XLEO

The Native Token of the Leondrino Ecosystem

Version 1.0 dated February 26, 2021
Including
Appendices 1 to 4;
last updated August 02, 2023

Leondrino

Whitepaper

Introduction of the XLEO:

The Future Bridge and Reserve Currency for Enterprise Currencies

The Leondrino idea of an easy solution to reward customer loyalty as well as the ability to create a new funding source of a company has been underway since the foundation of Leondrino Inc. in 2014. We accomplish this through issuing enterprise token that offer reliability, quality, and clear accountability. As tokens of enterprises are issued as utility token on the Leondrino Platform, there is a mid-term need for a native token to serve as a bridge and reserve currency to foster stability and liquidity of later tradable enterprise currencies. As each corporate client can define its own token design and individual monetary goals for its currency within the Leondrino Standard, this native token, which is called XLEO, becomes a unique and crucial part of the Leondrino Ecosystem.

Version 1.0

February 26, 2021
incl. appendices 1 to 4;
last updated August 02, 2023

Table of Contents

1   Introduction

In 2017 Leondra GmbH (Leondrino Germany) published a whitepaper about the planned issuance of the Pre-XLEO (PXLT) which contained the right to be exchanged for the real XLEO on the future Leondrino MainNet. The long-term goal of the XLEO was and is to function as a bridge currency for digital currencies of enterprises and building reserves for such currencies in later stages of their lifecycle. The PXLT should have been an instrument to help Leondrino build its infrastructure by providing capital. But the Token Generating Event did not reach its minimum contribution goal of 10 thousand ETH (at that time equivalent to approximately USD 10 million) during the ETH hype at the end of 2017. Therefore, the contributions made for the PXLT during that time were paid back. Due to intensive client projects starting at the end of 2017, Leondrino had to shift its focus and determined to postpone the initial release of the XLEO via the PXLT until better conditions for opportunity opened up.

In 2021, XLEO will finally be released as a consequence of a rising demand for Leondrino services by sports clubs and industrial customers in the context of a positive market environment for alternative digital assets and currencies.

The long-term goal of the XLEO has not changed. But while the PXLT originally was planned to be introduced on the public Ethereum blockchain, the XLEO will now be rolled out on the Leondrino Token Launch and Token Management Platform (TLTM) operated by Leondrino Germany (Leondra GmbH). Later, XLEO will be migrated to the Leondrino MainNet. The Leondrino MainNet will be managed by a consortium of trusted enterprises and financial institutions which will be governed by a foundation. The long-term goal of this Leondrino Foundation is to establish the XLEO as the bridge and reserve currency of the Leondrino Ecosystem backed by a mixture of assets that are reliably and responsibly managed by the Foundation.

The goals of the initial distribution of the XLEO remain nearly the same as in 2017. The initial income will be used mainly for software development of the Leondrino Platform, production preparation of the Leondrino MainNet, and establishment of the Leondrino Consortium. Direct funding for Leondra GmbH via sales of the XLEO will be capped at EUR 20M. Further income through the sale of the XLEO will be moved to an escrow account. This escrow account will be transferred to the Leondrino Foundation to provide stability to the whole Leondrino Ecosystem, especially via investments into a broad range of assets.

The Leondrino Foundation is intended to be established before the XLEO is transferred to the Leondrino MainNet. The XLEO is planned to be launched on the Leondrino MainNet when it switches to Leondrino Token Class B.

2   Leondrino's Core Characteristics

2.1 Vision of Leondrino and Initial Achievements

Our vision can be stated simply: Leondrino and its licensees in the key financial markets aspire to become the most trusted partner and platform for the issuance and management of digital branded currencies of enterprises. While the number of digital currencies, especially pure cryptocurrencies, has grown considerably in the past five years – and continues to grow –, we want to set ourselves apart by offering stability, quality, and clear accountability. We care for the currencies that are issued by our corporate clients and want these digital enterprise currencies to be thought of as a complement – not a substitute – for government-backed fiat currencies. The term we use for this is Currency

Management-as-a-Service (CMaaS). Each Leondrino corporate client creates its currency individually with its own characteristics and functionalities considering the Leondrino Guidelines and Leondrino standard contracts. Thus, CMaaS means that we support the companies behind the brand to achieve the goals they set for their branded currencies. The level and intensity of this service is determined by the specific terms of agreement between the brand company and a Leondrino Licensee.

At the same time, we ensure that the agreed rules for the respective enterprise currency based on the brand's obligation to accept products and services for its token are adhered to and rely on a combination of organizational and software-based measures.

Leondrino, Inc. was founded in November 2014. Besides designing the Leondrino Platform architecture and developing its core components, we initially focused on the development of our first pilot opportunities and drove political and legal acceptance and adoption of digital (virtual) currencies with a focus on our first Leondrino Licensee: Leondra GmbH with offices in Berlin/Germany.

In addition to the launch of the restricted trade functionality end of 2018, we prepared partnerships with licensed crypto exchanges, so that we are aligned to issue fully tradable Leondrino Currencies for our enterprise customers. For Leondra GmbH, the Federal Financial Supervisory Authority (better known by its abbreviation BaFin, the financial regulatory authority for Germany) has already examined our Leondrino Standard Contracts with token issuing enterprises, our Leondrino Standard Lifecycle, and has agreed to our classification of Leondrino Currencies as a utility token during initial phases of the Leondrino Standard Lifecycle. Based on this innovative environment in the German market, we managed the issuance and supply for our first pilot customers, made the utility of those tokens possible via our standard payment interfaces and our payment app, and prepared those enterprise currencies for the next steps in the Leondrino Standard Lifecycle.

In addition to the classification as a utility token, BaFin has granted the preliminary license for Crypto Custody to Leondra GmbH. Before the end of November 2020, Leondra GmbH handed in all required information to receive the final approval for the crypto custody license which will create the opportunity to be used in the entire EU via passporting rights.

2.2 Value Statement

Leondrino's core values are centered on providing as many people as possible with "Good Money" from enterprises. From our perspective, Good Money has the following characteristics:

- Good Money should derive its value from real goods and services.

- Good Money must allow for the rapid exchange of goods and services with close to zero transaction costs to the buyer or seller.

- Good Money should be reasonably stable.

- Good Money should be flexible.

- Good Money should clearly reflect and represent the value of goods and services.

- Good Money exchanged in a transaction should be transparent and represent relatively equal values of goods and services.

- Good Money should represent a certain "standard of value".

At Leondrino we are committed to meet our obligations based on the monetary policy agreed in advance with the associated brand company and communicated to the public.

Moreover, we are committed to the highest ethical standards. This includes the use of many algorithms, including, among other valuable safeguards, the detection of money laundering schemes and terror financing. Also, regular inquiries and searches into these issues are undertaken to ensure that our best efforts are being made to minimize the risk that digital currencies on our platform will not be misused.

An important goal of our work is to build our platform and its components in a way that it can meet the legal requirements of the leading international financial services markets. This software and its easy adaptation to the requirements of the different legal spheres is the key to providing many people all over the world access to powerful digital currencies. The Leondrino Platform offers the technology for digital currencies which enables authorized use by many users and permits participation via multiple applications.

Finally, we want to state that Leondrino will be driven by common sense – a combination of state-of-the-art algorithms, security precautions and human control loops organized by representative governance. While we believe in the power of automation and algorithms, we also believe that fundamental human control over technology is essential for achieving the monetary goals of enterprise currencies. In fact, we do not support an uncontrolled laissez-faire environment of digital currency without any control or accountability, but rather support clearly stated goals and enforcement of those goals as agreed upon between a Leondrino Licensee and each contracted brand's organization. Leondrino wants to be seen as a reliable provider of a service that people trust.

2.3 XLEO

One major building block for the realization of the Leondrino Vision is the Leondrino Ecosystem's own native currency — the XLEO. With the issuance of the XLEO the following long-term goals will be achieved:

- Enable liquidity, especially for emerging Leondrino Currencies.
- Allow fast reactions to market fluctuation and hence stabilization for issued enterprise currencies.
- Strengthen its value via investments into a broad range of assets.
- Secure stable funding of the Leondrino MainNet and keep the transaction costs stable and as low as possible.

Short-term, the income of up to EUR 20M received during the initial XLEO introduction will be used to

- finance software development, especially of the Leondrino MainNet, and to grow a development community for the Leondrino Ecosystem,
- prepare the Leondrino Consortium and the production of the Leondrino MainNet supplemented by the MainNet Operations Partners (MOPs),
- prepare and set up the Leondrino Foundation.

The Leondrino MainNet is the final target platform for Leondrino Currencies of Leondrino Token Classes B and A, including all the enterprise tokens reaching those token classes and the XLEO and will be initially established on the basis of a consortium DLT (Distributed Ledger Technology). During the introduction phase, a limited supply of the XLEO under the guideline of the Leondrino Lifecycle will

be offered and managed via the Leondrino Token Launch and Token Management Platform (TLTM) where the custody of the XLEO will be realized via Leondrino Wallets. All XLEO Tokens will be transferred to the Leondrino MainNet when the XLEO reaches Leondrino Token Class B. A white label Leondrino Wallet and external Wallet solutions will be offered to further custody providers to connect with the Leondrino MainNet.

As mentioned above, additional income over EUR 20 million received during the XLEO rollout will be put in an escrow account which will be transferred to the planned Leondrino Foundation as soon as it is founded and takes over the responsibility for the Leondrino MainNet.

3 Sustainable Trust – The Leondrino Approach

3.1 Leondrino Concept Overview

Leondrino is offering its services to brand companies. Each Leondrino Currency will be created and issued under the name of each respective brand. In contrast to other digital currencies based on cryptocurrency technology, the long-term overall supply of Leondrino Currencies is not managed only by an algorithm and is not fixed in total volume. But until a Leondrino Currency is publicly listed, the maximum supply is fixed. With the introduction to the public market in Leondrino Token Class A, the supply is managed based on a transparent monetary policy agreed upon between the enterprise owning the brand and Leondrino. With this monetary policy, Leondrino (in particular, the Autonomia – see chapter 5.4) manages the supply using transparency incorporating past transactions as well as other relevant parameters and therefore guides the volatility of a branded currency within the previously agreed upon boundaries. This supply management is supported by means of technology through our "Leondrino Algorithm" and the support of a monetary board, established for each currency reaching Leondrino Token Class A, which may adjust long-term criteria and goals of each monetary policy and intervenes in cases of extreme market conditions. With this approach, Leondrino tackles the challenge of high volatility of currency exchanges that are common with today's popular cryptocurrency implementations.
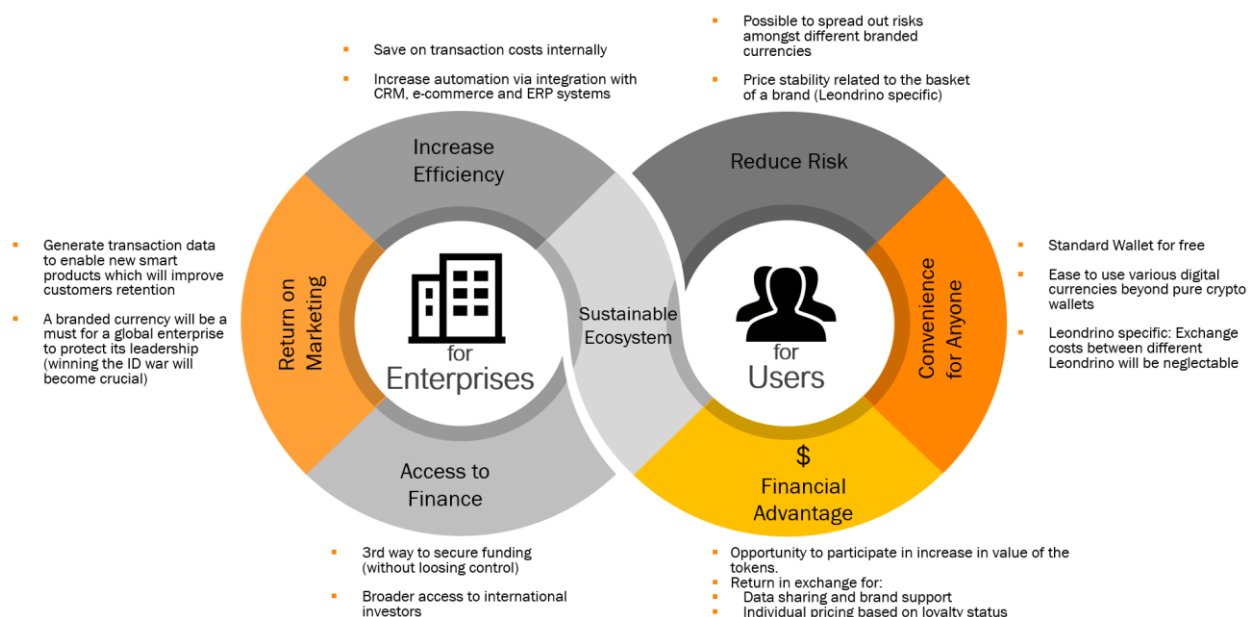
Figure 3-1 – Benefits for Enterprises and Users

In addition to their current touch points, brands can seamlessly reach consumers (their clients and fans) via Leondrino. Consumers who use Leondrino Currencies for purchases are rewarded with exclusive loyalty advantages. These advantages, in combination with other Leondrino-based loyalty initiatives, will enable increased consumer reach, even on a global scale – including increased monetization and greater insight into the brand's consumer base. Thus, Leondrino offers countless values to their clients – knowledge and data about the brand's customers (Leondrino is of course committed to the General Data Protection Regulation ("GDPR") and handles a customer's data as the customer chooses).

Figure 3-1 summarizes the utility of Leondrino's Ecosystem for enterprises and users.

The key connections between brands, consumers, banks, the Leondrino ecosystem, the Foundation who manages the XLEO and other players and institutions is pictured in figure 3-2. This figure shows how Leondrino Currencies and the XLEO as well as the Autonomia (unit for elastic supply management of token volume using algorithmic central bank concept) fit in the traditional money cycle of Fiat Currencies).

Figure 3-2 – Circulation of Leondrino Currencies – long-term view after first ILOs

Just the same as fiat currencies of public central banks, a branded enterprise currency is subject to life cycle management. This life cycle is characterized by the power and potential of the associated brand, the monetary policy for the respective branded enterprise currency, the consumer acceptance, and investor interest.

Compared to Bitcoin, whose maximum quantity is absolute and limited, Leondrino is pursuing a dynamic supply for enterprise currencies which reach the highest token class A. The supply is influenced by the size of the brand's respective consumer base, business dynamics and transactions.

