

# Flour Yield Token (FYT)

## White Paper

Version 7 — August 2025  
Prepared by UAB Insela, Lithuania

### MiCA Compliance Statement

This crypto asset white Paper (CAWP) has been drafted in strict conformity with Title II Regulation (EU) 2023/1114 on Markets in Crypto-assets (MiCA) and its accompanying Commission Implementing Regulation (EU) 2024/2984, to the best of the knowledge of the management body, the information presented in the crypto-asset white paper is fair, clear and not misleading and the crypto-asset white paper makes no omission likely to affect its import.

This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Union.

Date

### Mandatory Risk Warnings

- This crypto-asset may lose its value in part or in full.
- This crypto-asset may not always be transferable.
- This crypto-asset may not be liquid.
- Where the offer to the public concerns a utility token, that utility token may not be exchangeable against the good or service promised in the crypto-asset white paper, especially in the case of a failure or discontinuation of the crypto-asset project.
- This crypto-asset is not covered by the investor-compensation schemes under Directive 97/9/EC.
- This crypto-asset is not covered by the deposit-guarantee schemes under Directive 2014/49/EU.

## **Key information about the Flour Yield Token (FYT)**

FYT are designed to be utility tokens under Title II of MiCA that provide access to existing goods and services. The Floor Yield Tokens are live on the Polygon blockchain as an ERC-20 smart contract. FYT confers no rights—such as voting, ownership, or dividend claims—but functions solely as a medium of exchange and unit of measurement within GreenFi applications, offering users a readily transferable crypto-asset for transactions in sustainable ecosystems.

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## Abbreviations

AML/CFT - Anti-Money Laundering/Combating the Financing of Terrorism

AMLD5: 5th Anti-Money Laundering Directive

API - Application Programming Interface

ART – Asset Referenced Token

AWS - Amazon Web Services

CeFi - Centralised Finance

DeFi - Decentralised Finance

DLT - Distributed Ledger Technology

ERC-20 - Ethereum Request for Comment 20

ESMA/EBA: European Securities and Markets Authority / European Banking Authority

EMT - Electronic Money Token

EU - European Union

EUR Euro

FYT Flour Yield Token

GDPR General Data Protection Regulation (2016/679/EC)

IP Intellectual Property

ISO International Organisation for Standardisation

IVFAO Initial Virtual Financial Asset Offering

MiCAR Regulation on Markets in Crypto-Assets

KYC/AML Know Your Customer/Anti-Money Laundering

MPC Multi-Party Computation

MVP Minimum Viable Product

PAS Publicly Available Specification

RWT Real World Token

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USD United States Dollar

VAT Value Added Tax

VASP Virtual Asset Service Provider

VFA Virtual Financial Asset

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# 1 Executive Summary

Flour Yield Token (**FYT**) is a climate and ESG-focused **utility token** issued by **Insela UAB** on Polygon. Its primary purpose is to facilitate access to sustainability and regenerative-commerce products within the Flour Yield ecosystem—such as basalt-enriched fertiliser supplied by our strategic partner **Balkan Basalt** and longevity items available in the TarCasso Shop. FYT is **not** designed to maintain a stable monetary value, nor does it grant any redemption right for a fixed quantity of basalt or for fiat currency.

## Natural Utility & Supply Partnership

- Insela maintains a long-term supply agreement with Balkan Basalt, ensuring that sufficient basalt powder is available to support current and future ecosystem demand.
- Balkan Basalt receives FYT allocations and a share of private-placement proceeds in return for providing basalt and logistics capacity.
- Basalt deployed through Enhanced Rock Weathering (ERW) may generate CO<sub>2</sub>-removal certificates; any revenues received by Insela are earmarked for ecosystem development and sustainability grants.

## Token Use Cases (Phase 1)

1. **Medium of exchange** for basalt fertiliser and regenerative products in participating shops.
2. **Reward layer** for community contributions (e.g., verifying ERW projects, referral programs).
3. **Access key** to premium features, discounts, and future governance modules.

## Regulatory Position

- FYT falls under **Title II of MiCAR** as an “other token” (utility token).
- The accompanying Crypto-Asset White Paper (CAWP) will be notified to the Bank of Lithuania in accordance with Articles 6–8 MiCAR.
- FYT does **not** purport to maintain a stable value, is **not** an asset-referenced token (ART) or e-money token (EMT), and conveys **no** profit-sharing, equity, or redemption rights.

## Tradability & Market Access

FYT is deployed as an ERC-20 smart contract on Polygon. Secondary trading may occur on licensed crypto-asset service providers (CASPs) in compliance with MiCAR Title V. Insela does not operate any exchange or automated-market-maker pool itself.

## Sustainability Vision

By aligning token utility with tangible climate-positive products, the Flour Yield ecosystem aims to accelerate adoption of Enhanced Rock Weathering, support regenerative agriculture, and create measurable environmental impact—while giving token-holders practical benefits within a growing network of green merchants.



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## 2 Project Snap Shot

- **Token Name:** Flour Yield Token (FYT)
- **Involved Entities:** Insela UAB (Token Issuer), Balkan Basalt Holding B.V. (Basalt commodity provider), Balkan Basalt Sphk
- **Blockchain:** Polygon (Ethereum Layer 2)
- **Smart contract:** ERC-20
- **Token Type:** The Flour Yield Token (FYT) is a Utility Token that powers transactions across our ESG-commodity platforms.
- **Total Supply:** 1 Billion FYTs created
- **Vision:** To build the leading regenerative means of exchange for GreenFi, Climate Finance, Sustainability, and Longevity sectors.

