CHAI

A disruptive payment solution for an exploding Asian eCommerce market

Powered by Terra

PLAINTIFF'S EXHIBIT
108b
23-cv-1346 (JSR)

CHAI powers payments
for a $50bn Asian eCommerce Alliance
that serves 50 million users



CHAI is an e-wallet
for e-commerce payments



PAYCO | Maximum 2% cash back
2.5-3.1% processing fee

pay | 1.7% yearly reward
2.5% processing fee

N Pay | 1% cashback
3.7% processing fee

CHAI

Ongoing discounts
to users up to 10%

1%↓ processing fee

CHAI offers unparalleled benefits for both its users and its platform partners

Traditional payment processing fees

2.5~3%

CHAI Payment processing fees

1% ↓

Intermittent marketing campaigns funded off balance sheet

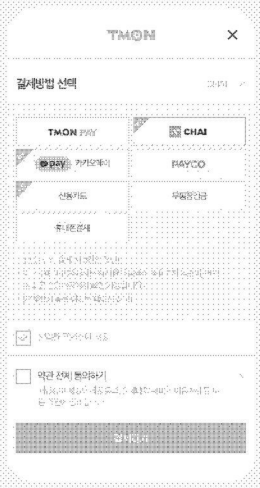
Limited Discounts

Ongoing discount up to 10% funded by growth in underlying blockchain network

10%+ Discounts

A six-digit password is all users need to process their payments and reap attractive benefits

Illustrative Example



STEP 1
Choose CHAI at checkout



STEP 2
Connect bank account



STEP 3
Receive discounts on every purchase



STEP 4
Complete transaction

CHAI's unique value proposition is enabled by **Terra**'s cutting-edge blockchain technology

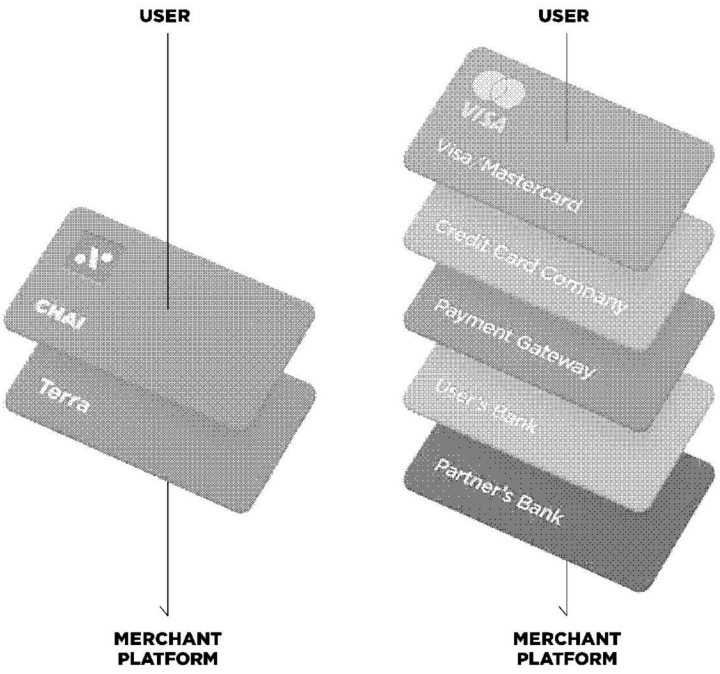


Drive Terra Transaction Volume

Provide marketing budget and reduce processing fees

Terra Find out more about Terra at terra.money

CHAI delivers a low processing fee
by replacing the cluttered payment value chain
with a single blockchain layer



CHAI will be able to charge 30-40 bps per transaction and still offer unparalleled terms to partners

	Bank onramp fees*	Terra fees on average. Source: Terra	Chai fees illustrative example	Fee to merchant	Average traditional payment fees	Expected savings per $1bn GMV to merchant
Current	1.00%	0.40%	0.40%	1.80%	2.50%	$7,000,000
Expected within 12 months**	0.17%	0.40%	0.40%	0.97%	2.50%	$15,33 3,333
Assuming users top up $100	0.05%	0.40%	0.40%	0.85%	2.50%	$16,500,000

