

(a) As part of the Token sales, the verification processes and the subsequent operation of the Platform, the Company may collect personal information from you. The collection of such information is subject to applicable laws and regulations. All information collected will be used for purposes of the Token sales and operations of the Platform, thus it may be transferred to contractors, service providers and consultants worldwide as appointed by the Company. Apart from external compromises, the Company and its appointed entities may also suffer from internal security breaches whereby their employees may misappropriate, misplace or lose personal information of purchasers. The Company may be required to expend significant financial resources to alleviate problems caused by any breaches or losses, settle fines and resolve inquiries from regulatory or government authorities. Any information breaches or losses will also damage the Company's reputations, thereby harming its long-term prospects.

#### Macro Risks

**(a) General global market and economic conditions may have an adverse impact on the Company and its Affiliates' operations and the use of the Platform**

(i) The Company and its Affiliates could be affected by general global economic and market conditions. Challenging economic conditions worldwide have from time to time, contributed, and may continue to contribute, to slowdowns in the information technology industry at large. Weakness in the economy may have a negative effect on the Company and its Affiliates' business strategies, results of operations and prospects.

(ii) Suppliers on which the Platform relies for servers, bandwidth, location and other services could also be negatively impacted by economic conditions that, in turn, could have a negative impact on the Company and its Affiliates' operations or expenses.

(iii) There can be no assurance, therefore, that current economic conditions or worsening economic conditions or a prolonged or recurring recession will not have a significant adverse impact on the Company and its Affiliates' business strategies, results of operations and prospects and hence the Platform, which may in turn impact the value of the Tokens.

**(b) The regulatory regime governing blockchain technologies, cryptocurrencies, Tokens, offering of Tokens, and the Platform remain uncertain, and any changes, regulations or policies may materially adversely affect the development of the Platform and the utility of the Tokens**

(i) Regulation of the Tokens, the offer and sale of Tokens, cryptocurrencies, blockchain technologies, and cryptocurrency exchanges is currently undeveloped or underdeveloped and likely to rapidly evolve. Such regulation also varies significantly among different jurisdictions, and is hence subject to significant uncertainty. The various legislative and executive bodies in different jurisdictions may in the future adopt laws, regulations, guidance, or other actions, which may severely impact the development and growth of the Platform, the adoption and utility of the Tokens or the issue, offer, and sale of the Tokens by the Company. Failure by the Company and its Affiliates or users of the Platform 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 against the Company and its Affiliates, including civil penalties and fines.

(ii) Blockchain networks also face an uncertain regulatory landscape in many foreign jurisdictions. Various jurisdictions may, in the near future, adopt laws, regulations or directives that affect the Platform, and therefore, the value of the Tokens. Such laws, regulations or directives may directly and negatively impact the operations of the Company and its Affiliates. The effect of any future regulatory change is impossible to predict, but such change could be substantial and could materially adverse to the development and growth of the Platform and the adoption and utility of the Tokens.

(iii) To the extent that the Company and its Affiliates may be required to obtain licences, permits and/or approvals (collectively, the "Regulatory Approvals") to carry out its business, including that of the creation of the Tokens and the development and operation of the Platform, but are unable to obtain such Regulatory Approvals or if such Regulatory Approvals are not renewed or revoked for whatever reason by the relevant authorities, the business of the Company and its Affiliates may be adversely affected.

(iv) There is no assurance that more stringent requirements will not be imposed upon the Company and its Affiliates by the relevant authorities in the future, or that the Company and its Affiliates will be able to adapt in a timely manner to changing regulatory requirements. These additional or more stringent regulations may restrict the Company and its Affiliates' ability to operate its business and the Company and its Affiliates may face actions for non-compliance if it fails to comply with any of such requirements.

(v) Further, should the costs (financial or otherwise) of complying with such newly implemented regulations exceed a certain threshold, maintaining the Platform may no longer be commercially viable and the Company and its Affiliates may opt to discontinue the Platform and/or the Tokens. Further, it is difficult to predict how or whether governments or regulatory authorities may implement any changes to laws and regulations affecting distributed ledger technology and its applications, including the Platform and the Tokens. The Company and its Affiliates may also

have to cease operations in a jurisdiction that makes it illegal to operate in such jurisdiction, or make it commercially unviable or undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction. In scenarios such as the foregoing, the distributed Tokens may hold little or no worth or value.

**(c) There may be risks relating to acts of God, natural disasters, wars, terrorist attacks, riots, civil commotions widespread communicable diseases and other events beyond the control of the Company and its Affiliates**

(i) The sale of the Tokens and the performance of the Company, its Affiliates and/or the Platform's activities may be interrupted, suspended or delayed due to acts of God, natural disasters, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of the Company and its Affiliates. Such events could also lead to uncertainty in the economic outlook of global markets and there is no assurance that such markets will not be affected, or that recovery from the global financial crisis would continue. In such events, the Company and its Affiliates' business strategies, results of operations and outlook may be materially and adversely affected, and the demand for and use of the Tokens and the Platform may be materially affected. Further, if an outbreak of such infectious or communicable diseases occurs in any of the countries in which the Company, its Affiliates, and the participants of the Platform have operations in the future, market sentiment could be adversely affected and this may have a negative impact on the Platform and its community.

**(d) Blockchain and cryptocurrencies, including the Tokens are a relatively new and dynamic technology. In addition to the risks highlighted herein, there are other risks associated with your purchase of, holding and use of the Tokens, including those that we cannot anticipate. Such risks may further materialise as unanticipated variations or combinations of the risks discussed herein.**

#### 1.6 No Further Information or Update

No person has been or is authorized to give any information or representation not contained in this Whitepaper in connection with the Tokens, the Platform, the Company or its Affiliates and their respective businesses and operations, and, if given, such information or representation must not be relied upon as having been authorised by or on behalf of the Company or its Affiliates.

#### 1.7 Language

This Whitepaper may be translated into other languages. If any disagreement should arise due to different language translations, the version in English will prevail.

#### 1.8 No Advice

No information in this Whitepaper should be considered to be business, legal, financial or tax advice regarding the Token, the Platform, the Company or its Affiliates. You should consult your own legal, financial, tax or other professional advisor(s) regarding the Token, the Company or its Affiliates and their respective businesses and operations. You should be aware that you may be required to bear the financial risk of any purchase of the Tokens for an indefinite period of time.

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