The goal is to minimize unwelcome volatility. As part of the approach, a portion of the fiat currency raised at Initial Leondrino Offering (ILO – which is the event of a public offering of a Leondrino Currency) will be kept as a reserve which will be managed by the Autonomia of a the responsible Leondrino Licensee. This reserve will be used as part of the active supply management. The active supply management is a special form of algorithmic market making to restrict unwelcome high volatility. In case of strong volatility, an intervention of designated market experts who are members of the the "Monetary Board" that is responsible for the enterprise currency is performed.

Attributes of Different Currency Strategies and Implementations	Leondrino	Bitcoin	Fiat
Dynamic management of money supply on monetary policy - reduced volatility	yes (private)	no	yes (public)
Free of political influence on money supply - reduced inflation risk	yes	yes	no
Backed by a liable partner - reduced risk of total loss	yes (private)	no	yes (public)
Reduced risk of uncontrolled supply	yes	yes	no
Global strategy of the currency application - reduced currency exchange risk	yes	yes	no
Loyalty based dynamic pricing through better data possible - better customer relationship management	yes	partial	no
Low transaction fees - reduced costs	yes	yes	no

Figure 3-3 – Attributes of different currency strategies and implementations

3.2 Description of the Leondrino Standard Lifecycle

The Leondrino Standard Lifecycle is the model of a private branded currency's lifeline and outlines the steps starting from a simple token in form of a multi-purpose voucher with limited utility and very restrictive rules and developing it into a currency which is tradeable and has more utility functions than in early phases of the lifecycle. The underlying business goal is to organize the processes in sync with regulatory requirements to improve customer retention via dynamic pricing based on transaction data and loyalty status and to finance the organization. The funding is driven in a way that is easy to understand and delivers value to customers <u>and</u> investors. The idea of building an ecosystem for a brand's own digital currency, which is used for payments in the whole ecosystem of a brand and combine it with raising capital in addition to developing an extensive customer data stream, makes privately branded tokens by Leondrino an intriguing opportunity for every kind of business.

An existing customer base will give established brands the chance to start the token sale with fewer discounts (related to the target price range during ILO), as the target groups for the discounted token distribution are already familiar with a wide range of the brands products and services.

Therefore, the steps during the lifecycle described below might also be taken quicker by companies with a larger customer base. Moreover, big established brands will be able to migrate their already existing loyalty points system into to a token of Leondrino Token Class D or C to make them a future tradable asset and increase their potential utilities. In some cases, this will give brands the very real opportunity to reduce significant liability positions on their balance sheet related to traditional loyalty points.

In the following sections, the Leondrino Standard Lifecycle is explained.

Leondrino Standard Lifecycle - © Leondrino, Inc. – Q4,2016 / Q1, 2017 – Update Q4, 2017 - Update Q1/Q3, 2018 – Update Q1, 2019 – Update Q1, 2021
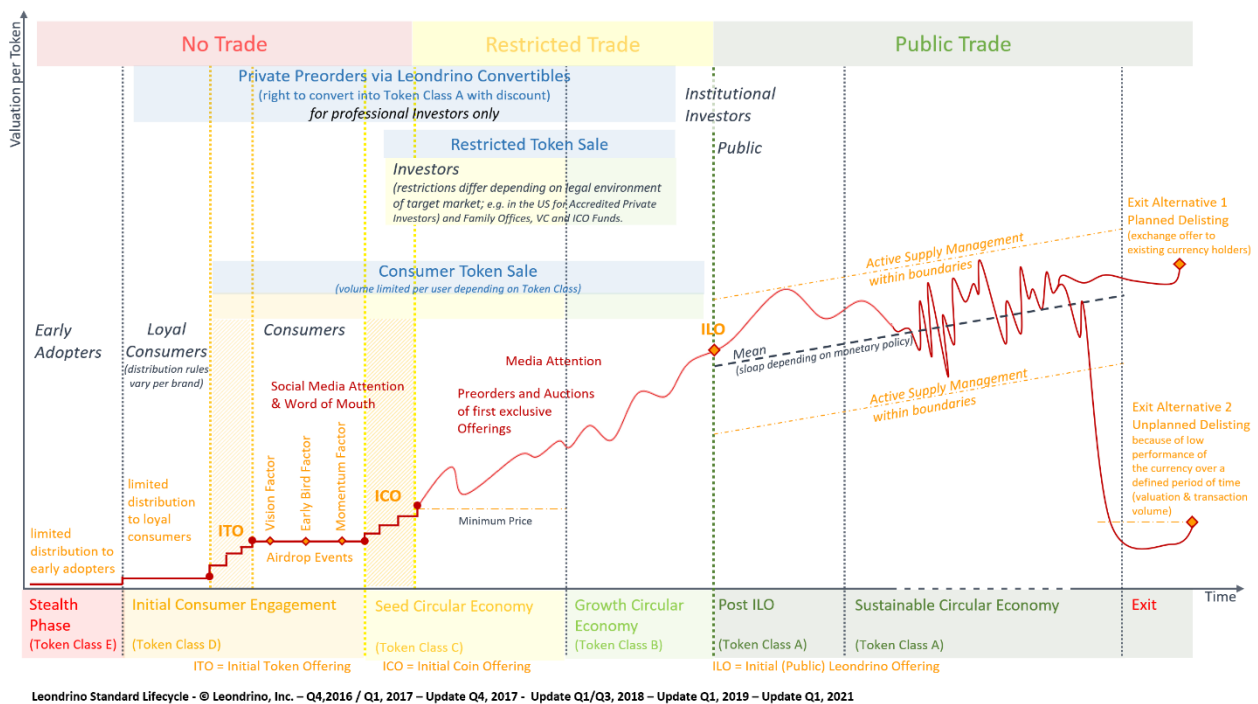
Figure 3-4 – Leondrino Standard Lifecycle without Follow-on Leondrino Offerings

3.2.1   Stealth Phase

The first phase, called Stealth Phase, is used as a market test phase. Early adopters can express their interest in a branded currency of their favorite brands by opening a respective token account related to the desired brand in their Leondrino Wallet. They can earn a limited number of Leondrino Tokens of Leondrino Token Class E by inviting their friends to sign up for a Leondrino Wallet and expressing their interest in branded currencies as well. Leondrino Token Class E tokens only gain value if the associated brand will decide to issue a private branded currency via Leondrino. If Leondrino is contracted by the brand to issue the branded currency, it will also ensure that tokens owned by those early adopters have the right to be upgraded into Leondrino Token Class D tokens. During the Stealth Phase, there are no other promises, neither from the brand company nor from Leondrino and the distribution is very limited per user.

3.2.2   Initial Consumer Engagement

The second phase, called Initial Consumer Engagement Phase, is used to get consumers initially engage with the brand's intention of its future branded enterprise currency. In this phase, brands distribute a limited number of branded Leondrino Tokens of Leondrino Token Class D to its loyal users as an incentive. Leondrino Token Class D tokens are backed by contractual promise of the associated brand company for future benefits as determined by the loyalty behavior of its consumer. Those

benefits will be defined individually by each brand company. To be able to purchase Leondrino Token Class D tokens, consumers and token holders need to identify themselves by performing a so-called KYC Light Check (Know Your Customer check) by providing a disclosure of personal data to the brand company. Tokens of token class D are neither transferable to another individual or company nor tradable but may be exchanged for Class C tokens if this token class is reached.

During this phase, the brand company and its token gets attention in media channels and through word-of-mouth recommendation triggered by the following events during the Initial Consumer Engagement Phase:

3.2.3   Initial Token Offering (ITO)

An ITO initiates the sale of branded Leondrino Tokens of Leondrino Token Class D. Buying such branded Leondrino Tokens is always a bet on the future and is limited in volume per user and transaction (e.g., a maximum of 20 tokens per transaction and a maximum of an equivalent of 1200 Euro per year and user) and therefore doesn't fall under any regulation of financial services. With the ITO, also unregulated private investors can join the ecosystem of the brand company by signing so-called Leondrino SAFT agreements or Leondrino Convertibles.

3.2.4   Airdrops / Factor Events

Factor Events – also known as Airdrops – are special marketing events during the Initial Consumer Engagement phase where consumers are rewarded for the initial contribution to the success of the brand. The factors are achieved when the related threshold is reached (e.g., 10.000 tokens for threshold 1; 100.000 tokens for threshold 2; and 1.000.000 tokens for threshold 3). Time fixed thresholds are also possible. A receiver or buyer of Leondrino Token Class D tokens can only increase the number of owned tokens by:

1. successful referrals to new users,

2. sponsored distribution of tokens by the brand based on loyal behavior, and

3. limited buying opportunities.

Fast growing brands or brands with an existing large customer base (consumers/fans) have the best opportunity to pass the Consumer Engagement Phase successfully even if they define high thresholds for the factor events.

To support the brands in their effort to attract users, three Airdrop events detailed below are offered as a standard tool with standard terms which will be strongly supported by Leondrino Wallet functions, along with parallel marketing communication.

Because early contribution does have more value than later contribution, the factor value will decline over time.

Vision Factor Event

After the ITO, the Vision Factor Event is the first Airdrop event where the number of Leondrino Tokens owned by a user is multiplied with the vision factor (usually 2). The event is triggered when the "Vision Threshold" for this branded token is reached.

Early Bird Factor Event

The Early Bird Factor Event is the second Airdrop event where the number of Leondrino Tokens owned by a user is multiplied with the early bird factor (usually 1.5). The event is triggered when the "Early Bird Threshold" for this branded token is reached.

Momentum Factor Event

The Momentum Factor Event is the third and last Airdrop event where the number of Leondrino Tokens owned by a user is multiplied with the momentum factor (usually 1.25). The event is triggered when the "Momentum Threshold" for this branded token is reached.

The exact value of each factor will be set during the preparation phase when the token economics of the token is developed. For example, a strong brand who expects a high demand will not need to offer as high of a factor as brands with a smaller costumer or fan base.

3.2.5 Seed Circular Economy

The third phase is called Seed Circular Economy and starts with the Initial Coin Offering ("ICO"). This phase is characterized by permission for restricted trade within the Leondrino Ecosystem. Buying branded Leondrino Coins using national currencies is allowed but limited in volume per user and volume per transaction. The overall limit of owned tokens per person will be substantially increased. Depending on the owned volume per person, KYC rules ("Know Your Customer" rules) will be applied and enforced. The branded Leondrino Coins might be used to purchase selected goods and services of the associated brand based on a very limited offering – forming the initial catalog of the brand company. Selling of t tokens, previously purchased during an ITO or ICO or earned as an Airdrop, is only possible after a successfully passed KYC Check which unlocks the user for functions of the restricted trade during this Seed Circular Economy Phase. Users can sell their tokens for a price at or above the ultimate ICO price of this token, and selling tokens is also limited in volume per user and volume per transaction. Reselling of tokens, a user purchased through a buy order, is not supported for Leondrino Token Class C tokens.

3.2.6 Initial Coin Offering (ICO)

An ICO in the Leondrino context is the introduction of Leondrino Token Class C; meaning, Leondrino Tokens switch from Leondrino Token Class D into Leondrino Token Class C and are called Leondrino Coins from now on. Branded Leondrino Coins can be used to purchase goods and services of the associated brand company. After the ICO, the restricted trade within the Leondrino Ecosystem is permitted and supported.

3.2.7 Growth Circular Economy

The Growth Circular Economy is the fourth phase and is characterized mainly by

- reduction of trade limits such as lifting the transaction volume and elimination of the minimum price floor,
- increasing the total volume limit of Leondrino Coins held per person ,
- integration of external wallet and exchange providers provided that they are approved by Leondrino based on a certification process (such providers must be able to comply with the trade restrictions and reporting rules defined by Leondrino)

The branded Leondrino Coins transition into Leondrino Token Class B. In this phase, market-makers as well as first institutional investors are able to participate. Branded Leondrino Coins are exchangeable for national currencies based on the exchange rate within the Leondrino Ecosystem

(internal and accredited external exchanges), but trade still has some restrictions. Branded Leondrino Coins can be used to purchase a wider offering of goods and services of the associated brand.

3.2.8 Initial Leondrino Offering (ILO)

An ILO is the introduction of Leondrino Token Class A and with that the public issuance of a brand's Leondrino Currency. Sale of the branded Leondrino Currency and public trading begins. Trading mechanisms and rules are close to what is currently known in the foreign exchange trade.

An ILO is procedurally comparable to a traditional Initial Public Offering (IPO) on a stock exchange and is used to attract additional, more conservative investors.

3.2.9 Post ILO

The fifth phase follows directly after the ILO and is therefore called Post ILO Phase. This phase is characterized by the ability to publicly trade the so far called Leondrino Coins as Leondrino Currencies. The money supply of each branded Leondrino Currency is actively managed by the Leondrino Algorithm and the responsible Monetary Board (see chapter 5.6 for details), which follows the predefined monetary policy agreed upon by Leondrino and the related brand company. Each branded Leondrino Currency (Leondrino Token Class A) is exchangeable for national currencies based on a market-based exchange rate. The branded Leondrino Currency will be used to purchase all products, goods, and services of the associated brand company, which must offer its goods and services in its enterprise currency.

During the Post ILO phase, there are still some restrictions regarding volume of transactions for big investors (e.g., rules for market-makers) and an extra degree of intervention opportunities for Leondrino (responsible Autonomia including Monetary Board). Those rules are necessary to give the management of the currency supply the tools to avoid extreme volatility.

3.2.10 Sustainable Circular Economy

The last phase is the steady state of a publicly traded branded Leondrino Currency with an active supply management and is called Sustainable Circular Economy. Now highly regulated institutional investors like insurance companies and pension funds can participate.

3.2.11 Exit

If a brand ceases to exist, the associated branded Leondrino Currency will be taken off the market, but only after all potentially granted collateral has been liquidated, and all reserves for this branded currency have been returned to its token holders. The delisting of a branded currency at Leondrino happens also if both the reference value to the corresponding fiat currency of the Leondrino Licensee and the trading volume of this enterprise currency drop below a defined minimum value for a longer lapse of time (as pre-defined in general rules of Leondrino).

3.3 The Leondrino Algorithm

The Leondrino Algorithm builds the core for the stability of branded Leondrino Currencies. While the exact methodology of this algorithm is a proprietary business secret, we provide an outline of how it works.

At the inception of a branded currency, the owner of the brand defines a monetary policy in cooperation with Leondrino for the new enterprise currency via setting a goal on the degree of stability which the brand company envisions for its currency and also on the measures of how this stability is quantified.