* Assuming AOV = $30 USD

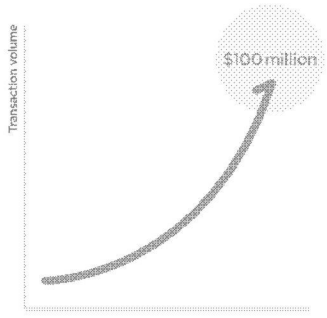
** Following an "open banking" initiative going into effect December 2019

CHAI's transactions are facilitated by **Terra** a fully collateralized stablecoin that maintains price stability via a protocol that dynamically adjusts money supply

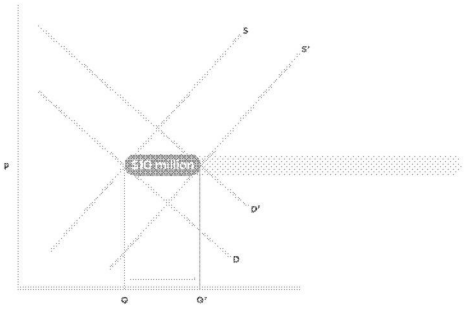


* The target price for 1 KRT = 1 KRW

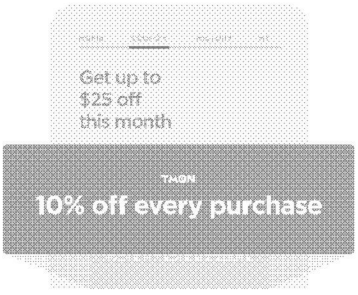
Terra's supply is increased during expansionary cycles and The proceeds, or seignorage, are used to fund ongoing discounts for **CHAI** users



Terra transaction volume increases through a newly added eCommerce partner



To meet the increased transaction volume and demand, the protocol increases the supply of Terra



This growth in money supply is returned to users as discounts

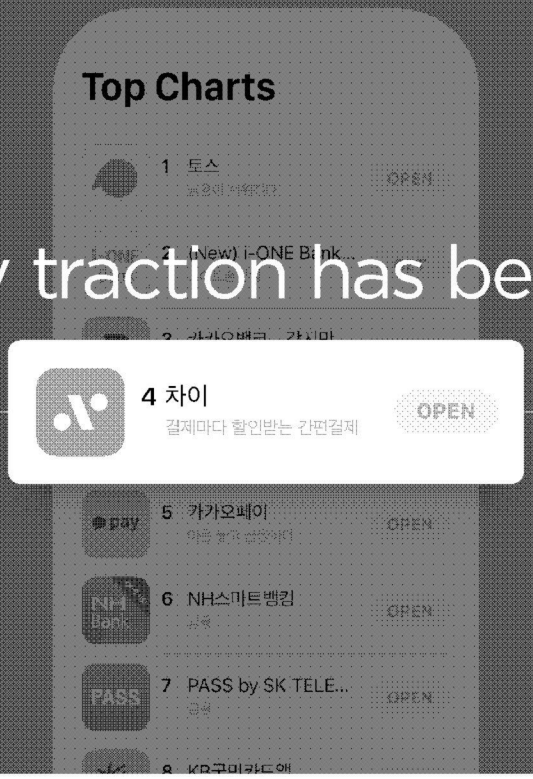
"seigniorage" generated by **Terra**'s network can be used to aggressively fund **CHAI** user growth

	JUNE - DEC 2019	2020	2021	2022
CHAI tx volume non-annualized	$216,499,324	$2,304,490,202	$11,885,328,000	$37,854,282,935
Seigniorage*	$24,203,932	$151,975,020	$925,699,629	$2,052,501,571
Seigniorage as % of tx volume Potential CHAI discounts	11.2%	6.6%	7.8%	5.4%

