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Singapore
CrossAngle Pte. Ltd.

EN

Due Diligence Report

Terraform Labs Pte. Ltd.

Singapore	**201813807M**
(Country or jurisdiction of incorporation)	(Entity Registration Number)

Dreamplus, 311, Gangnam-daero, Seocho-gu, Seoul, Republic of Korea
(Address, including zip code, including area code, of principal executive offices)

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WHERE YOU CAN FIND MORE INFORMATION

Readers and others should note that the company announces material information to the public using the company website, press releases, public conference calls, and webcasts. They may also use the following social media channels as a means of disclosing information about the company, products, planned financial and other announcements and attendance at upcoming investor and industry conferences, and other matters.

Channels	Address
Company Website	https://terra.money/

Main communication channel	telegram
Twitter	https://twitter.com/terra_money
Company Blog	https://medium.com/terra-money
Facebook	
Linkedin	https://www.linkedin.com/company/terraform-labs/
Github	https://github.com/terra-project
Reddit	
Telegram	https://t.me/terra_announcements
WeChat	
KaKaoTalk	
Custom Link	Youtube - https://www.youtube.com/channel/UCoV1RXZ9ZBGcuu_PMTTlM0g Discord - https://discordapp.com/invite/bYfyhUT

The information posted through these social media channels may be deemed valid. Accordingly, the public should monitor these accounts and the blog, in addition to following company press releases, conference calls, and webcasts. This list may be updated from time to time and these channels may be updated without notice.

Company Representative (Report Data Submitter)

Name	Position	Office Phone Number	Telegram ID

PART I. Corporate Profile

ITEM 1. Basic Corporate Profile

Official Company Name	Terraform Labs Pte. Ltd.
Establishment Date	23 Apr 2018
Jurisdiction of Incorporation	Singapore
Principal Office Location	Dreamplus, 311, Gangnam-daero, Seocho-gu, Seoul, Republic of Korea
Address of Official Company Registration	80 Raffles Place, #32-01,UOB Plaza, Singapore (048624)
Company Name for Website Display	Terra
Description of Company	Terra is a new payment network powered by a algorithmic stablecoin that uses economic growth in its underlying currency to fund transaction discounts. Terra's pitch has struck home in the highly competitive e-commerce market in APAC, where platforms engage in pricing arms races on razor-thin margins.
Company Website	https://terra.money/
Whitepaper Link	https://s3.ap-northeast-2.amazonaws.com/terra.money.home/static/Terra_White_paper.pdf?201904
Mission and Vision	Terra's mission is to free people from the hidden fees embedded into everyday payments. We strip away these inefficiencies by harnessing the power of blockchain technology.

ITEM 2. Team

2.1 Executives & Founders

The following sets forth certain information regarding the company's executive officers and founders, their details and positions as of 2020-05-15

Daniel Shin

Position Title	Co-founder
Short Bio	Daniel is the co-founder of Terra, a global blockchain company designing a price-stable digital currency that will power the next-generation payment network. Prior to Terra, Daniel founded TMON, Korea's leading e-commerce platform with $3.5 billion in GMV. In 2017, he transitioned from CEO to Chairman.
Experience	TMON / Founder and Chairman Fast Track Asia / Co-founder and board member Mckinsey & Company / Business Analyst
Education	The Wharton School / Bachelor's Degree, Economics
Company e-mail	
Social	in @danielshin

Do Kwon

Position Title	Co-founder
Short Bio	Do is the founder and former CEO of Anyfi, a wireless mesh network startup building one of the most sophisticated decentralized applications in real world use. During his time at Anyfi, Do co-invented several of the company's key patents around decentralized networks and routing systems. Do was a software engineer at Microsoft and Apple, and studied Computer Science at Stanford.
Experience	Anyfi, Inc. / Founder and CEO
Education	Stanford University / BS, Computer Science
Company e-mail	
Social	in @do-kwon

2.2 Engineering Team Leaders

The following sets forth certain information regarding the company's development and engineering leaders, their details and positions as of 2020-05-15

Alex Kim

Position Title	Head of Engineering
Short Bio	Alex has over 20 years of experience developing mainstream services including computer software, online games, and eCommerce platforms. Prior to joining Terra, he was the CEO and founder of Styleket, a company that most recently developed a cryptocurrency exchange. He was also the CEO of YNK Korea (acq. by Playwith), where Alex led the core engineering team and quickly grew the company to exceed a market value of $100 million. He also founded Ymir Entertainment, which was acquired by Webzen at $70 million.
Experience	
Education	
Social	