Some examples for the latter can be the minimum amount that a unit of the currency should be worth, the degree by which the fluctuations shall be reduced, or a bandwidth of values where the currency should spend a high percentage of its lifetime.

Later in the lifecycle of the currency, the Leondrino Algorithm dynamically alters the limit order book of the branded currency in order to achieve the established stability goal. It also computes the amount of reserves the company needs to submit to Leondrino which is necessary to achieve the stability goals. This works in both directions, up and down, of the current market price. The downside of the current market price is handled with the reserve of fiat currencies and XLEO, effectively contracting the number of issued branded Leondrino Currencies, and the upside is handled with XLEO and the branded Leondrino Currency itself. This alternating, based on the limit order book, is done to stabilize branded Leondrino Currencies, and it is done in a way to discourage arbitrage opportunities to other market participants beyond a certain target corrdior.

3.4 Reserves and Investment Policy for Enterprise Currencies

Due to risk-management purposes, a Leondrino licensee in its role as Currency Administrator is required to keep a certain amount of the funds collected during each ILO as supply management reserve, which is composed of fiat currency, XLEO and the branded Leondrino Currency itself. The exact amount that the Leondrino licensee keeps is part of an internal algorithm which is also influenced by potential additional securities a brand company might offer to keep this amount as low as possible.

This supply management reserve will have to be invested in a reasonable way to make sure that it observes the risk-management function and additionally, in case of a failure of a currency, serves as a minimum recovery. Due to the nature of digital enterprise currencies, quite a few factors must be taken into consideration when investing the reserve:

1. The supply management reserve does not belong to the Leondrino licensee, it will only manged by it. Therefore, this money should not be invested in assets with inappropriately high risk during phases when it is not needed for active supply management. Moreover, Leondrino upholds ethical standards and does not want to invest in securities which reasonable people may find offensive or unethical.

2. Leondrino does not intend to make a high profit with the reserves but rather secures its value. This implies that Leondrino does care about cost-efficiency when it comes to the management of these reserves.

3. The maturity of the respective currency. On average, a stock is listed seven years on a traditional stock exchange. Transferred to the situation of enterprise currencies, this means that there is a lifecycle of the currency influenced by the associated brand company and the maturity and quality of its products and/or services.

4. Liquidity and margin considerations. If a currency is delisted, then the whole amount must be available short notice. In particular, there should be no fire-sales effects when selling the invested assets. Moreover, the same applies when the volume of the currency is reduced. When the currency is actively used for trading against the basket[1], then this yields to a small reduction of the currency volume. Therefore, the (at least a substantial part of it) should be

---

[1] Basket in the Leondrino context means a group of products and/or services of the associated brand traded or tracked as one unit for broad measurement.

fairly liquid and divisible into small amounts. Moreover, at the end of the lifetime of a currency or after a significant reduction in volume, the exit of the currency from the market should be done without big impairments.

For the above-mentioned reasons, a substantial part of the reserves of an enterprise currency will be managed by the Foundation which will become responsible for the asset management of the XLEO. This will happen if this amount of the reserves of the enterprise currency is not used for active supply management over a timespan of three months. If this is the case and part of the reserves are managed by the Foundation, the enterprise currency is backed by the secure and accountable investment policy of the Foundation described in section 4.2.4.

4 The XLEO — The Native Currency of the Leondrino Ecosystem

4.1 Start as Utility Token at Leondrino Germany

A major element to the realization of the Leondrino Vision is the issuance of Leondrino's native currency — the XLEO.
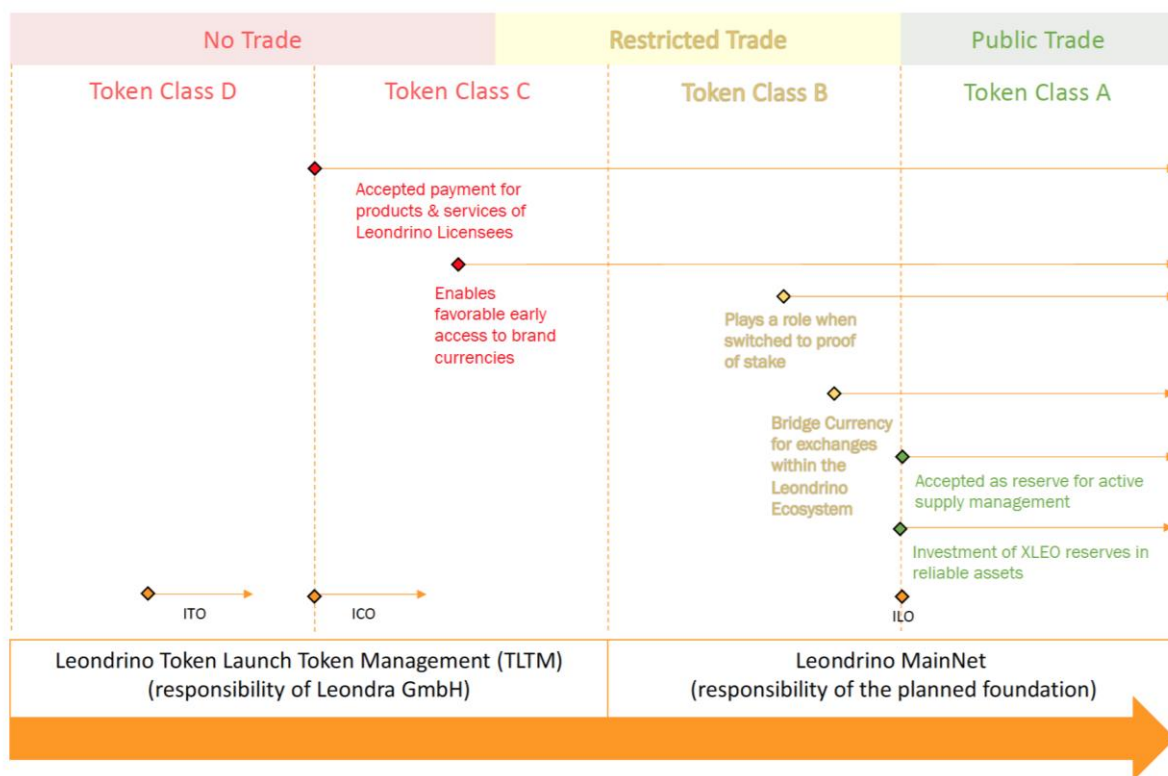

Figure 4-1 – Timeline of XLEO's Functionalities and Use Cases

Short-term, before responsibility of the XLEO is transferred to the Leondrino Foundation, the XLEO will be introduced as a standard Leondrino utility token to be used for products and services of the Leondrino Licensee in Germany. With every Token Class the XLEO reaches, increased functionalities of the XLEO will be available.

Long-term, the XLEO will be developed into an asset-referenced digital currency, which will be managed by the future Leondrino Foundation. The goal is to establish the bridge and reserve currency of the Leondrino Ecosystem.

4.2 The Role of the XLEO in a Mature and Steady Market of Enterprise Currencies

4.2.1 Liquidity for Branded Leondrino Currencies

The single most important form of activity of Leondrino Ecosystem is to execute transactions between a consumer and different end points of the sales channels of brands (merchants of "brick and mortar" shops or eCommerce shops) using digital enterprise currencies and considering individual behavior and loyalty status of consumers for dynamic pricing in real time at the point of sale – independently whether its online or offline.

Therefore, the main use cases of the XLEO are derived from its character of a bridge currency and a unit of account within the universe of branded Leondrino Currencies. In order to allow for liquid markets of branded Leondrino Currencies, their order books must be sufficiently well-filled. The main problem without an accepted bridge currency is that one would need an order book for each combination of branded Leondrino Currencies. This number is quadratic in the number of currencies and hence grows faster than the number of currencies, which would lead to weakly filled order books.

However, if there exists a native currency on the platform (i.e., the XLEO), one can denominate each branded Leondrino currency in terms of XLEO. Then one needs only one order book for each branded Leondrino Currency which is denoted in XLEO. (As soon as more than one exchanges are connected to the Leondrino platform via the Leondrino Marketplace, all of those connected exchanges have to accept the rules of this marketplace.). This in turn leads to combining the liquidity of all Leondrino currency pairs into one order book for branded Leondrino Currencies per exchange. A trade of two branded Leondrino Currencies then goes behind the scenes via XLEO, i.e., the first currency is exchanged into the right amount of XLEO, and then the XLEO are changed into the right amount of the second currency. Since the XLEO is only a unit of account in this trade, there is no business for external arbitrageurs between branded Leondrino Currencies. This is one of the characteristics of the Leondrino Ecosystem in order to keep the transaction costs between branded Leondrino Currencies at the lowest possible and stable minimum.

This significantly reduces the volatility of the digital enterprise currencies and makes them a full member of the Leondrino Ecosystem. This function of the XLEO will enable point of sale transactions of branded Leondrino Currencies in a typical consumer environment where an exchange might be necessary to pay in the required currency. This can be accomplished promptly for an amount that is paid at check-out simply by waving a cell phone past a reader (RFID or NFC enabled). This function of the XLEO for prompt liquidity is limited to typical consumer transactions where liquidity shortage needs to be resolved.

While low volume transactions by consumers do not influence the market price of branded Leondrino Currencies, high volume transactions of traders or other (institutional) investors may do so. Therefore, the support of liquidity using the XLEO is limited by the impact that a certain transaction (or a sequence of transactions) has on the market price of the Leondrino currency. If a transaction is considered as influential on the market price, then the XLEO will not be used for transactions, but only the current limit-order book (i.e., the set of all currently active limit orders) and the other stability mechanisms that branded Leondrino Currencies have.

4.2.2 Reserve for Branded Leondrino Currencies

A major contributor to the stability of branded Leondrino Currencies is the supply management reserve of fiat currencies, the XLEO, and the branded Leondrino Currency itself, which are used to buy and sell the branded Leondrino Currency to stabilize its market value. In fact, the volume of the supply management reserve is determined by the amount of stability the brand targets. At the beginning of the lifetime of the Leondrino Ecosystem, the currency's reserve is formed mainly in fiat currencies, but as the Leondrino Ecosystem progresses and more trust in the XLEO is established, the percentage of XLEO will increase.

At this point the question of how the price of the XLEO is determined is a critical issue. The goal in the long run is to allow the forces of the market to determine it. In order to achieve this, a certain number of successful branded Leondrino Currencies has to be established in the market. Initially, using XLEO shall be limited to the few main use cases mentioned in section 4. Long-term, the XLEO will serve as an important bridge and settlement currency with external exchanges and settlement layers which deal in branded Leondrino Currencies. Therefore, interfaces with stakeholders involved in those areas will be built.

4.2.3 Stabilization of Leondrino Currencies

Should there be shortage in liquidity for a specific branded Leondrino Currency, instead of risking a huge market movement when trying to buy or sell it, the XLEO will be used to avoid this. In fact, the XLEO can be introduced to alter the limit order book in a way that sufficient liquidity is achieved. This works on the upside and the downside of the current market price. Exchanging branded Leondrino Currencies for XLEO on the downside and XLEO for fiat currencies on the upside achieves a dampening of the market price movements.

4.2.4 XLEO as an Asset-referenced Currency

The ultimate long-term goal of the XLEO is becoming an asset-referenced currency. To reach its destination, XLEO has to take sophisticated and adapted steps. In the long run, the XLEO will be managed by a foundation, which will take over responsibility for the XLEO when the Leondrino MainNet is launched and the XLEO reaches Token Class B. The mission of this foundation is to invest the XLEO reserves wisely in a secure and accountable manner, which causes the XLEO's characteristic of a conservative asset-referenced currency. Hence, the XLEO will act uncoupled of fiat currencies, because its value will be dependent on the basket of its securities – national and OECD bonds, equities, commodities and enterprise currencies managed by the Foundation.

As a foundation is bound to its own specific function, the profits will be re-invested in the above-mentioned securities and other assets. At a later stage, once significant trust is established, the XLEO can be used for exchanges between branded Leondrino Currencies and other currencies (fiat and cryptocurrencies).

Leondrino plans to review these percentages on a monthly basis and rebalance if they are off by 3% to 5%.

Return Objective

Leondrino and the Foundation aim for a return between inflation + 0.5% and inflation + 1%.

Risk Tolerance

Leondrino and the Foundation have a below-average willingness to take risk.

Restrictions

As explained above, there are restrictions with respect to liquidity and time horizon.

The legal and regulatory environment that we face for Leondrino Germany and the future Foundation, will be probably influenced by the upcoming regulation called Markets in Crypto-assets (MiCA).

Licensees of Leondrino in other legal spheres will apply to the local legal and regulatory environment defined by their responsible authorities.

Assumptions

1. Efficient capital markets: Our basic assumption is that despite some flaws, capital markets, in general, work efficiently. This means that prices reflect all available public information, and that the prices adjust quickly to new public information. There may be some market imperfections, but we believe that there is no way to get rich easily and without risk.

2. Economies of scale and scope: All else being equal, the costs of asset management per portion of fund capital decreases when the capital increases. Also, the development of expertise in asset management increases the efficiency of the fund.

3. Size limitations: In contrast to the previous point, a large fund may not find the same investment opportunities as a small fund since investments are usually not sizeable. This might lead to a decrease in profitability.

4. Principal-agent problem: There might be conflict of interest and information asymmetries between asset managers and investors. We will strive to decrease this through strong corporate governance and high transparency where we invest.

Enterprise currencies can be part of the investment target of XLEO. But only those, that have a specific level of liquidity and inherent value. It needs to ensure that these currencies have a sufficiently high acceptance in the market in order not to change their value too rapidly over a short amount of time. Such criteria can be:

- The branded Leondrino Currency has a sufficiently low risk rating.

- There is a large and stable amount issued.

- The circulation velocity is sufficiently high.

- The distribution is not too concentrated.

- The order books of these currencies are sufficiently well-filled.

- The bid-ask spread is low.

- The branded Leondrino Currency must be in Leondrino Token Class A.

5   Governance of Leondrino Inc, Leondra GmbH and Outlook for Leondrino Foundation

5.1 Board of Directors

Leondrino, Inc. and Leondra GmbH (Leondrino Germany) are managed by the following three officers:

CEO - Sandra Leonie Ritter

Sandra Leonie Ritter is the CEO and co-founder of Leondrino, Inc., and also the Co-CEO and co-founder of Leondra GmbH/Berlin where the idea of Leondrino was born. Sandra has been working for more than 18 years as entrepreneur. With the Leondra *music* Business Platform, she has a proven track record to plan and lead the product management and rollout of a software platform. Before her career in the software business and as CEO, she had a successful career as professional musician and was establishing a new course of study at the State University of Music and Performing Arts Mannheim.