*Seigniorage represents the growth in money supply in Terra's ecosystem during the applicable time period

Source: Breakdown of assumptions on p25

CHAI's early traction has been explosive



483,117
USERS

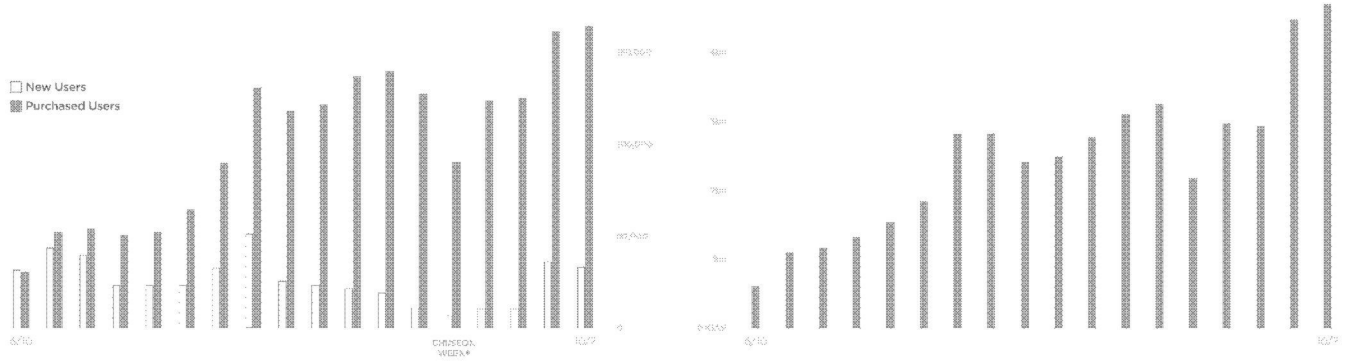
2,548,241
TRANSACTIONS

Since launch, until 17th Oct 2019

Usership and transaction volume are growing at a rapid pace

$20bn+ in eCommerce expected integrations in Q4 2019, including yanolja ;leading Korean accommodation player

- Lower transaction volume this week due to Chuseok, Korean Thanksgiving (Sept 12-14 2019). Merchants do not offer delivery during the Chuseok holiday season so fewer users make purchases in the week before and during.



GROWING USERSHIP
Weekly TX Volume

TRANSACTION VOLUME INCREASING WEEK ON WEEK
Weekly TX Volume

CHAI targets 1m users by January 2020

PROJECTED INTEGRATION TIMELINE

2019	9	10	11	12	2020.1	...
TMON	Bugs!	SHINSEGAE	CU	배달의민족	BCcard	Qoo10
오늘의집	yanolja	신상마켓	SK networks	Market Kurly		EBATES
idus		YES24.COM	cafe24			carousell
		번개장터	CATCH			ALTHEA
						the Gallerie
						MEGABOX
						MUSINSA
						GETCHA
						ZAKSIM

All of this was achieved at ZERO acquisition cost due to subsidies from **Terra**'s seigniorage

[a] 1 month = 4 weeks of data [b] Includes Chuseok week

Source of seignorage data: Terra

Date range[a]	# users acquired	Total acquisiton cost KRW	CAC KRW
Month 1	169,390	322,128,774	1,902
Month 2	132,326	560,073,394	4,233
Month 3	85,704	306,049,138	3,571
Month 4[b]	38,199	87,180,943	2,282

Total acquisition cost (KRW, months 1- 4)	6,131,649,929
Total seignorage (KRW, months 1- 4)	7,444,253,588

Total CAC to CHAI = 0

Ongoing discounts to **CHAI** users also results in upward trending weekly cohort retention