2.3 Advisory

The following sets forth certain information regarding the company's advisories, their details and positions as of 2020-05-15

No data available

2.4 Organization Structure

The following sets forth certain information regarding the structure of the company as of 2020-05-15

Name of Department/Group/Office/etc.	Number of Full-Time Staff	Number of Part-Time Staff	Head of Department (Maybe left blank)
No data available			
Total	0	0	

PART II. Business Information

ITEM 1. Industry Classification

	Not Applicable
Sector	Financials
Industry	Financial Services
Sub-industry	Consumer Finance
Categories	1. Payment 2. Stablecoins

ITEM 2. Industry Description

2.1 Industry Overview

[Payments] The annual transaction volume of Alipay and Paypal is $3 trillion and $450 billion respectively. The growth of these giants was catalyzed by piggybacking on the success of Taobao and e-bay—key players in the e-commerce vertical. In creating a new payments network, e-commerce has several characteristics—scale, wide offering, digital, and growth potential—that make integrations in this market the logical first step. After acquiring a substantive user-base and capturing additional value within their network, payments companies have moved to enable financial products like lending and insurance

[Stablecoins] The use-cases for a stablecoin in the space are manifold, leading enthusiasts to dub the concept of the “holy grail” of cryptocurrencies. The most obvious use-case is the role primarily assumed by USD Tether (USDT)—that of a safe-haven asset on crypto-only exchanges. Despite the troubling lack of transparency that has raised eyebrows across the industry, USDT still processed an impressive $12bn in on-chain transactions in May of 2018. Projects such as Libra by Facebook are looking to expand the use cases of stablecoins outside of the trading realm. Refer to Terra Research on our review of Libra (https://medium.com/terra-money/our-review-of-facebooks-libra-1a4f21afd817)

2.2 Recent Trends

(1) "Cherrypickers" in online commerce

Many eCommerce consumers in Korea are extremely price-sensitive and display a tendency to respond quickly to differences in marketing promotions offered by the platform or a particular payment service.

(2) Payment Gateway and other financial middlemen costs pose a burden to eCommerce bottom-line

PG/Credit Card fees can range from 2.5% ~ 3.5%. For platforms operating on razor-thin margins to stay competitive in their respective business verticals, these fees pose a significant burden for eCommerce profitability.

(3) Enterprise-grade services are being developed on the blockchain

The "reverse ICO" trend along with the entry of established IT companies like Kakao and Line in 2018 show that teams serious about user-adoption are increasingly entering the blockchain space. Stablecoins are a key enabler of usability on enterprise services and Terra is well positioned to enable mass-adoption for these projects as a key partner.

2.3 Target Market Size

For the Korean market alone, online commerce is expected to grow to 100bn USD in 2019

2.4 Target Customers

On/offline shoppers using simple payments applications, Crypto traders, dApp users

2.5 Competitors

2.5.1 Existing Industry Competitors

The following sets forth certain information regarding the company's conventional competitors already established within the industry as of 2020-05-15:

Kakao

Description	Simple payments solution subsidiary of IT giant Kakao

Payco

Description	Simple payments solution subsidiary of NHN

Stripe

Description	Stripe is an American technology company based in San Francisco, California. Its software allows individuals and businesses to make and receive payments over the Internet.

Paypal

Description	PayPal Holdings, Inc. is an American company operating a worldwide online payments system that supports online money transfers and serves as an electronic alternative to traditional paper methods like checks and money orders.

2.5.2 Token Project Competitors

The following sets forth certain information regarding the company's competitors that have implemented Token economics as of 2020-05-15:

MakerDAO

Token Symbol	DAI
Network Type	ETH
Description	MKR is MKR is an ERC-20 token on the Ethereum blockchain and can not be mined. It's instead created/destroyed in response to DAI price fluctuations in order to keep it hovering around $1 USD. MKR is used to pay transaction fees on the Maker system. Furthermore, holding MKR comes with voting rights within Maker's continuous approval voting system.

ITEM 3. Project's Business Model

3.1 Business Description

3.1.1 Revenue Model

[Payments] Terra is building out a payments network that is integrating with some of the largest eCommerce platforms in Korea and SEA based on its unique value proposition. Terra charges a transaction fee to the commerce platforms to cover blockchain network costs and to create revenue.