CFO and COO – Peter Reuschel

Peter Reuschel is the Chief Financial Officer and the Chief Operating Officer at Leondrino and Co-CEO and co-founder of Leondra GmbH. Peter founded and co-founded several companies and spent more than 27 years in leading roles with focus on general management, finance, operations and strategy for both established enterprises (IBM and SAP) and startup companies (e.g. InterComponentWare AG, Leondra GmbH & Co. KG). Moreover, he served as a member of the supervisory board of YellowMap AG.

CTO – Michael Richter

Michael Richter is the Chief Technology Officer and leads the software development of Leondrino. Before Michael joined the team of Leondra music as CTO 13 years ago, he was running his own company which provided custom software development. Between 2012 and 2016, Michael was working as the development lead of YellowMap AG before he made a decision to focus full-time on Leondrino beginning of 2017.

All three officers have been successfully working together even before the foundation of Leondrino for about 13 years.

Major roles necessary for running the business of Leondrino or Leondra are still executed by external freelancers or part-time employees with experience from private global banks and leading exchanges.

5.2 Advisory Board

The advisory board was formed during Summer 2020. It consists of experienced C-level executives and a professor with domain expertise in construction and energy management, including IoT. The goal of the advisory board is to give guidance during the upcoming growth phase of Leondrino, Inc. and its licensees.

EJ Dieterle

EJ Dieterle is an experienced general manager in the recruiting business and held positions as Senior Vice President for the US-Northeast-Region and Country-Managing Director positions (President) in Japan, Korea, and the U.K. He has been responsible for operations of 270+ staff. Among other projects E.J. had also been instrumental for the startup and operation of projects for Hewlett-Packard (HP) in Germany. E.J. Dieterle lectured at UC Berkeley (Haas) and DeVry University (Keller Graduate School of Management) on International Business and regularly presents on "Market Entry USA" (US workshops) in Germany, Switzerland, UK and France.

Matthias Mierisch

Matthias Mierisch has proven and extensive experience in IT management, financial solutions, and loyalty management. He has experience in both dealing with enterprise clients and international growth and global expansion of companies.

Formerly he worked as CEO of Arvato Systems – a devision of Bertelsmann Group. Bertelsmann is one of the world's largest media conglomerates and also active in the service sector and education.

Marcus Mosen

Marcus W. Mosen is a well-known expert in the area of payment services, financial solutions and loyalty management. He is also extensive experienced as C-level in how to grow a company and deal with enterprise customers.

Formerly, he worked as CEO of Concardis, former leading German payment service provider which is now part of the Nets Group – one of the new European digital champions. Marcus is also a member of the advisory board of N26 Bank GmbH, which provides user-centered digital banking and is considered as one of the market-leading Neobanks.

Dr. Thomas Noth

Thoms Noth has an extensive background in general and IT management in the financial services and insurance industry as well as in strategy development.

Formerly, he worked as CIO of Talanx (Germany's third-largest and one of the major European insurance groups by premium income), and also as CEO of FinanzIT which became part of Finanz Informatik (providing IT services and outsourcing for savings banks and state banks, integral partner of the Sparkassen Group managing more than 116 M accounts). Previous to that, he worked for McKinsey.

Prof. Dr.-Ing. Matthias Pahn

Matthias Pahn was appointed to the professorship "sturctural engeneering and prefabricated construction" in the field of solid construction and building construction at the Technical University of Kaiserslautern (a research university with international visibility) in 2015 and is part of the management of Pahn Ingenieure GmbH at its Kaiserslautern branch.

His personal focus and interest is on civil engineering, energy sector and next generation business models for renewables incl. suitable payment methods. Moreover, he represents the angel investors in the advisory board.

It is planned to gradually extend the board of directors and the advisory board as the company grows.

5.3 Relationship between Leondrino, Inc. and Leondra GmbH

5.3.1   Role of the Leondrino Inc.

Leondrino, Inc. is holding the IP (software, trademark, etc.) and has been used to finance the Leondrino software and organizational development so far. Besides this role as legal entity to keep the IP together and to secure funding, its purpose is to function as licensor for Leondrino's IP and brand in the US and other jurisdictions.

5.3.2   Leondra GmbH – First Leondrino Licensee

Leondra GmbH has been serving as a development organization for Leondrino, Inc. since the beginning of the implementation of the Leondrino core idea. In 2017, it took over additional responsibility as licensee of the Leondrino business for the German market. Moreover, it serves as the issuer and administrator of the XLEO until the responsibility for the XLEO will be moved into the future Leondrino Foundation.

The business relationship of Leondrino, Inc. and Leondra GmbH is guided by an intercompany agreement. To secure transparence and compliance, both organizations have completely unrelated and independent tax advisors, accountants, and legal services but both organizations are managed by the same leadership team.

5.4 Autonomia

Autonomia is the name of the internal department of a Leondrino licensee that is built to manage the supply of the enterprise currencies. In particular, the Autonomia is responsible for:

- day-to-day monitoring of the currency utility and supply for Leondrino currencies based on the monetary policies agreed with each enterprise and

- Specification, continued adjustment and supervision of Leondrino algorithm and its software in cooperation with the Leondrino, Inc. and all potential other Autonomias.

Based on the Leondrino Standard and guided by the licensor, all Leondrino Licensees follow a standard guideline which is comparable to the bylaws of a company. This guideline includes the list of tasks of an Autonomia, its possible functions as supply manager and the process of appointments of directors of the monetary board.

5.5 Enterprise (Brand Owner) – Issuer of the Branded Currency

As part of the setup of a Leondrino Currency, a Leondrino Main Contract is signed between a Leondrino Licensee and the enterprise that issues its digital currency. This contract includes all important definitions of the brand specific token economics and the arrangement regarding the different services for the introduction and the management of the branded digital currency. Moreover, the brand-specific monetary policy (rules of the supply of a currency based on certain criteria) is defined in the Leondrino Main Contract between a Leondrino Licensee and the owner of the brand. Moreover, the volume of reserves after ILO that is planned to be used for active supply management is defined.

5.6 Monetary Board (per Leondrino Currency Including XLEO)

A monetary board will be established for those Leondrino, that are going to be publicly traded via an ILO. This monetary board defines and controls long-term strategy of the currency's monetary policy. The minimum number of members of the monetary board are 3 with the following roles/qualifications:

- Representation of enterprise who owns the brand

- Expert in macroeconomics

- Representation of Leondrino or one if its licensees.

Decisions are made on a qualified majority basis. The selection of the expert in macroeconomics will be made via a public process. A single person can only serve in max 10 of such boards. More details of the appointments of members of a monetary board for a Leondrino currency are defined in the standard bylaws/guidelines of a Leondrino licensee which is also an attachment of the Leondrino Main Contract.

5.7 Leondrino Foundation

Leondrino Germany is responsible for managing the process of setting up the Leondrino Foundation in cooperation with the future Leondrino MainNet Operations Partners (MOPs). The Leondrino Foundation will take over the responsibility of the XLEO governance before the XLEO will be changed from its initial utility role at Leondrino Germany to a broader role as bridge and reserve currency in the whole Leondrino ecosystem. Comparable to the SWIFT organization with its global reach, a legal entity in the European Union is being considered. Based on the long-term goal for XLEO to become a stable, asset referenced currency, a foundation is more favorable than a European cooperative.

6 Leondrino Technology - Platform Overview and Architecture

6.1 Quality Goals for Platform Architecture and IT Implementation

The following quality characteristics of an up-to-date IT platform were defined for a reasonable selection of the architecture, platform, and technology-stacks as platform-components as well as an appropriate development method:

Extensibility – A flexible release management enables the extension of the existing platform, so that new functionalities can be implemented in a sufficiently short period of time, meet the highest possible security standards, and not affect other services and systems.

Integrability – Services and gateways must meet market standards and must be simple to integrate to make a connection with external partners flexible and straightforward and the exchangeability of services possible.

Scalability – All platform components must be sufficiently scalable to allow the handling of growing and volatile traffic on the platform and the entry of new participants at any time.

Real-time – The platform must be able to perform and answer core transactions (like transfers and payment) in an acceptable timespan.

Transferability – The system and all functions should be simply transferable to and applicable on other environments if necessary. This should be true for all platform components, including the implementation of the Leondrino MainNet. Thus, there exists no dependence on other blockchain-stacks. Furthermore, it must be possible to instance specific groups of services, which enables the crypto custody for external corporate banks through using a white label solution by Leondra.

Availability – The core system and applications must be available at any time. Hence, a stable communication between all parties and a reliable business operation is always secured.

Security and Auditability– Valid market standards and proven practices on the base of Leondra's IT security guideline must be followed. Additionally, appropriate safety activities have to be taken.

Testability – The components should have a broad test coverage using automated tests (in particular component and integration tests) to enable a flexible release management.

6.2 Architecture Paradigms

The following architecture paradigms are derived from the quality standards mentioned above and the specification from the long-term business strategy to give the Leondrino Platform its form. A special view should lie on to secure the most important interactions between users and the Leondrino Platform.

Besides the purchase and the storage of coupons and crypto values the usage of those at the point-of-sale (via e-commerce systems as well as in-store interactions with cash register systems) stood in the foreground.

Microservice Architecture - This expression describes a paradigm that focuses on relatively small, independent, and largely decoupled processes, which only build complex applications in its entirety and offers security advantages compared to traditional and monolithic applications. This paradigm is

especially important for core transactions with small diversity. All data and functions of a service must be transparent through gateways and only those gateways must be used if those services are used.

Loosely Coupled System – One possible change of particular system components does not influence other components or the whole system as adjustments only have a limited influence within its own sphere of action.

Service Standardization – A service framework is created which provides fundamental functionalities, for example for the database, for the logging, for the integration or the communication channels. Through this, a uniform quality standard is built and manual development and configuration efforts as well as essential test processes can be fully automated.

Cloud Platform – The activity of the IT platform should be run completely in the cloud; thus, flexibility gets as high as possible and infrastructure costs get minimized. Cloud based services reduce the dependence of individual server systems. The individual parts of the IT platform are stored on many different servers. If there will be an error on one of the host computers, then another host overtakes automatically. This reduces time intensive visits in computing centers, error analysis and error removals as globally proven services for cloud platforms are used.

End-to-End Paradigm and Standardization – Not differentiated software and services for the running of the Leondrino Platform or for the support of the business processes are provided mostly by external service providers and integrated through standardized gateways. This enables the concentration on the core business, especially in the beginning. Proven external gateways are used and standardization offers are made for own important gateways (e. g., in the payment sector or mid-term for utility and payment token).

It is not planned to implement proprietary basis technology for the Leondrino Wallet or for the blockchain of the Leondrino MainNet. Instead, we work with market leading platforms and teams which can meet the heavy requirements of our business model and our enterprise customers.

The Leondrino team is committed to open communication standards and will contribute with some of its own developments, especially in areas such as cross-chain communication, token standards, security, and privacy management.

To secure its competitive advantage, Leondrino will keep details about its Leondrino algorithm and other aspects of its core business model and special innovative features as exclusive IP and business secrets.

6.3 Leondrino – Platform Overview
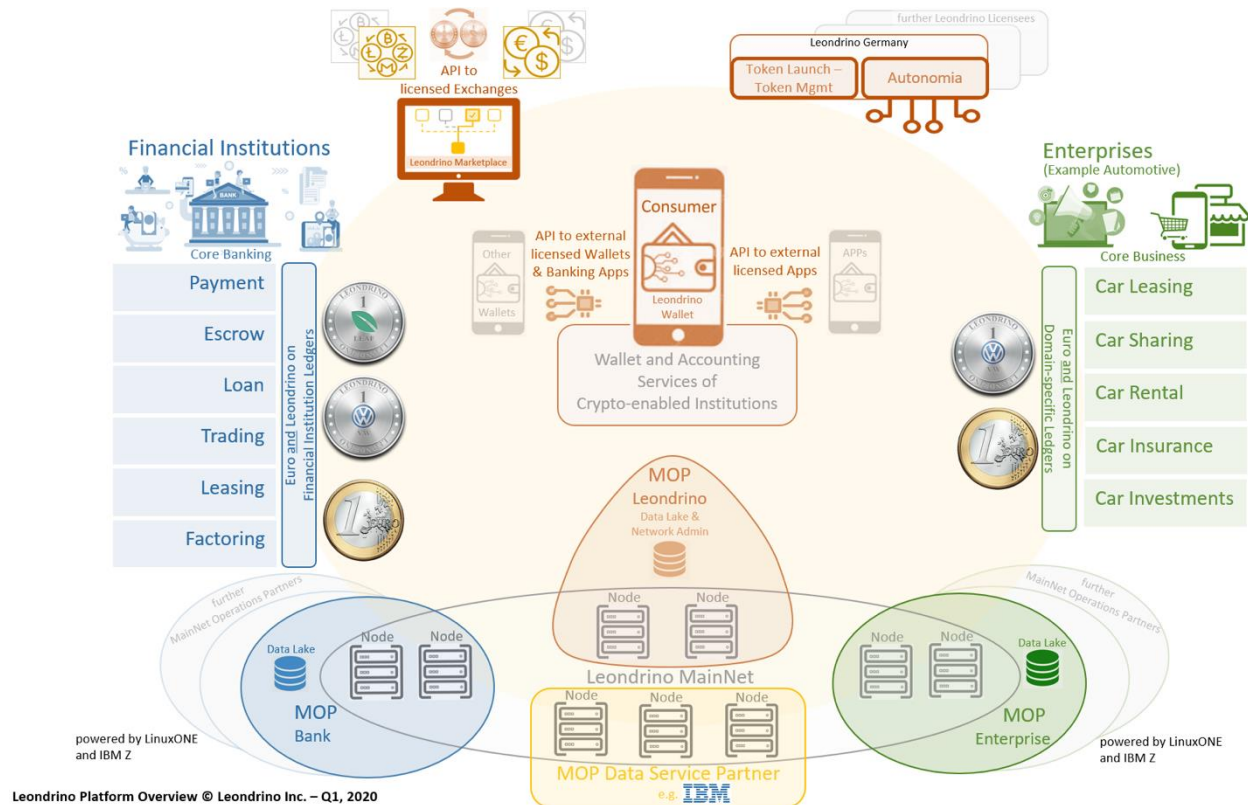
Figure 6-1 – Leondrino Platform Overview

The Leondrino Platform comprises of several components which are designed to meet the interests of the key target groups and structure of the market. Consumers of the brands and investors have access to the **Leondrino Wallet** where they can manage their Leondrino Currencies, loyalty- and bonus points and and have the capability to be linked to other online currency accounts at banks, exchanges or systems of the corresponding brands. The **Leondrino MainNet** is a decentralized consortium chain and will be operated by different industry players and financial institutions that verifies transactions of Leondrino Currencies on the blockchain. Enterprises and financial institutions (on the left and right side of the figure above) get a chance to integrate their backend systems (including newer implementations of their core business functions on blockchain based systems) with Leondrino currencies and potentially later also for the programmable, digital Euro through **Leondrino's standard payment interface and further APIs**. The Leondrino Platform also comprises a **Marketplace** where Leondrino Currencies can be exchanged/ traded via internal and external exchanges. Initially, the marketplace will only allow the selection of exchanges by a direct click of the traders. Later, the marketplace will be extended with rules to select the best exchange based on those rules and to enable more sophisticated order execution. Rules will be incrementally set, in order to avoid front running, and sophisticated functions will be progressively developed to enable matching of buy/sell order' fractions.