	WEEK0	WEEK1	WEEK2	WEEK3	WEEK4	WEEK5	WEEK6	WEEK7	WEEK8	WEEK9	WEEK10	WEEK11	WEEK12	WEEK13	WEEK14	WEEK15	WEEK16	WEEK17
AVG retention rate	21%	23.9%	20.4%	20.4%	20.0%	19.5%	19.2%	18.6%	19.0%	19.5%	19.6%	19.6%	19.2%	19.6%	20.5%	20.7%	21.9%	23.6%
6.11 – 6.16	97.7%	17.9%	12.2%	16.6%	15.8%	17.6%	20.0%	23.0%	22.3%	22.6%	23.4%	23.7%	22.7%	18.9%	23.4%	22.7%	23.8%	23.6%
6.17 – 6.23	90.6%	14.8%	16.5%	14.8%	16.5%	18.4%	20.6%	19.6%	19.7%	20.6%	20.3%	19.9%	16.2%	20.7%	19.8%	20.8%	20.6%	
6.24 – 6.30	92.6%	19.5%	15.8%	16.3%	18.2%	20.9%	19.4%	19.0%	20.1%	19.9%	19.0%	15.0%	19.2%	18.8%	19.8%	19.0%		
7.1 – 7.7	88.5%	17.1%	16.2%	17.6%	19.1%	18.3%	17.6%	18.3%	18.4%	19.1%	14.7%	19.0%	18.1%	19.4%	19.2%			
7.8 – 7.14	89.3%	20.9%	20.0%	21.0%	19.7%	19.3%	19.6%	19.2%	19.4%	15.6%	19.7%	18.4%	19.6%	19.8%				
7.15 – 7.21	89.1%	26.1%	23.8%	22.2%	21.9%	21.9%	21.1%	20.6%	16.3%	20.5%	19.7%	20.7%	20.7%					
7.22 – 7.28	91.7%	31.6%	26.0%	25.2%	26.6%	25.6%	23.9%	18.3%	21.9%	22.4%	23.3%	22.2%						
7.29 – 8.4	93.5%	28.0%	24.1%	26.8%	23.5%	18.3%	12.4%	15.1%	16.2%	16.9%	16.8%							
8.5 – 8.11	93.4%	25.3%	24.1%	21.1%	19.2%	13.9%	17.5%	17.0%	18.3%	18.0%								
8.12 – 8.18	93.9%	26.0%	21.7%	19.7%	14.0%	17.4%	17.3%	17.1%	17.2%									
8.19 – 8.25	96.3%	25.8%	20.4%	14.6%	18.4%	17.9%	18.4%	18.7%										
8.26 – 9.1	92.3%	51.0%	32.9%	39.5%	32.0%	31.2%	39.6%											
9.2 – 9.8	96.2%	20.4%	22.5%	20.8%	22.9%	21.7%												
9.9 – 9.15	94.4%	28.2%	21.1%	21.5%	23.2%													
9.16 – 9.22	100%	23.5%	22.4%	23.6%														
9.23 – 9.29	100%	24.2%	24.4%															
9.30 – 10.6	99.8%	29.6%																
10.7 – 10.13	100%																	

SEC-HO-14164-E-0002568



Today, CHAI
is a licensed payment processor in Korea

By 2021, CHAI
is looking to expand into 11 new Asian markets by 2021

- Q1 2020 SG, HK, Mongolia
- H1 2020 Thailand, Taiwan, Japan
- H2 2020 Indonesia, Philippines
- 2021 Vietnam, Malaysia, India

CHAI will obtain licenses, banking integrations and liquidity pools across Asian markets, building a frictionless cross-border payment network



Following the playbook of Alipay, **CHAI**'s growing usership and data pool will allow expansion into higher margin financial service offerings

1 INSTALLMENT PAYMENT

(currently in development) provides users with the common functionality of credit cards at fraction of cost

2 CROSS BORDER PAYMENTS

Average cost of remittance in 2018 is 8%*.
Using blockchain technology Chai can facilitate much more efficient global payments and settlements