[Blockchain and Fintech] Terra is researching methods to deploy its unique stablecoin solution to various platform players in the market such as Klaytn and Ontology. As dApps being built on top of these platforms scale, price stability of its transactional and settlement currencies will become necessary conditions for further growth. Additionally, Terra is closing partnerships with decentralized finance (DeFi) applications to enable widespread use of Terra across multiple verticals such as lending.

3.1.2 Platform or Application Overview

General platform description

No Input

Functions of the solution

"CHAI" is a simple payments service provider which is partnered with Terra to deliver payments solutions running on top of the Terra blockchain. It is currently integrated with major Korean banks to provide a seamless customer UX that is similar to familiar solutions like Payco and KakaoPay.

User pain points

No Input

3.1.3 Product/Service Line Description

· CHAI

CHAI is the official payments partner of Terra and Terra runs in the back-end of CHAI to provide continuous user discounts to cust

· Cross Chain Stability Mechanism

Terra is researching methods to deploy a white-label stablecoin for major platform players in blockchain so that it may serve as the de facto transactional currency powering their dApps. Klaytn, Luniverse (Lambda256/Upbit), Carry are a few partners that were convinced of the necessity of this service.

· Terra

Terra is expanding its partnership portfolio to cover various Decentralized Finance (DeFi) projects that offer ingenious financial products for its customers. Terra hopes to serve as the transactional currency of choice for this new cohort of financial services.

3.1.4 Competitive Advantage

[Payments] The competitive advantage of Terra's payment network over other service providers are simple: Terra is able to give a 5-10% discount off of every transaction funded by growth in its underlying stablecoin economy for the users, and a much lower transaction fee than traditional payment processors like credit cards for the platforms that partner with Terra.

[Stablecoin] Main competitors in this vertical include other stablecoin projects such as USDT, TUSD, Maker DAO, etc. These competitors can be bulked into two large categories - Fiat collateralized and Crypto-Collateralized. For Fiat Collateralized projects like USDT and TUSD, regulatory compliance and custodian risk abound. From a compliance perspective, as soon as the total market cap increases enough, various capital control laws blocking the outflow of currency outside national jurisdictions will dampen the scalability of the project. Custodian risk can be best exemplified by the doubt and uncertainty regarding the actual USD reserve backing Tether. For crypto-backed stablecoins like Maker DAO (DAI), the underlying collateral (ETH) has no price correlation with the activities of the Maker ecosystem and is thus exposed to its random volatility. The recent collapse of Maker's Collateralized Debt Positions (CDP) and the corresponding shrinking of the DAI economy is the best example of this weakness. Terra finds the best of both worlds by creating a two-token mechanism where Terra, the stablecoin, is fully (100%+) collateralized by the ecosystem token "Luna." Luna derives its value by collecting transaction fees from Terra transactions and distributing it to Luna stakers. Thus, the value of the Luna reserve will be correlated to the amount of Terra transactions that occur--linking the underlying collateral to the successful adoption of the stablecoin and thus reducing random volatility.

The key operative phrase in the above is "successful adoption of the stablecoin" which no other project has been able to achieve outside of the trading realm. Terra is partnered with an Alliance of eCommerce partners across Korea and Southeast Asia which processes a combined volume of $25bn annually. They have agreed to take Terra as a method of payment on their respective platforms

3.1.5 Intellectual Property

No Input

3.2 Partnerships

▸ Klaytn (Ground X)

Counterparty Website	https://groundx.xyz/
Counterparty Description	
Applicable Dates	2018-11-21 ~
Does this partnership has an expiration date?	No
Revenue Generation	No
Expected Revenue (USD)	N/A
Partnership Description	The partnership with Klaytn was a natural fit for Terra, which is designing the next-generation, blockchain-based payment system for mainstream users. Terra and Klaytn will explore ways in which Terra’s stablecoin and payment system can be utilized on Klaytn’s platform. Moreover, both will research how Terra can release a stablecoin solution for Klaytn to increase the usability of the DApps (Decentralized Applications) being built on the platform.
Expected Benefits to Project Team	
Expected Benefits to Counterparty	

▸ Solana

Counterparty Website	https://solana.com/
Counterparty Description	Solana was co-founded by Alan Yu, Anatoly Yakovenko, Eric Williams, Greg Fitzgerald, Raj Gokal, and Stephen Akridge in 2017. It is a company dedicated to creating a new blockchain with a data structure that encodes the passage of time as data also referred to as Proof of History (PoH). It will allow up to 710,000 transactions per second on a 1 gigabit network. Satisfying all three desirable properties of a proper blockchain—scalable, secure, and decentralized, Solana

aims to provide the ideal toolkit for developers to build the next generation of blockchain applications without limitations. Solana is currently in a development stage in which they are mainly focused on building the tech. They are targeting a mainnet launch later in 2019 along with token distribution.