Another important component, the **Autonomia**, acts as the "central bank" for the Leondrino tokens of a Leondrino licensee. Autonomia controls the volume and other parameters of a digital currency. The respective currency policy of a digital branded currency is implemented via Autonomia and is therefore the long-term tool for the respective monetary board.

All processes required for their issuance including the management of sub budgets based on the respective token economy are mapped in the **Token Launch & Token Management (TLTM)** component. Therefore, the TLTM component is the important link between a Leondrino licensee and the operational processes of corporate customers.

6.4 Leondrino Platform Components – a Group of Microservices

Leondrino Platform is a microservices based platform. The microservices are packaged in a way that they meet the functions and requirements of the key stake holders and partners of the Leondrino Ecosystem.

- Crypto Bank
    - Leondrino Wallet and API (for integration with core banking system)
    - Leondrino Payment App and API
    - Leondrino Marketplace and connection to external exchanges
- Token Launch & Token Management (TLTM)
- Autonomia
- Leondrino MainNet (managed by Leondrino Consortium)

Crypto Bank

Banking: Custody of Leondrino, Transfers, Payments, Trade & Exchange Access

Banks

Consumers and Corporates

MainNet

Verify Transactions and Update Ledger

Consortium Chain

Token Launch Token Management

Token Issuance, Consultation, Wallet Infrastructure & Supply Management

Enterprises

Corporates

Autonomia

Kind of central bank of Leondrino, Execution of Governance and Monetary Policy

Compliance

-

Figure 6-2 – Leondrino Platform Components

6.4.1   Crypto Bank

The Crypto Bank component comprises the custody business for Leondrino currencies. The Leondrino solution is used by Leondrino licensees such as Leondra GmbH but is designed to be used by external retail banks, too. In addition to a Leondrino focused back-end solution including APIs for the integration with traditional back-end solutions of a retail bank, it comprises a front-end with the wallet functions and a payment app. A white label solution is currently being developed.

In addition to user account and wallet for the end customers, the solution includes banking services such as the various offers for a Leondrino Currency Accounts and the mapping of the transactions

required for deposits and withdrawals, including the integration of additional providers. Moreover, it has marketing features supporting loyalty management and can be integrated also with external loyalty management solutions.

Retail banks will be given the opportunity to run their own instance of Leondrino Crypto Bank Services to offer custody services.

6.4.2 Leondrino Wallet

The Leondrino Wallet supports creation and management of Wallet Accounts and Currency Accounts. Users can manage their Currency Accounts and Voucher Accounts and join marketing campaigns that are executed by the initiating brand to receive brand-specific promotion benefits, such as exclusive offers, rewards and individual rebates (also known as *dynamic pricing based on a customer's loyalty status*).

A user can set rules for its Leondrino Wallet concerning if, when and how to use the linked Currency Account(s) in its Leondrino Wallet. A user can also delegate one or more of its Wallet Accounts to another user, who is not the (legal) owner of that account (e. g. infants, family members, employees of a brand, etc.). Doing so, the user (legal owner) grants full or partial permissions to that eligible other user.

The Leondrino Wallet is a grouping of the user's Currency Accounts which a user has permissions to access. To organize its Currency Accounts a user can create and manage several Wallet Accounts. Users can create (activate) their Leondrino Wallet by selecting at minimum one branded token and up to a maximum of 10 branded tokens (initial limit), of which they want to hold Leondrino Currencies. Doing so automatically creates a branded Leondrino Currency Account with an initial balance of 1 token or as specifically defined by the respective brand. The initial limit of 10 branded tokens will be removed as soon as the user is actively using its Leondrino Wallet (e. g., uses tell-a-friend functionality or when activating Leondrino Vouchers the user received as promotional codes from brands or becomes a KYC customer).

If a user enters a promotional code upon registration, the user will get a bonus in a branded Leondrino Currency as defined by the inviting brand. As a result, and in that case, a Leondrino Wallet including the branded Leondrino Currency Account will be created and its balance updated with the pre-defined bonus in one step for the user.

Upon creation, the user gets all permissions granted to manage the branded Leondrino Currency und Leondrino Voucher Accounts.

Existing fiat accounts (regular bank accounts of retail banks) can be linked into the Wallet Account of a user if sufficient credentials are available.

The Leondrino Wallet stores meta data including credentials to access Currency Accounts. As such this information needs to be protected with highest security standards. Furthermore, the Leondrino Wallet accesses different information objects from other components. Thus, it must always adhere to the common authorization scheme and must not grant privileges to unauthorized users.

6.4.3 Payment API and Payment App
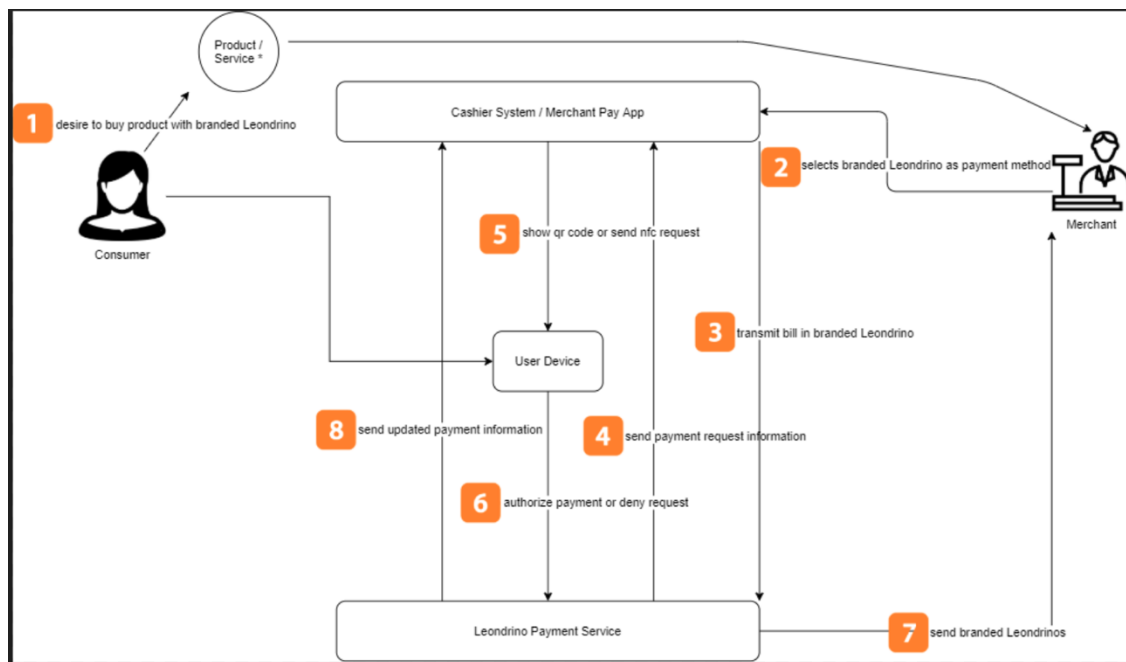
Figure 6-3 – High level illustration of the payment process with a Leondrino currency

Leondrino provides developer tools and resources to integrate payments with Leondrino Currencies.

Developers can leverage our API to expose Leondrino based services and functionalities. On one hand, users can access several marketplaces and e-commerce platforms. On the other hand, offered functionalities cover the overall payment process. For integration of Leondrino payments in a website or application, Leondrino provides a secure, PCI-compliant, customizable payment API.

Leondrino Payment API offers marketplaces and other commerce platforms powerful and flexible payment processing capabilities. This interface helps customers accept and make token payments globally. Leondrino Payment API also enables support for the customer in purchasing goods and/or services at a Point of Sale (POS).

Enterprises can charge customers in their respective branded currency, and view transaction info from the API.

Integrating the API gives consumers of Leondrino customers the option to pay with their preferred payment method, all within a seamless checkout experience.

Leondrino provides its customers and developers with everything they need to embed payments using Leondrino Currencies.

The client-side integration opportunities provide UI for many payment methods: from collecting shopper information to performing additional actions like presenting a voucher that shoppers can use to pay at convenience stores, or presenting a QR code that shoppers can scan with their wallet app.

This API reference provides information on available endpoints and how to interact with them.

Leondrino provides server-side API libraries in several languages. Because the libraries are connected to managed package systems, they are easy to include in your project. Installing a library is not required, but will save developers development time, because a library:

- Uses the latest API version.

- Has generated models to help construct requests.

The **Leondrino Pay App** is an essential component of the Leondrino Platform that enables consumers to pay directly using their smartphone for contactless payments. The consumer desiring to buy a product or service with a branded Leondrino Currency can do so once the merchant selects it as a payment method. The merchant pay app will then generate a QR code (or NFC request) that the consumer will scan in order to authorize (or deny) the payment. The Leondrino Pay App is using the Leondrino Payment API. Also, external payment apps or core apps of a brand can use the Leondrino Payment API to embed payment functions to enable a perfect touchpoint with their consumers.

6.4.4   Leondrino Marketplace, Restricted Exchange and Integration with External Exchanges

This group of components and services enables the exchange of currencies in a competitive environment of exchanges. Initially, Leondrino supports the introduction of token and currencies with a fixed exchange rate in a very simple, centralized way. When the first branded currency will reach token class B, this will change because down-protection at the restricted exchange will vanish. When a branded currency reaches token class A with ILO (Initial Leondrino Offering), such a company currency will then be exposed to a market environment with freely fluctuating exchange rates and different, competing exchanges and will receive protection with regard to volatility only via the Leondrino algorithm (Active Supply Management).

To secure the same market conditions for all exchanges, Leondrino separates the trading environment between exchanges and a marketplace. All external exchanges who accept the fair market policy of Leondrino will be able to connect to this marketplace. The marketplace does address, for instance, the problem of front-running. It plans to equalize the chances for all exchanges e. g., through an artificial delay in the order processing to minimize the time window that could be used for front-running.

After the ICO phase of a branded Leondrino Currency, a restricted exchange for token classes C and B is offered from Leondrino Licensees. The restrictions differ depending on legal environment of target market but at its core, only one-way sales are possible based on an order book. Therefore, a multilateral trading facility license (MTF) is still not needed during this phase of a standard Leondrino lifecycle.

6.4.5   Token Launch & Token Management (TLTM)

TLTM as a business unit comprises the core business of a Leondrino licensee. All processes required for issuance and supply management of Leondrino tokens are mapped here. This also includes consulting on the introduction and management of the branded currency. The target group for TLTM are enterprises wishing to introduce a Leondrino Currency to the market.

The TLTM essentially comprises the following functions:

- Token sale services with voucher functions: Mapping of the Leondrino sales cycle according to the framework conditions defined for the company such as prices, factor events, timing, etc.

- Voucher and loyalty management: For implementing the customer loyalty programs associated with the tokens. Standard interfaces to integrate external loyalty management systems are in preparation driven by concrete customer references.

- Content service: Companies can share brand news and token news with their customers which are pushed into the content section of the user wallets based on token specific rules.

- Dashboard, statistics, and reporting: The company can call up statistics and standard reports and control content via the dashboard

- Token management functions: Issuance, Reporting, Supply Management execution based on pre-defined rules

- Token Budget Service (Sub-Budgets): Management of the budgets as defined in the brand-specific Leondrino Main Contracts

- Marketplace for integration of exchanges: the aim of the Marketplace is to ensure that other exchanges are equally connected. The user can choose which exchange he wants to use. In a further development step, rules can then be stored for automated control of the exchange selection. A restricted exchange with very limited functions is already up and running, Marketplace to connect to external exchanges is in preparation.

6.4.6 Autonomia

Simplifying, one could say that Autonomia is the central bank of all the Leondrino Currencies of a Leondrino Licensee that have been issued by the enterprise customers of this Leondrino Licensee. Since trust is the most important aspect giving value to any currency, Autonomia must act independently of the current business interest of both, the brand company and Leondrino, in order to protect the values of these Leondrino Currencies and to stick to the rules defined by the brand specific Leondrino Main Contracts including their specific monetary policies. Furthermore, its horizon of thinking is the whole lifetime of a Leondrino Currency and therefore long-term. It is not influenced by short-term quarterly profit goals. Therefore, Autonomia has a very exceptional status inside every Leondrino Licensee which will be also checked and controlled via the Leondrino Licensor. This status is comparable to the legally protected status of a Compliance Officer in the American legal system or a "Datenschutzbeauftragter" in the German one. Based on the current political discussions about next steps in regulation around crypto values, Leondrino will contribute its ideas for such an independent currency administration and management role. Autonomia performs a variety of tasks. These tasks are briefly explained in the following subsections.

6.4.6.1 Supervision of Leondrino Rules and Functions

The main goal of Autonomia is to ensure that the Leondrino branded currencies are in accordance with the Leondrino main contract including the agreed monetary policy agreed with the issuing enterprise. To do so, Leondrino has developed a proprietary algorithm which, together with the monetary and investment policies, determines the actions (automatic or manual) taken by Autonomia. A secondary, subordinate objective is to ensure that these Leondrino Currencies maintain a certain level of liquidity.

In addition to these rules for the phase with the start of broad trading, this also includes monitoring compliance with the agreed rules up to the ILO, in particular compliance with the maximum agreed amount of the individual token budgets when issuing token and checking the minimum requirements when token class switches are planned.

6.4.6.2 Market Supervision and Fraud Detection

Based on Leondrino implementation plans, there will be different ways how to use Leondrino:

- Exchanging them for goods or services in the underlying baskets

- Exchanging them for other digital currencies

- Exchanging them for fiat currencies

- Transferring them among the users

Autonomia will frequently look over all these type of transactions for ensuring the stability of the Leondrino, for data collection purposes and for fraud detection.