3 SELLER WORKING CAPITAL LOANS

CHAI will have access to real time seller sales data and will be able to provide targeted working capital loans

4 INSURANCE

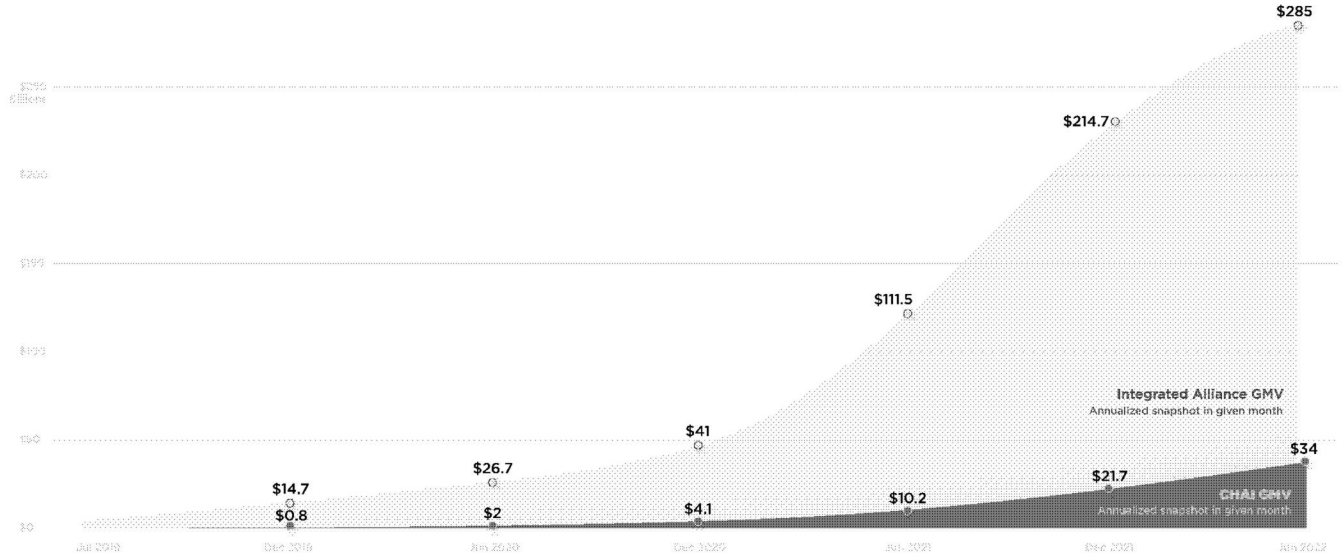
Upsell users on insurance on high AOV products such as flights and electronics

5 LOYALTY

Payments and loyalty points go hand in hand;
CHAI will work with platform partners to offer loyalty points and targeted CRM retargeting

* SOURCE
The Cost of Cross-border Payments Needs to Drop, The Economist, 13th April 2019

Projected Growth in Integrated eCommerce Partners and **CHAI** Transaction volume



Breakdown of assumptions on P25

CHAI's projected revenue potential is $795m by end of 2023

	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Dec 2023
Integrated alliance GMV	$14,700,000,000	$41,100,000,000	$214,700,000,000	$312,300,000,000	$322,700,000,000
Annualized Chai GMV based on Dec run rate	$755,482,726	$4,127,530,692	$21,691,940,872	$51,811,425,266	$74,508,616,509
Share of check out	5%	10%	10%	17%	23%
Chai tx revenue	$3,021,931	$16,510,123	$86,767,763	$207,245,701	$298,034,466
Chai other revenue	$0	$8,255,061	$72,306,470	$241,786,651	$496,724,110
Chai total net revenue	$3,021,931	$24,765,184	$159,074,233	$449,032,352	$794,758,576

- Assuming Chai can monetize an additional $7 and $10 per payment user by layering on additional financial products.