Applicable Dates	2020-04-16 ~
Does this partnership has an expiration date?	No
Revenue Generation	No
Expected Revenue (USD)	N/A
Partnership Description	

On April 16th, Terra announced a new high-speed token bridge with Solana, the world's first web-scale blockchain. The bridge will facilitate the transfer of Terra stablecoins between the two networks.

As Terra continue to grow, the team expects demand to expand into new regions and new blockchain ecosystems beyond our own. Anticipating this, Terra recognizes the priority of building bridges and relationships to grow the reach of Terra's stablecoins within the Solana ecosystem. Working together, both parties believe this partnership will foster a thriving community of dApps that leverage the strengths of both Solana's speed and Terra's stablecoin ecosystem.

To explain how the bridge works, we can describe a burn-mint model via mirrored smart contracts on Terra and Solana, contract _T_ and contract _S_ respectively. Users can then mint specific Terra tokens on Solana by calling a burn transaction on _T_ and minting a transaction on _S_ by submitting a proof to Solana that the Terra tokens were burned on _T_. This works in both directions, creating a two-way warp.

Expected Benefits to Project Team	
Expected Benefits to Counterparty	

3.3 Project Progress

History

Terra Money was launched in 2018. In April 2019, Terra's Mainnet Columbus was officially launched, and in June mobile payment service CHAI was launched, pushing Terra's adoption forward. After the launch, CHAI gained over 500,000 users with $54 million transacted to date. Meanwhile in December 2019, Terra launched payments in Mongolia and established Singapore as its SEA Hub.

Project Status

Operational

Development of the platform and business operations have been or will be funded through the following sources

Initial token sale(Public and Private)

Plan or Strategy to expand platform or token

[Domestic Expansion] Terra/CHAI will continue to integrate with its Alliance partners domestically to expand payments coverage
[International expansion] Terra aims to integrate with at least one global partner in a foreign jurisdiction before EOY

3.4 Milestones

Title	Target Date	Status	Description
100K Users Reached	2019-06-28	Completed	Payments application reaches 100,000+ users
CHAI Launch	2019-06-11	Completed	Terra launched CHAI, which is the payment app on TMON, a leading e-commerce company in South Korea
Mainnet Launch	2019-04-24	Completed	Terra launched its Mainnet, Columbus.
Incorporation in SG	2018-04-23	Completed	Company legal founding date

3.5 Key progress

(1) Launched payments in Mongolia and established Singapore as its SEA hub.

Date	
Type	Business: Adoption and commercialization
Name of main counter-party	
Involved companies or organizations	
Category	payment_platforms
Main Participant	1. TMON Company Website: https://www.tmon.co.kr/ Sector: Consumer Services Details: Ticket Monster Inc. was founded in 2010 and is one of leading e-commerce companies in Korea today. In 2014, 70% of TMON's transactions were completed on mobile devices and its customer base continued to expand into multiple age segments. The company operates in three key verticals - Goods, Local and Travel - and offers over 47,000 SKUs through partnerships with approximately 15,000 merchants.
List of others involved	
Description of blockchain application	CHAI is enabled as a method of payment on TMON and has processed over $3mn worth of transactions in the first 3 weeks of operations.

3.6 Legal Concerns

No data available

PART III. Financial Information

ITEM 1. Equity Shareholders

The following sets forth company cap table of equity shareholders of the organization with more than 5% stake as of 2020-05-15
Number of Shares Outstanding:

Shareholder Name	Title or Relations with Company	Percentage of Total Outstanding Shares	Number of Shares
No data available			

ITEM 2. Equity Funding History

2.1 Equity Funding Rounds

Transaction Name	Announced Date	Number of Investors	Money Raised (In USD)	Lead Investors
No data available				

2.2 Extraordinary Relations with Company

The following sets forth companies and organizations with extra-ordinary relations with company as of 2020-05-15

Company Name	Country of Incorporation	Start Date	End Date	Relationship Details
No data available				

ITEM 3. Financial Disclosures

The following are simplified and condensed financial statements submitted by the company for disclosure last updated on 2020-05-15:

3.1 Simplified Income Statement

◯ Year ◉ Quarter

(USD)
Revenue
Cost of Goods Sold (COGS)
Gross Profit
Operating Expenses (SG&A)
Other Revenue & Expenses