6.4.6.3 Investing the Reserves

For supply-management and risk-management purposes and starting with currencies of brands reaching token class A, a Leondrino licensee keeps a certain percentage of the outstanding sum of Leondrino in fiat currencies on behalf of the brand. These reserves will be invested in a very conservative way via XLEO such that they serve their purpose of ensuring the stability of the Leondrino and mitigate risks of failing currencies. The main focus of the investment strategy is the avoidance or balancing of risk-taking and high liquidity of the investments. This will of course limit the returns on these investments to a great extent, but high returns are not what these reserves are intended for.

6.4.6.4 Collection and Publication of Relevant Data

To inform the general public and appropriate regulators, and also for internal control processes, Autonomia has to collect relevant data to measure the liquidity and the popularity of all Leondrino.

6.4.6.5 Emission of Physical Coins and Memorabilia

For some sectors, the issuance of physical coins based on Leondrino may be an attractive option. This is in particular true when this coin serves as souvenir or memorabilia. However, this is currently not the central focus of Leondrino and Autonomia. This aspect may be pursued on demand of the brand in the future and is requested especially by Sports brands.

6.4.7 Leondrino MainNet

The MainNet is the blockchain infrastructure for the account management and the transactions. The goal is to stay agnostic regarding the blockchain technology stack. Therefore, Leondrino smart contracts which represent the Leondrino Currencies on blockchain, contains only the absolutely necessary functionality, especially regarding the control of the supply and transaction security. Further business logic e. g., rules around allowed transfers, exchanges, token budget, etc. are not mapped on the blockchain and are implemented as off-chain services. Only transactions that have already been checked against the set rules are executed on blockchain and are communicated to the blockchain via a proxy server.

The Leondrino MainNet beta-version that was used for Benchmarking together with IBM middle of 2020 is an implementation using the Open Ethereum Client with an PoA algorithm,

Other blockchain technology stacks are tested. The final decision which stack will be the basis for the first production version is still not made.

The long-term governance and compensation of Leondrino MainNet Operations Partners (MOPs) is developed together with MOPs and will be implemented and executed by the Leondrino Foundation – see also chapter 5.7.

6.5 Leondrino Service Framework Enables Efficiency and Reduces Complexity

The Leondrino Service Framework was developed for the uniform, standardized development of services, on the basis of which all individual services of the Leondrino platform such as accounting services, wallet services, voucher services, KYC services, etc. are developed. The goals of the framework were and are the efficient implementation of the services and the avoidance of unnecessary complexity of the platform. This simplifies maintainability and expandability in accordance with the quality objectives. The framework also ensures that the security precautions are implemented consistently and across the board.
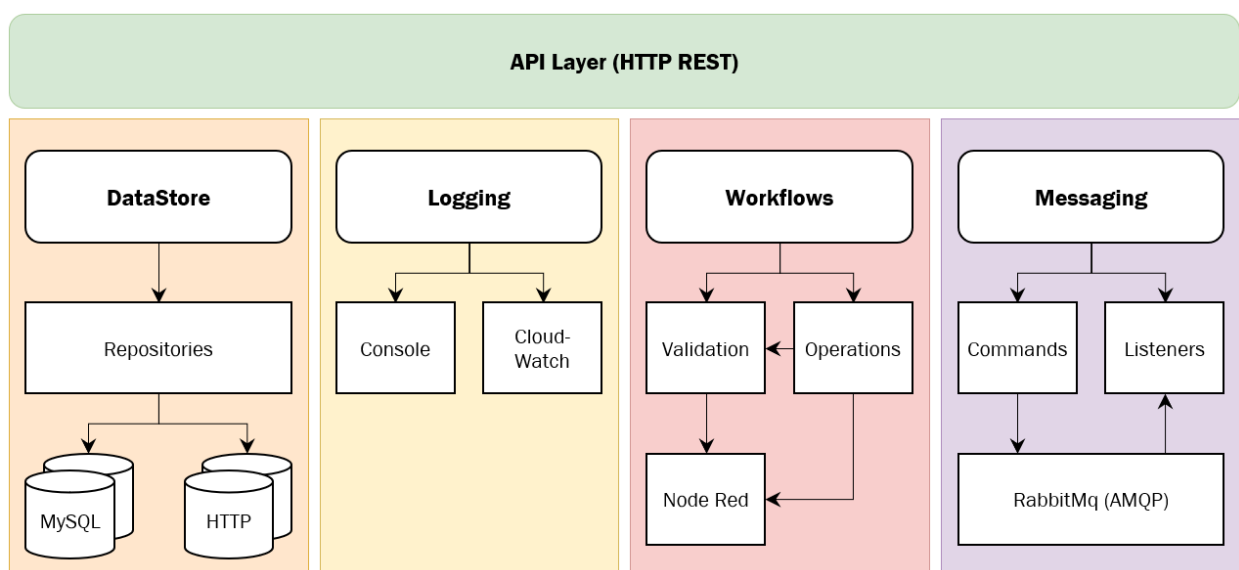
Figure 6-4 – Overview Leondrino Service Framework

The Leondrino Service Framework is illustrated in Figure 6-4 and details the specifications for the microservices in a total of 5 aspects, which are explained in the following sections:

1. Residual API layer
2. Uniform data storage
3. Uniform logging
4. Tool-based workflow integration
5. Messaging concept

6.5.1 Rest API Layer

An API layer was created for all microservices, which is connected to the actual service in the same way as a proxy. For this purpose, a separate query language based on Sequelize was developed, which is used for communication between the individual microservices.

By using the rest of the API layer, a cascade of standardized validation and preprocessing activities (middleware) is automatically carried out for each service. This standardizes the internal processes and reduces the manual development effort and the susceptibility to errors with a large number of interacting services. Figure 6-5 illustrates this middleware cascade.

Figure 6-5 – Leondrino Service Framework - Rest API Layer

1. **Security Middleware –** The service framework uses the Node.js package Helmet.js to protect the service against the most fundamental security risks. The package is a collection of smaller middleware packages (https://github.com/helmetjs/helmet).

2. **Meta Middleware –** Information is read from the HTTP headers and made available for the rest of the process. In addition, a unique ID is added to the request in order to better track the process of the request.
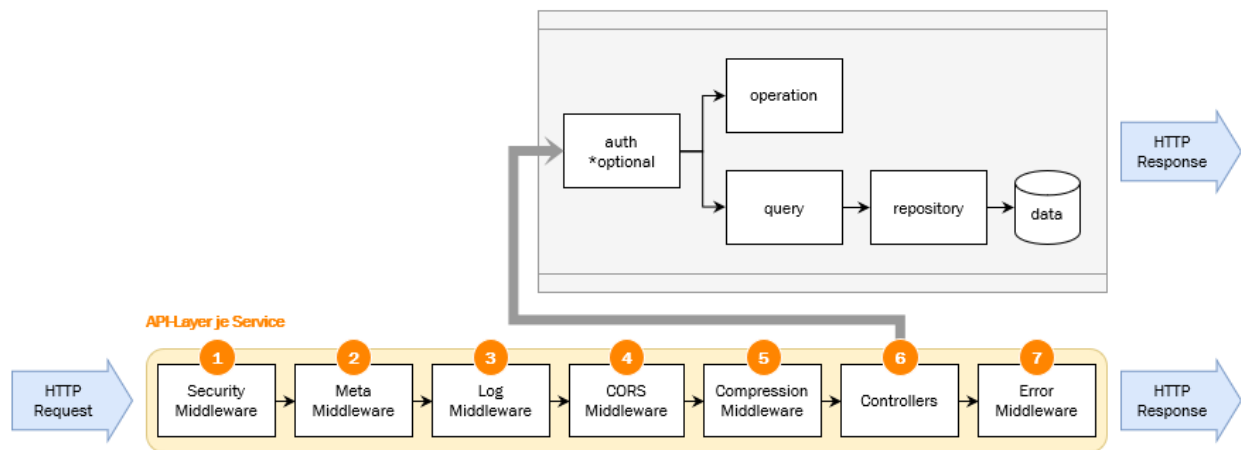
3. **Log Middleware-** Each request is logged on acceptance, including the returned result (status code).

4. **CORS Middleware –** Each service can restrict the IP addresses that can access this service. The service uses the express CORS middleware for this (https://github.com/expressjs/cors).

5. **Compression Middleware –** Each service uses the express / compression package to compress the response from the service (https://github.com/expressjs/compression).

6. **Controllers –** A controller is a collection of HTTP endpoints, which can be accessed under a common path (StatusController -> Path: "/ status") and via two endpoints: GET /status/info, as well as GET /status/config.

7. **Error Middleware –** The error middleware intercepts errors that have occurred in the course of an HTTP request. These can be server errors, but also validation errors (client). Depending on the type of error, the service provides a corresponding status code. Client-side validation errors are also provided with a clear error code in the header of the HTTP response.

6.5.2 Data Storage

Each service offers a connector package that describes the possible queries to the service. Other services can use these connectors to load data necessary for their operation. The queries offered by

the connector packages use the same query language as the repositories that are used to connect to the database. The same connector package is used by the wallet front-end application and the Leondrino Pay app.

The connector package is a wrapper around the HTTP call to an HTTP endpoint of a service. Each endpoint is compatible with a repository call to a local data source. **The mid-term goal of the connector package is to be published publicly on GitHub or a similar platform so that third party developers can create new services around the Leondrino platform.**

6.5.3 Logging

Each service uses the log4js package to carry out uniform logging. There are basically two ways of logging:

- Logging on console
- Sending of the logs to CloudWatch

6.5.4 Workflow Integration and Low Code Customizing

The workflows for transactions or data validation for a microservice can either be code-based or tool-supported based on Node-RED. This enables low-code developments by the specialist departments of the Leondrino Licensees or external partners, so that the Leondrino Services can be easily adapted to the needs of the respective legal area or the respective partner, e. g., banks that are interested in providing Custody Services for standard crypto and Leondrino, too.
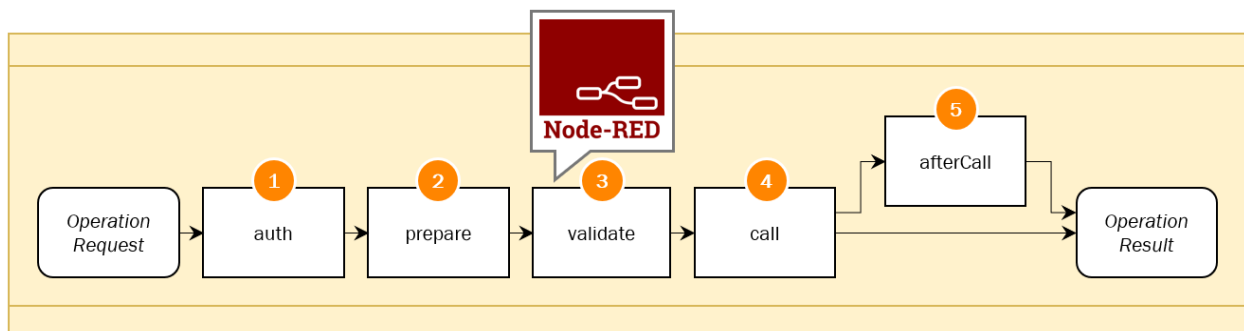
Figure 6-6 – Leondrino Service Frameworks – Workflow Integration

1. **Auth –** Here it is checked whether the workflow can be carried out with the transferred authentication.
2. **Prepare** – In the prepare method, all data are loaded which are required for the further process (validation, …).
3. **Validate** – In the validate method, the data required for the workflow (transferred and loaded in the prepare method) are checked and a decision is made as to whether the workflow can be carried out based on those data.

4. **Call** – The actual process: the service writes data to its database and / or sends commands to other services in the system.

5. **AfterCall** – Optional step that is carried out after the write process (call) has been carried out.

6.5.5   Messaging

When communicating via the Leondrino Message Bus, a distinction is made between commands and events: Commands are only received by exactly one received service (listener) and precisely executed. Events, however, can be received by multiple listeners.

Each service has to authenticate itself on the message bus and can be restricted according to which topics should be listened to and / or sent.

The Leondrino Message Bus is a RabbitMq installation (https://www.rabbitmq.com/).

6.6 Integrations of External Service Providers

Following the defined architectural paradigms, outsourced functions of the Leondrino platform are based on partnerships with renowned service providers, between which the Leondrino licensee responsible for the respective market acts as an integrator. This ensures reliability, scalability, and speed of implementation and at the same time avoids the overhead and maintenance costs of setting up our own internal systems. Figure 6-7 gives an overview of the current external system landscape using the example of Leondrino Germany.
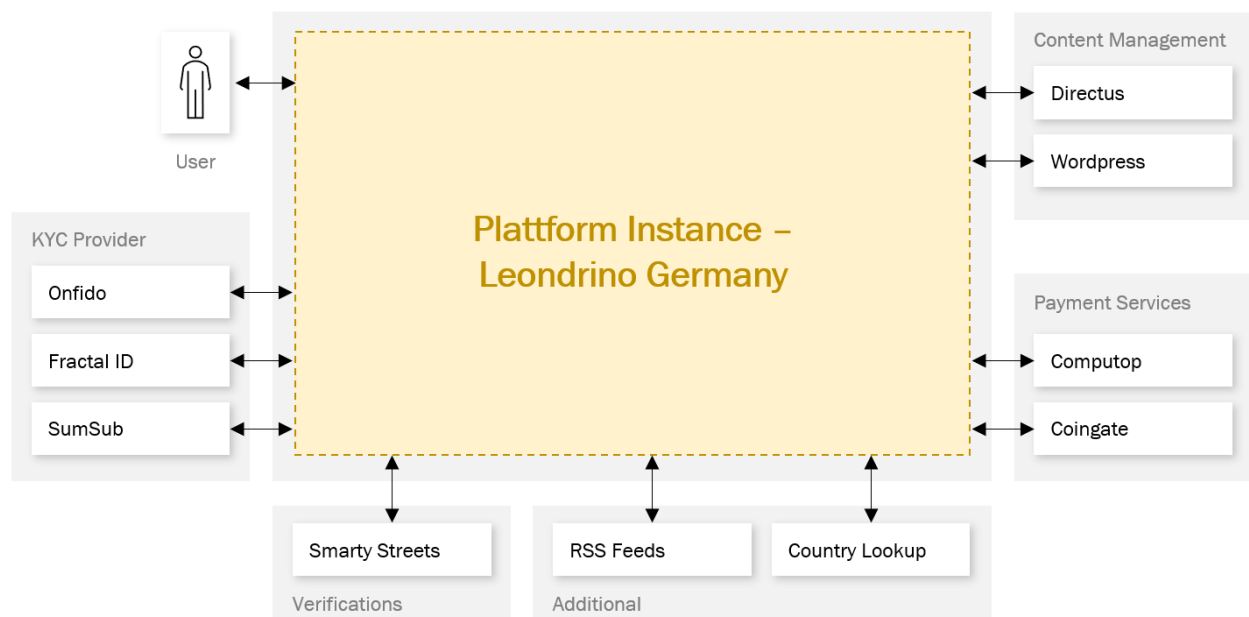

Figure 6-7 – Integration of external service providers at Leondrino Germany

For further integration of many additional partners, a Leondrino test and integration center is considered.