Breakdown of assumptions on P25

CHAI is steered by serial entrepreneurs and a team with deep industry experience in Payments and Financial Services



Daniel Shin

CO-FOUNDER

Leads business development and investor relations

Former founder/CEO of TicketMonster, a leading Korean eCommerce platform with $3.5bn in GMV

BS in Economics @ Wharton



Do Kwon

CO-FOUNDER

Leads engineering and research efforts

Former founder of Anyfi, a decentralized P2P Mesh Network company

Software engineer @ Microsoft, Apple

BS in Computer Science @ Stanford

TEAM

Research team from Harvard and Stanford

Key Product team members from leading Korean payment companies such as KakaoPay and Payco

Engineering team members with strong roots from Stanford, IMO, Microsoft, and Google

Business team members from Goldman, BlackRock and Uber

APPENDIX

ILLUSTRATIVE EXAMPLE TO EXPLAIN SEIGNIORAGE IN EFFECT

	YEAR 1	YEAR 2	NOTE
Transaction volume (TV)	$1bn	$3bn	
Average money velocity (MV)	25x	20x	26x velocity ceiling based on 2week settlement period
Terra money supply	$40m	$150m	TV ÷ MV
Required new issuance	$110m		Δ between year 1 & 2 Terra money supply (seigniorage)
Potential discount budget	5.5%		$110m ÷ $2bn
Terra fee reward to Luna	$4m	$12m	Assume 0.4% commission
Price to fee multiple	50x	50x	VISA @ 40x, Adyen @ 110x P/E multiple
Effective Luna valuation	$200m	$600m	Luna serves as collateral to Terra money supply
Collateral ratio	500%	400%	Luna value ÷ Terra money supply

DOOMSDAY SCENARIO: PRICE TO FEE MULTIPLE FALLS TO 5X

	YEAR 1	YEAR 2	NOTE
Transaction volume (TV)	$1bn	$3bn	
Terra fee to Luna	$4m	$12m	Assume 0.4% commission
Price to fee multiple	5x	5x	VISA @ 40x, Adyen @ 110x P/E multiple
Luna valuation	$20m	$60m	
Collateral ratio	50%	40%	
Required increase in Terra fees	$2.5m	$11.3m	Fee increase necessary to make collateral ratio 100%
Resulting Terra commission % increase	0.3%	0.4%	Commission increased on top of existing 0.4%
Resulting commission to e-commerce	1.1%	1.2%	0.4% Chai + 0.05% Bank fee + Terra commission

Resulting commission to e-commerce still significantly lower than alternate options even when price to fee multiple falls to 5x

ALLIANCE PARTNER MODEL	BASE
1 MAX VALUE BY DEC 2024	400
2 INITIAL VALUE	1
3 MONTH OF MAXIMUM GROWTH (INFLECTION POINT)	27

SHARE OF CHECKOUT MODEL	BASE
4 MAX VALUE BY DEC 2024	27%
5 INITIAL VALUE	4%
6 MONTH OF MAXIMUM GROWTH (INFLECTION POINT)	12
7 AVERAGE ANNUAL GMV PER PARTNER	$800,000,000

CHAI's GROWTH TRAJECTORY ASSUMPTIONS

1. Based on track record of signing alliance partnerships and expectation that adoption will increase as track record is developed and offline payment is launched

2. Chai launched on TMON on 11th June

3.Growth trajectory is expected to follow J curve in near term reflecting increased adoption as track record is developed and as Chai expands across Asia

4. Benchmarked off two mobile payment companies (Payco and KakaoPay) which achieved 20%+ growth by running 5% discount promotions for one month

5. Based on real transaction data provided by Chai

6. Growth in share of checkout is expected to follow J curve in the near term reflecting increased adoption as track record is developed

7. Based on GMV's of existing eCommerce alliance partners and research provided by Google and Temasek ("e-Conomy SEA 2018" Report)

For full analysis please refer to valuation model, available from Terra's Dataroom

This is provided for illustrative purposes and is not meant to serve as a forecast.

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