Operating Income

3.2 Simplified Balance Sheet

Year Quarter

(USD)
Fiat
Cash & Equivalent
Total Fiat & Cash
Digital Asset
Book Value of All Assets

3.3 Key Ratios

No data available

PART IV. Token Information

ITEM 1. Token Profile

Token Name	Terra
Symbol	KRT
Token Economy	
Token Usage	Terra is an algorithmic stable coin where prices are stabilized by controlling the money supply based on the demand for Terra. When demand increases, the Terra Protocol will mint additional Terra. When demand decreases, the Protocol will decrease the circulating supply. Luna serves as collateral to Terra to defend the peg in times of economic downturns. Luna derives value by collecting fees from Terra transactions. [Terra] * Ticker: Country Code + T * Issuance: Fluctuating * Terra is the stable coin powering the Terra payment network and comprises of a basket of specific Terra Token types, each of which is pegged to a specific currency. * For example, 1 KRT will be pegged to 1 KRW while 1 JPT will be pegged to 1JPY * For international crypto-crypto exchanges, Terra will be pegged to 1 IMF SDR * Exchanges among various types of Terra will be facilitated via atomic swaps (price feed oracle on the blockchain level)
Short Token Description	
Token Contract Address	
Base Platform	Terra independent mainnet developed using the Cosmos SDK and Tendermint consensus algorithm
Mainnet Explorer Url	https://finder.terra.money/
Network	Type: Mainnet (Protocol) Network Name: Terra Explorer URL: https://finder.terra.money/
Project Type	Stablecoin
Tokens were initially available and currently obtainable in the following method(s)	
Additional Token issuance or minting conditions, including implemented natural inflation.	
Trading practices after the Token Sale by Company	
Method of allocating tokens during Token Sale	

Token allocation percentage based on Total Supply immediately after Token Generation Event

Token Holder Rights

a) Receive payments or other consideration under the following circumstances
No Input

b) Tokens give holders ownership or contractual interest or rights in the following circumstances
No Input

c) Token holders may vote on the following matters
No Input

d) Other information that may be relevant to the Tokens or their sale
No Input

ITEM 2. Token Sales

2.1 Token Sales details

Initial Offering Status	Yes
Initial Offering Price (USD)	0
Initial Offering Price (ETH)	0
Initial Offering Price (BTC)	0
Funding achieved in relation to the target hard cap (%)	

Percentage of individual investors at initial offering

Terms and conditions for top backers

No Input

2.2 Initial Offering Rounds

No data available

*: Proposed calculation, but not necessarily mandatory, is based on USD equivalent of cryptocurrency received between the start and end date of the Token sale duration calculated by ((High+Low)/2) of market price

ITEM 3. Token Supply History

The following is a manual record Token supply history as of 2020-05-15. Corresponding transactions hashes have not been provided within this report.

Purpose	Date	Amount	Value (USD)	Post Total Supply	Post Circulating Supply

No data available

ITEM 4. Listed Exchanges

Exchange	Pair	Price	Volume	Percentage

No data available

ITEM 5. Token Ownership

The following is an automatic query result of wallet addresses based on balance holdings with meta data application as of 2020-05-15.