Information about available tools and services for prospective partners of Leondrino will be published on our homepage in the future (www.leondrino.com).

7 XLEO Token Issuance

7.1 XLEO Token Economics

Based on the long-term goal of XLEO, the supply will become flexible over time, influenced by the number of enterprise currencies in the Leondrino ecosystem and their total market cap and supply volume. Nevertheless, the authorized supply of XLEO is limited to 1 billion until XLEO becomes tradable through an ILO – Initial (Public) Leondrino Offering.

Critical parts of the token economics are the definition of the token budgets and the definition of the maximum number of tokens authorized for the token budgets until the ILO. Based on experience and best practices, the Leondrino Standard contains a standard template for the budget structure grouped by budgets for token sales and budgets for special target groups. The first group of budgets are used to raise money, the second group serves mostly the growth and value of the ecosystem, secures early supporters and key employees, shareholders, advisors, external developers and other freelancers.

The token budgets for the XLEO through ILO are split as follows: 58% of the authorized token will be issued through token sale; and 42% are available to special target groups and for marketing purposes. The specific target sub-groups and defined budgets are pictured in following figure 7-1.

Standard Token Budget Allocation for XLEO [2] until ILO	Total Budget	Total Budget Tokens Authorized Initial Distribution	Sub Budgets	Sub Budgets Tokens Authorized Initial Distribution
Budgets for Token Sale	58,00%	580.000.000		
Private Presale and Budget for Big Investors [3]			12,00%	120.000.000
Reserved for Investors Signing Convertible Loans (until conversion)			5,00%	50.000.000
Early Supporters and Consumers (ITO-Budget)			1,00%	10.000.000
Main Crowd (ICO-Budget) [4]			5,00%	50.000.000
Public Offering and Start Trade (ILO Budget)			35,00%	350.000.000
Budgets for Special Target Groups and Marketing [5]	42,00%	420.000.000		
Referals and airdrops for early adopters and contributors			5,00%	50.000.000
Business development of XLEO ecosystem			30,00%	300.000.000
Main Net Operating Partners (MOPs)			10,00%	100.000.000
Liquidity Buffer for branded Leondrino			10,00%	100.000.000
Reserve for market makers			5,00%	50.000.000
To secure future asset sources			5,00%	50.000.000
Team members (incl. developers), shareholders and advisors [6]			7,00%	70.000.000
Total:	100,00%	1.000.000.000	100,00%	1.000.000.000

[2] Sub-budgets may be subject to changes, depending on the success of XLEO and those changes must be disclosed in the whitepaper.

[3] This budget can be used by the management of Leondrino Germany until start of unrestricted public trade. Afterwards it will be put into budget for "Big Investors".

[4] If not completely used until end of ICO, the rest of this budget will be put into the budget for "Big Investors (Whales)" or ILO budget.

[5] Distribution is done over longer period of time to foster constant ecosystem development (not only before or around ITO.)

[6] General rule: Vesting over 4 years, cliff with ILO; max 25% until ILO.

Figure 7-1 – XLEO Token Design

Those budgets are fixed until the ILO of the XLEO. The ILO is the moment the XLEO reaches Leondrino Token Class A and is fully tradable. Then, the market will determine the distribution of the XLEO among the various target groups and the active supply management by the Leondrino Algorithm supervised by the Leondrino Foundation could lead to an issuance of more XLEO tokens depending on market conditions and based on the monetary policy for XLEO.

7.2 XLEO Distribution, Timing and Prices

As described in 7.1, the distribution of the XLEO targets different groups. Those groups have different opportunities to get XLEO tokens. While, for example, Convertible Loans, SAFT-agreements, and Club Deals as well as MOP Deals are only possible through direct negotiations with the Leondrino Licensee *Leondrino Deutschland*, consumers can buy XLEO tokens on the Leondrino Platform.

On the Leondrino Platform, the XLEO token will be issued through different phases which offer declining discounts compared to the target price during ILO in the range between 1 Euro and 1.40

Euro. For the first three months, XLEO will go through its ITO phase until the final ITO price is reached end of June 2021. The ICO phase of the XLEO begins in September 2021. The start of restricted trade is planned for the mid of 2022. The timing and prices of each phase are pictured in figure 7-2. The discounts of directly negotiated XLEO purchasing agreements with professional investors also decline over time.

Token Sale during ITO					
Discount Phase 1	0,35 €	26.02.2021 at 12:00:00 UTC	until	15.03.2021 at 11:59:59 UTC
Discount Phase 2	0,38 €	15.03.2021 at 12:00:00 UTC	until	15.04.2021 at 11:59:59 UTC
Discount Phase 3	0,40 €	15.04.2021 at 12:00:00 UTC	until	15.05.2021 at 11:59:59 UTC
Final price	0,42 €	15.05.2021 at 12:00:00 UTC	until	30.06.2021 at 23:59:59 UTC
Token Sale during ICO				
Discount Phase 1	0,45 €	01.09.2021 at 12:00:00 UTC	until	01.10.2021 at 11:59:59 UTC
Discount Phase 2	0,48 €	01.10.2021 at 12:00:00 UTC	until	01.11.2021 at 11:59:59 UTC
Discount Phase 3	0,52 €	01.11.2021 at 12:00:00 UTC	until	01.12.2021 at 11:59:59 UTC
Final price	0,55 €	01.12.2021 at 12:00:00 UTC	until	31.12.2021 at 23:59:59 UTC
Start restricted trade/Start acceptance of XLEO for other Leondrino (still limited)	Over 0,55 €	Mid of 2022		
Start public trade - target	1 - 1,40	In 2023		

See Annex 2 for the update (page 50)

Figure 7-2 – Token Sale Timing and Prices

7.3 Expected Distribution of XLEO for the First 3-5 Years

The goal of the XLEO is to support the digital enterprise currencies, provide liquidity to them and to serve as a reserve currency. The amount of issued XLEO depends on the growth of the Leondrino ecosystem, in particular the market capitalization of the Leondrino Currencies in circulation. We plan to have successfully launched at least 8 to 10 of such currencies to the public market during the next 3 years. This means that we expect at least 8-10 Leondrino Currencies reaching Leondrino Token Class A – excluding XLEO. According to our internal estimations, the planned XLEO base line of 1 billion will be sufficient for its purpose and for those initial currencies. Should more XLEO be necessary later, a new charge of XLEO will be issued in accordance with its role as bridge and reserve currency and based on the long-term XLEO strategy.

In concrete numbers, we plan to issue new XLEO for every newly issued Leondrino Currency. Currently we plan to issue 10%-20% of the market capitalization of the privately branded Leondrino Currency in XLEO in order to support the currency's liquidity. The exact number depends on a variety of variables such as the turnover velocity of the Leondrino Currency or the liquidity of the currency and will be computed for each Leondrino Currency algorithmically and supervised by expert judgement (see also previous chapter about Governance of Leondrino Inc., Leondra GmbH and Outlook for Leondrino Foundation).

Depending on the selected exit option for a Leondrino currency, the volume of XLEO might be adjusted.

7.4 Usage of Proceeds of XLEO Sales and Distribution

The initial income of XLEO sales up to an equivalent of EUR 20 million will be primarily directed to fund organizational development of Leondrino Germany. The goal is to secure the crypto custody license in Germany, to set up the Leondrino MainNet in cooperation with strategic partners, to prepare the incorporation of the Leondrino Foundation and to support the development of the Leondrino Ecosystem. The Leondra GmbH has the right to engage subcontractors to perform the entire or partial development of the Leondrino Platform and its subprojects. Moreover, the proceeds can be used for legal, compliance related and other costs to extend the team of Leondra GmbH as licensee for Leondrino in Germany and to strengthen its role as administrator of software development and

operations around supply management of branded Leondrino Currencies. Moreover, part of the funds can be used for Leondrino Inc. to become a licensed issuer and administrator of Leondrino Currencies in the US market (directly or via a subsidiary)– and to set up a Leondrino licensee in up to 3 additional legal spheres, e.g. in Switzerland. The goal is to be eligible to start the Leondrino MainNet by end of of 2021/ beginning of 2022.

Proceeds above EUR 20 million belong to the future Foundation. Excess funds will be kept in an escrow account managed by Leondra GmbH until the Foundation is created.

7.5 Official Resources of Leondra GmbH regarding XLEO

- Landing page of XLEO (xleo.leondrino.com)
- This XLEO Whitepaper (accessible via landing page of XLEO)

8 Legal Notice and Risk Warning

8.1 Legal Notices

PLEASE READ THROUGH THE WHITEPAPER CAREFULLY BEFORE YOU DECIDE ON THE PURCHASE OF XLEO – PARTICULARLY THE IMPORTANT TIPS BELOW, INCLUDING FURTHER INFORMATION ABOUT RISKS. IF YOU HAVE QUESTIONS ABOUT LEONDRINO INC. OR ITS LICENSEE LEONDRINO DEUSCHLAND (THE "COMPANY"), ITS BUSINESS PROJECTS, THE XLEO OR OTHER FACTS IN THIS CONNECTION, GET ADVICE FROM A COMPETENT BUSINESS, LEGAL, TAX OR OTHER CONSULTANT. IF YOU HAVE DOUBTS OR IF FACTS REMAIN THAT YOU DO NOT UNDERSTAND, YOU SHOULD STAND BACK FROM THE PURCHASE OF XLEO TOKEN.

8.1.1   No Prospect and no Offer to Purchase a Security or Financial Instrument

The XLEO token is designed as pure utility tokens and should not therefore represent their structure according to any securities or financial instruments. This Whitepaper does not therefore represent any prospect or offer document for securities or financial instrument, nor is it intended to represent a prospect or an offer document for securities or financial instruments in any jurisdiction. This Whitepaper merely serves as a project description but represents neither an invitation to purchase nor requests to issue an invitation to bid for purchase of the XLEO. In this respect, this Whitepaper also does not represent any investment recommendation for purchase of the XLEO or for disinvestment of other securities, financial instruments, or other assets.

8.1.2   No Official Check or Approval

This Whitepaper has not been checked or approved by any authorities. Neither has it been submitted to any authority for checking or approval. There are no express legal requirements for the content of this Whitepaper, the structure of this Whitepaper and the information contained therein are based solely on the decisions of Company´s management. Any legal relationships between a Purchaser of the XLEO and the Company are not substantiated by this Whitepaper, but by separate contracts, documents, or conditions in which the rights and obligations of a Purchaser and the Company are regulated. In this respect, in the event of any ambiguity in the presentation in this Whitepaper, the regulations of the said contracts, documents or conditions take precedence over the presentation in this Whitepaper.

8.1.3   Excluded Buyers

The Token Sale (including any Pre-Sale) is not intended for buyers who are resident, tax resident or ordinarily resident, or who initiate the purchase of tokens from or through a country where the sale or purchase of cryptocurrencies is forbidden or only permitted under certain conditions (such as an official permit); that have been classified by the Financial Action Task Force (FATF) with regard to money laundering and the financing of terrorism as high-risk countries or countries under observation or against whom embargoes or sanctions have been imposed, especially by the United States of America or the EU ("excluded third parties"): Bosnia and Herzegovina, the Democratic People's Republic of Korea, Ethiopia, Iran, Iraq, Sri Lanka, Syria, Trinidad and Tobago, Tunisia, Vanuatu, and Yemen, but also the People's Republic of China and Cuba ("Excluded Countries").

There are also restrictions for citizens of the United States of America. They may only participate in a Token Sale if they prove they are a so-called Accredited Private Investor as defined in Rule 501 of Regulation D, enacted in accordance with the Securities Act 1933. It is sufficient for the proof to

truthfully complete the form provided in the KYC process called ACCREDITED INVESTOR CERTIFICATION (see also chapter 9 Annex A), sign the same and finally get the details supplied therein confirmed by their own tax consultant.

Further information on the subject of Accredited Investors can be found via the following links:

- https://www.investor.gov/introduction-investing/investing-basics/glossary/accredited-investors

- https://www.investopedia.com/articles/investing/092815/how-become-accredited-investor.asp

Should it transpire during the KYC process that an interested participant cannot successfully complete the KYC process because of having previously given false details or because of his or her citizenship or residency or other inconsistencies, participation in the XLEO Token Sale is denied to him or her. In the event of denial, payment of the investment sum is reversed, and the refused participant must bear the full costs of this reversal him- or herself.

This Whitepaper as well as the XLEO Token Sale Terms may not be reproduced in whole or in part, regardless of the manner, and may not be passed to third parties without this required legal information and without the information about risk listed in section 8.2 below. This Whitepaper may also not be passed to excluded third parties in whole or in part, regardless of the manner.

8.1.4   High-risk of Loss

Purchasing XLEO tokens entails significant risks. Buyers should not therefore use a substantial portion of their assets to purchase XLEO tokens and should be able to cope economically with a total loss of the money spent. Buyers should also have gained experience already with cryptocurrencies from young companies, understand the economic and technical interdependencies of the Company's business activity and its XLEO token and be able to assess its effects on the value of the XLEO. If a buyer does not have the relevant experience, this nevertheless is not cause for any increased information obligation on the part of the company.

8.1.5   Loan Financing Not Recommended

Financing the purchase of XLEO tokens with a loan is strongly advised against. Because the obligations to repay interest and principal remain, even if the XLEO tokens purchased become worthless. Even the buyer's private insolvency would not be excluded in such a case.

8.1.6   This Whitepaper Does Not Replace Competent Advice

The buyer is hereby advised that this Whitepaper merely gives an overview of the planned investment and business activity of the Company and the XLEO. This Whitepaper cannot however replace any economic, legal, tax or other advice. Every buyer should therefore check the concomitant opportunities and risks independently and where necessary with the aid of external consultants prior to purchase. Buyers are particularly recommended to get advice on the legal, regulatory and tax consequences of a purchase.

The company accepts no liability for the personal financial objectives set by buyers with the purchase of XLEO tokens.

8.1.7 Calculations, Projections and Statements About the Future

All calculations or projections presented in this Whitepaper are essentially based on the experiences or assessments of the company's management. In this respect this Whitepaper also contains statements about the future – particularly subjective objectives for the future business development of the company, which are however associated with uncertainty and risk. These statements reflect the current assessments and expectations of the company with regard to future events. These assessments and expectations may contain errors of perception or evaluation and thus be proved incorrect.

Calculations have been prepared with care and commercial foresight. Nevertheless, the possibility cannot be excluded that events or developments not considered in the calculations or projections may lead to significant deviations in the actual results for the company and thus, also where applicable to deterioration in the value of the XLEO from that calculated or projected.

There can therefore be no guarantee that the developments and results described in this Whitepaper are actually achieved. The buyer bears the risk of diverging developments and results.

8.2 Risk Warning

8.2.1 Regulatory and Other Risks

The Company assumes that the issuance of the XLEO by the Company, purchase of XLEO tokens and payment for services provided by the Company with XLEO tokens (pure utility token) – in each case by non-excluded third parties – are not subject to any separate regulation. However, the regulatory and broadly the legal framework for cryptocurrencies, blockchain and distributed ledger technology, smart contracts and their applications nationally and internationally are nowhere near fully developed and secure. The possibility cannot be excluded therefore that, because of national or international official or statutory measures or because of jurisprudence, the issue, purchase, and administration (including trading) of, or payment for, products or services with cryptocurrencies will be wholly or partly prohibited or only possible subject to certain conditions.

This may lead to significant negative effects on the Company's business model (e. g. in the case of an official or statutory decree for the reversal of issued XLEO tokens or the cessation of business operations) and on the benefits or value of the XLEO through to the insolvency of the company or the complete uselessness or worthlessness of the XLEO.

Likewise, the possibility is not excluded that companies providing the trading opportunity of cryptocurrencies such as the XLEO as third parties are prohibited, without an appropriate official permit to further maintain the trading platform it operates, so that there may be no trading platforms to exchange XLEO tokens for other cryptocurrencies or fiat currencies (thus legal national currencies such as Euro or US Dollar). This could also result in issued XLEO tokens becoming useless or worthless for their buyers.

8.2.2 The XLEO Grants no Property or Administrative Rights in the Company

The XLEO is intended and structured as pure utility token to pay for services provided by the Company and within the Leondrino Ecosystem. The XLEO grants no property or administrative rights in the Company, i. e. they in no way grant participation in the gain or loss and asset development of the company or any voting rights in resolutions of the company, participation rights at shareholder meetings of the company or other shareholder rights. As pure utility token, the XLEO is not suitable as an investment or asset in the business development of the Company.

8.2.3 Exclusion of Refund

As a pure utility token, a refund of the purchase price for issued XLEO tokens against the return of XLEO tokens issued is excluded. Buyers of XLEO tokens must therefore take into account that the money used by them to buy XLEO tokens is tied up in these and at best can be changed back into fiat currencies via third party trading systems, if these are available. If no third party can be found who is prepared to exchange purchased XLEO tokens for fiat currencies, the buyer runs the risk of his or her purchased XLEO tokens being useless or worthless.

8.2.4 Tradability and Fluctuations in Value of the XLEO Token

Tradability of the XLEO cannot be assured. Although the Company aspires to have the XLEO listed for trade with one or more trading systems, the possibility cannot be excluded that the Company is not successful in finding one or more appropriate trading systems who are prepared or in a position to list the XLEO for trade. Even if it is successful in getting the XLEO listed for trade on one or more trading platforms, the possibility cannot be excluded that trading does not take place through lack of buyer or seller interest.

Even if and to the extent that it is successful in getting the XLEO listed for trade on one or more trading facilities, it should be borne in mind that the exchange rate set and thus the value of purchased XLEO tokens is subject to quite significant, if short-term, fluctuations. The possibility can also not be excluded that exchange rates or values of the XLEO develop quite differently in different trading systems. The performance of the XLEO in trading systems can be massively influenced by the performance of other cryptocurrencies, such as Bitcoin or Ether, even if the operational activities of the business offer no reason or starting point for any change in value.

The Company does not guarantee that trading systems on which the XLEO is listed for trade set prices or exchange rates transparently or are able to meet any statutory or official requirements.

A buyer must further consider that trading purchased XLEO tokens is likely to have costs associated that the buyer must also finance and that places a further burden on the intrinsic value of purchased or traded XLEO tokens.

8.2.5 Dependency on Computer Infrastructure

Both the Company's operational business model and the functionality of the XLEO are to a great extent dependent on the presence and permanent availability of a functioning computer infrastructure. For the Company and its ecosystem partners, this especially applies to the operation of the infrastructure, in the purchase of XLEO tokens and with the Company's customers. Any faults or stresses in a functioning computer infrastructure (including internet with appropriate capacities) would put a strain on development and expansion and operational activities, but also on the opportunity to use XLEO tokens until they became useless or valueless. Inadequate functionality of the necessary infrastructure could also significantly slow down the processing speed of transactions with the XLEO and thus, have a lasting negative influence on the usability or intrinsic value of the XLEO.

8.2.6 Operational Risks of the Company

Like any company, especially any young company such as this one, the Company is exposed to operational risk. So, the development of the planned products and services can be significantly retarded or prove wholly or partly impossible. Also, the possibility cannot be excluded that the company is not successful in establishing itself on the market with the planned products or services. The possibility also cannot be excluded that the company is not successful in purchasing and maintaining

adequate licenses required for carrying out business operations; equally, licenses granted could be queried by third parties, which can regularly lead to the high costs of legal defense or law enforcement. Significant strains on operational activities can also arise nationally and internationally from competitors, the development of new products and techniques or the regulation of the company's business operations. Operational risks, particularly those referred to above, can lead to the insolvency of the company. At the same time, operational risk can put a lasting negative strain on the XLEO until they become useless or worthless.

8.2.7   Lack of Financing of the Company

The company Leondra GmbH as a young company depends on generating adequate funding for the development and expansion of the business (including the maintenance of an infrastructure for using the XLEO). The income from issuing the XLEO is initially designated for this. Should the Company not be successful in generating adequate funding, e. g. in the event of failure of the XLEO ITO, there is a risk that the Company cannot develop and expand its business operations as planned, and as the case may be, has to wholly or partly cease its business operations or even declare itself insolvent. Such a development could have a lasting negative effect on the usability or intrinsic value of the XLEO until they become useless or worthless.

8.2.8   Technical Risks

The XLEO is inherently technology-based. Its usability and its intrinsic value are thus like all technology-based products or services exposed to many technical risks, which the Company cannot exclude. These include particularly system faults, code failures, programming errors, hardware failures, data loss or theft, hacking or hacker access or technical strains on processing speed. Technical risks can lead to lasting negative effects on the usability or intrinsic value of the XLEO until they become useless or worthless.

8.2.9   Risks in the Personal Handling and Management of Purchased Tokens

Like any token and cryptocurrency, XLEO tokens are also exposed to risks in personal handling and management. Particular risks in personal handling and management are failure or theft of the hardware used for the safeguarding of purchased XLEO tokens, loss of access codes, usernames, passwords or private keys for access to infrastructure, by which purchased XLEO tokens are safeguarded (e. g. wallets), so that purchased XLEO tokens can no longer be disposed of and they are thus lost to the purchaser. Risks of identification may arise if a buyer decides to transfer your XLEO token to another wallet provider or exchange as soon as this opportunity is offered. The risk would be that your wallet ID and corresponding transaction data would be published in a blockchain environment outside the future Leondrino MainNet. An identification of users is unlikely but cannot be completely excluded since your data might be pseudonymized in the blockchain. There is also the risk that wrongly initiated transactions because of the way blockchain technology works can no longer be reversed and transferred XLEO tokens are irrevocably lost. It should also be borne in mind that, because of the technology used for the XLEO on the one hand and the undeveloped or little developed legal framework on the other hand, use of inherited XLEO tokens is not actually possible.

8.2.10 Tax Risks

Just as the legal framework in connection with different types of token based on cryptocurrencies is not explicit and clear, the national and international tax qualification of transactions with cryptocurrencies (in Leondrino current context applicable for tokenclasses B andA) both for the Company and for buyers of cryptocurrencies are not conclusively resolved. The possibility should not be excluded therefore that transactions with cryptocurrencies both with the Company and with buyers

lead to tax burdens that put a strain on the operational activities of the Company or the usability or intrinsic value of purchased XLEO tokens until they become useless or worthless.

8.2.11 Disclosure of Personal Data in Response to Official Orders/Measures

Buyers are obliged to identify themselves prior to purchasing XLEO tokens in accordance with the anti-money laundering regulations and regulations on combating the financing of terrorism and on tax evasion and to this end to disclose its personal data to the company. Buyers of XLEO tokens should anticipate that the Company may be compelled to disclose such personal data collected to competent authorities, because of national or international official or statutory orders or measures.

8.2.12 Risk Interaction and Risk Accumulation

Each of the risks represented can have lasting negative effects on the usability and intrinsic value of the XLEO. The possibility is not excluded of several risks simultaneously materializing, mutually triggering, or reinforcing each other and thus further increasing the lasting negative effects. Both the materialization of individual risks and the materialization of cumulative risks can lead to the complete uselessness or worthlessness of the XLEO.

9 ANNEX A

Individual Accredited Investor Certification

I hereby certify that I am familiar with the definition of the term "accredited investor" as defined in Rule 501 of Regulation D issued pursuant to the Securities Act of 1933, as amended, and that I meet the criteria to qualify as an accredited investor, in the category or categories indicated by my initials below.

1. [   ] I am a director, executive officer, or general partner of the issuer of the tokens being offered or sold, or a director, executive officer, or general partner of a general partner of that issuer.

2. [   ] I am a natural person whose individual net worth, or joint net worth with that of my spouse, is at least $1,000,000, excluding the value of my primary residence, but including indebtedness secured by such residence in excess of the value of such residence, and calculated in accordance with the below-described rules.

3. [   ] I am a natural person who had individual income in excess of $200,000 in each of the two most recent years or joint income with my spouse in excess of $300,000 in each of those years and I have a reasonable expectation of reaching the same income level in the current year.

Rules regarding primary residences: In calculating my net worth, I have (i) excluded my primary residence as an asset, (ii) excluded debt secured by such residence, up to the estimated fair market value of the residence; (iii) included the amount of any increase on the debt secured by the primary residence incurred within 60 days prior to the purchase of the tokens (unless related to the acquisition of the primary residence); and (iv) included debt in excess of the fair market value of the primary residence.

_____   _____
Place, Date   Signature Investor

_____
Address: _____   Print name Investor

           _____

           _____

_____
Confirmation by Tax Consultant:

_____   _____
Place, Date   Signature Tax Consultant

_____   _____
Print Name Tax Consultant   Official Stamp Tax Consultant

10 Table of Figures

Date: December 20, 2021

Update of Section 7.2 XLEO Distribution, Timing and Prices

The ICO phase of the XLEO token sale will be extended until June 30, 2022. The price will initially stay at EUR 0.55 per token until the end of Q1 / 2022 and will then jump to EUR 0.60 per token on March 31, 2022, at 2:00 p.m. Central European Summer Time.

Date: June 28, 2022

Update of Section 7.2 XLEO Distribution, Timing and Prices

The ICO phase of the XLEO will be extended until the start of the restricted trade. Until further notice, the purchase price per token stays at EUR 0.60.

The start of restricted trade was planned for the mid of 2022 and is now postponed until it is foreseeable when Leondra GmbH will receive the desired final license as a crypto custodian and can offer the restricted trade for the XLEO with crypto values.

Leondra GmbH is currently examining the option of whether and how a restricted trade for the XLEO with national currencies (initially with EUR) can gradually be made possible via escrow accounts managed by licensed financial institutions. However, this examination is not yet completed.

Date: March 6th, 2023

Initial Opportunities to Use the XLEO as Means of Payment

Starting in the first quarter of 2023, the XLEO token will enter into the phase of controlled use. As the first usage opportunity for the token selected token issuers/B2B customers can make payments in XLEO to a limited extent per month for the Leondrino services taken. This is an important step towards the practical usage of our utility token.

First utility opportunities for our wallet users/B2C customers are in preparation. The acceptance of XLEO as a means of payment for token purchases via the Leondrino Wallet will be one of the first to come. A list of planned opportunities to use for Leondrino users including a price list for the Leondrino Services will be available after the upcoming test phase has been completed.

Update to Section 5.2 Advisory Board

E.J. Dieterle joined the Advisory Board and was added as new member (see page 22).

In addition, the paragraph on Marcus Mosen has been updated (also page 22). Since December 2022, he serves as Chairman of the Supervisory Board of N26 AG & N26 Bank AG.

Update to Section 7.2 XLEO Distribution, Timing and Pricing

The ICO phase of XLEO will be extended until the start of the restricted trade. During this phase, the purchase price per token will increase from €0.60 to €0.70 on April 17th, 2023.

The start of restricted trade will be delayed until it is foreseeable when Leondra GmbH will receive the desired final license as a crypto custodian and can offer restricted trade for the XLEO with crypto assets.

Leondra GmbH is still examining whether and how to gradually enable restricted trade for XLEO with national currencies (initially with EUR) through escrow accounts managed by licensed financial institutions.

Date: August 2nd, 2023

MiCAR – New EU-Wide Regulation for Services and Activities Related to Crypto-Assets

The European Union has adopted a new regulation called MiCAR (Markets in Crypto-Assets Regulation). This regulation aims to regulate various aspects related to crypto assets. It includes transparency and disclosure requirements for the issuance and trading of crypto assets as well as rules for the licensing and supervision of crypto asset service providers (CASPs) and issuers. In addition, the MiCAR focuses on ensuring proper business organization, protecting investors and consumers, and combating market abuse on crypto trading venues.

The regulation also specifically addresses stablecoins, such as asset-referenced tokens (ART) and e-money tokens (EMT), and formulates definitions and requirements for these types of crypto assets. The regulations for stablecoins will apply from June 30, 2024. Other provisions of MiCAR, including those relating to the authorization and ongoing supervision of service providers, will take effect on December 30, 2024.

The concrete implementation of MiCAR is now to be formulated by the competent national regulatory authorities of the EU member states. Following the announcement of the concrete application provisions expected for 2024, Leondra GmbH will analyze in detail what impact the new regulatory requirements will have on the design and timing of the implementation of Leondrino token classes B and A, as well as on the regulatory classification of the XLEO with its special role in the Leondrino ecosystem. The further implementation planning for the XLEO will be adjusted and refined accordingly.