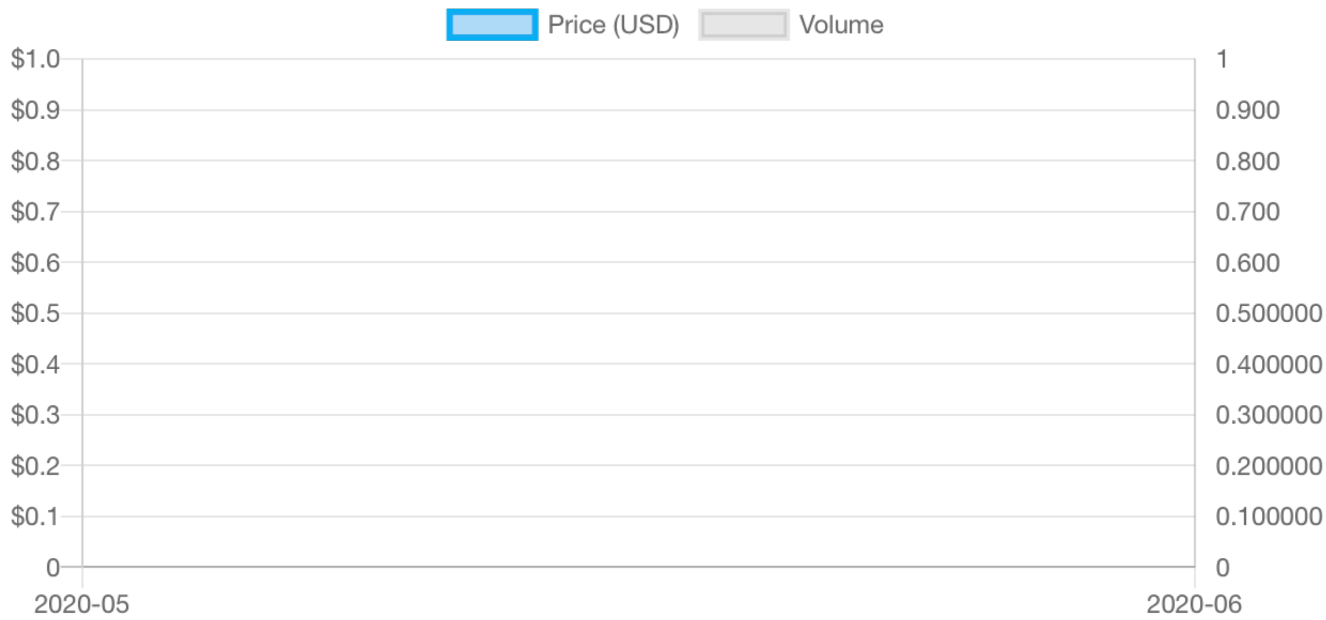
Rank	Address	Balance	Percentage

ITEM 6. Token Price and Market Cap

The following are market data present as of 2020-05-15.

Market Cap Rank

Price Performance



▸ USD

Current Price :

Change (7d/24h/1h) : % | % | %

Market Cap : -

Initial Offering Price : $-

Return since Initial Offering :

▸ ETH

Current Price :

Change (7d/24h/1h) : % | % | %

Market Cap : -

Initial Offering Price : - ETH

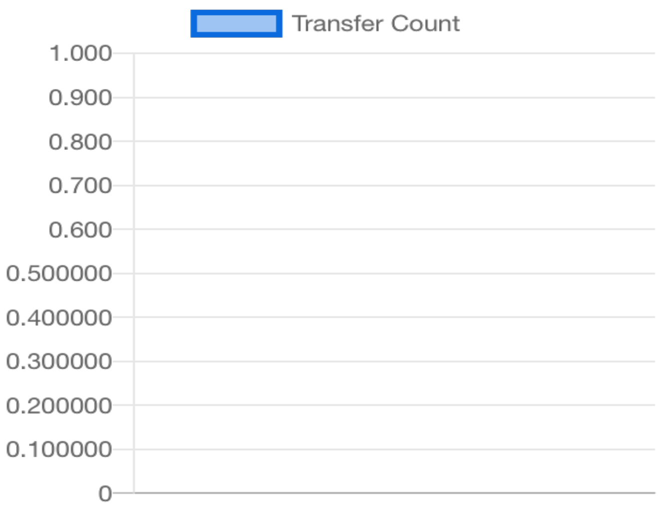
Return since Initial Offering :

ITEM 7. On-chain Performance

Accumulated Wallet Count

Date	Accumulated Wallet Count	New Wallet Count
	No data available	

Transfer Count



Date	Token Transfer Count
	No data available

Transfer Volume

Date	Token Transfer Volume
No data available	

PART V. Compliance

ITEM 1. Legal

Legal Memorandums and Opinions

Date	Target Jurisdiction	Sender / Written by	File
No data available			

Legal Compliance

Q: Can you ensure that your project is in compliance with all laws in the countries that you conduct business and the jurisdiction of where your company is incorporated? Please use the input field to describe your circumstances in case you cannot ensure compliance.
A: No

Q: Can you ensure that there are no elements or features that potentially involve damaging public interests in certain countries due to the activities promoted by the project? (Gambling/drugs, etc.) Please use the input field to describe your circumstances in case you cannot ensure compliance.
A: No

Q: Can you ensure that your token/coin project is not categorized as a security under any existing global capital market regulations? Please use the input field to describe your circumstances in case you cannot ensure compliance.
A: No

ITEM 2. Technical

Technical audit results and other equivalents

File	Date	Document Title	Audited by / Reported by
No data available			

Technical Compliance

Q: Can you ensure that your company has the technical capability to cooperate with exchanges? (Daemon/Wallet/Mainnet support/etc.) If your answer is yes, please use the input field to describe what necessary steps are required for the exchanges to engage in listing your project.
A: No