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## 3 FYT: An ESG-Enabled Utility Token – Detailed Overview

Flour Yield Token (FYT) is an **environmentally focused utility token** issued by *Insela UAB* on the Polygon network. Its sole function is to grant holders **on-chain access, payment convenience and loyalty benefits** within a closed ecosystem of regenerative-commerce partners—including the Flour Yield Online Shop and the TarCasso Marketplace. FYT **does not** promise a stable monetary value, a commodity-peg, or any redemption right in fiat or physical goods. Consequently, FYT is classified under **Title II (“other tokens”) of Regulation (EU) 2023/1114 (MiCAR)** rather than as an Asset-Referenced Token (Title III) or E-Money Token (Title IV).

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### 3.1 Basalt Partnership & Environmental Alignment

- **Strategic supply agreement:** *Balkan Basalt Sh.p.k.* commits to make sustainably quarried basalt powder available to Flour Yield ecosystem merchants.
- **Non-redeemable reference:** For transparency, Insela publishes the aggregate kilograms of basalt earmarked for ecosystem use, but token holders **have no legal claim** to this inventory.

- **Climate-impact data:** Deployment of basalt in Enhanced Rock Weathering (ERW) projects is recorded on-chain; verified CO<sub>2</sub> removal metrics are reported for informational purposes only.

This partnership ensures that real-world, carbon-negative commodities flow into the network without creating a price-stability mechanism that would re-qualify FYT as an ART.

## 3.2 Utility Pathways

Utility pathway	Description	Token-holder benefit (non-financial)
<b>Payment token</b>	Pay for basalt fertiliser, EVOO and other GreenFi products in participating shops.	Convenience, loyalty discounts, early-access sales.
<b>Access key</b>	Unlock premium features: soil-health dashboards, farm onboarding kits, educational content.	Tiered access and gamified badges.
<b>Community incentives</b>	Bounties for ERW field data, referral rewards, governance polls.	Ecosystem reputation, voting weight, badge NFTs.

All benefits are **consumption-based**; FYT does not entitle holders to dividends, interest, or redemption of underlying assets.

## 3.3 ESG Transparency without Financial Claims

1. **On-chain MRV (Measurement, Reporting, Verification)**
  - Each basalt deployment is linked to a verifiable NFT certificate.
  - Data fields: GPS coordinates, tonnes applied, independent lab assays, projected CO<sub>2</sub> removal.
2. **Impact dashboards** display aggregate sequestration and soil-health improvements, enhancing reputational value but not conferring a monetary payout.
3. **Buy-back program (optional):** If Balkan Basalt shares CO<sub>2</sub>-credit revenues with Insela, proceeds may be **used at Insela's discretion** to repurchase FYT on the open market. Tokens bought may be burned or placed in a treasury. This program is neither contractual nor guaranteed and creates no security-like entitlement.

These design choices keep FYT outside the scope of financial-instrument regulation while aligning token circulation with climate-positive outcomes.

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## 3.4 Why FYT Remains a Utility Token under MiCAR

- **No redemption right:** Holders cannot exchange FYT for a fixed amount of basalt or fiat.
- **No stability objective:** Insela makes no commitment to maintain FYT's market value, price floor or peg.
- **No profit share:** Any potential buy-backs are discretionary and do not establish a right to issuer earnings.
- **Consumption focus:** FYT's primary purpose is to access goods, services and data within a closed regenerative-commerce network.

Accordingly, FYT satisfies MiCAR Title II criteria for “other tokens” and is not subject to the reserve, own-funds or redemption obligations applicable to Asset-Referenced Tokens.

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## 4 About the Issuer

### 4.1 The FYT Issuer

The token is issued by Insela UAB, a company registered in Lithuania with the company number **307133732**.

Insela operates as a wholly owned subsidiary of **Wharf Plan GmbH**, Vienna (FN 512680 t) an Austrian-registered family office with a strategic focus on high-impact investments across **blockchain**, **cryptocurrencies**, **fintech**, and **green technology**. Wharf Plan brings together a group of seasoned investors and entrepreneurs from multiple jurisdictions, providing deep domain expertise and a broad international network.

The operational leadership as well as the ultimate beneficial ownership of both Wharf Plan and Insela UAB is held by **Alexander Boehm**, who has been active as a project developer and investor in digital assets and frontier technologies since 2017. Under his direction, Insela contributes to the strategic development, tokenomics design, and implementation of the Flour Yield Token (FYT) ecosystem.

### 4.2 Balkan Basalt Holding B.V. – FYT's Strategic Asset Partner

Balkan Basalt Holding B.V. (“**Balkan Basalt**”) is a Netherlands-registered holding company that controls and operates the **basalt mine in northern Albania—one of the largest known open-pit basalt deposit in Europe**. Day-to-day mining operations are carried out by its wholly owned Albanian subsidiary **Balkan Basalt Shpk**, which maintains full extraction licences, ISO-certified quality controls, and reserved port capacities for efficient EU shipping. The quarry's size and grade provide a multi-decadal reserve of agronomy-grade basalt powder, giving FYT a uniquely deep and reliable collateral base.

The company is led by Dutch entrepreneur **Maurice Martens**, who brings more than three decades of experience in quarry development, rock-dust micronisation, and bulk logistics. Martens is supported by a high-profile investor group who add substantial balance-sheet strength, corporate-governance rigor, and international network reach. This combination of operational expertise and financial firepower ensures the quarry can scale output in lockstep with FYT token issuance.

From an ESG standpoint, Balkan Basalt's feedstock meets the **EU Fertilising Products Regulation (2019/1009)** for heavy-metal thresholds and particle-size specifications. Independent labs certify every production batch, while the company's low-emission processing line and short haulage routes keep cradle-to-gate CO<sub>2</sub> footprints to a minimum—an essential prerequisite for credible *Enhanced Rock Weathering (ERW)* projects.

### 4.3 Basalt Supply Commitment

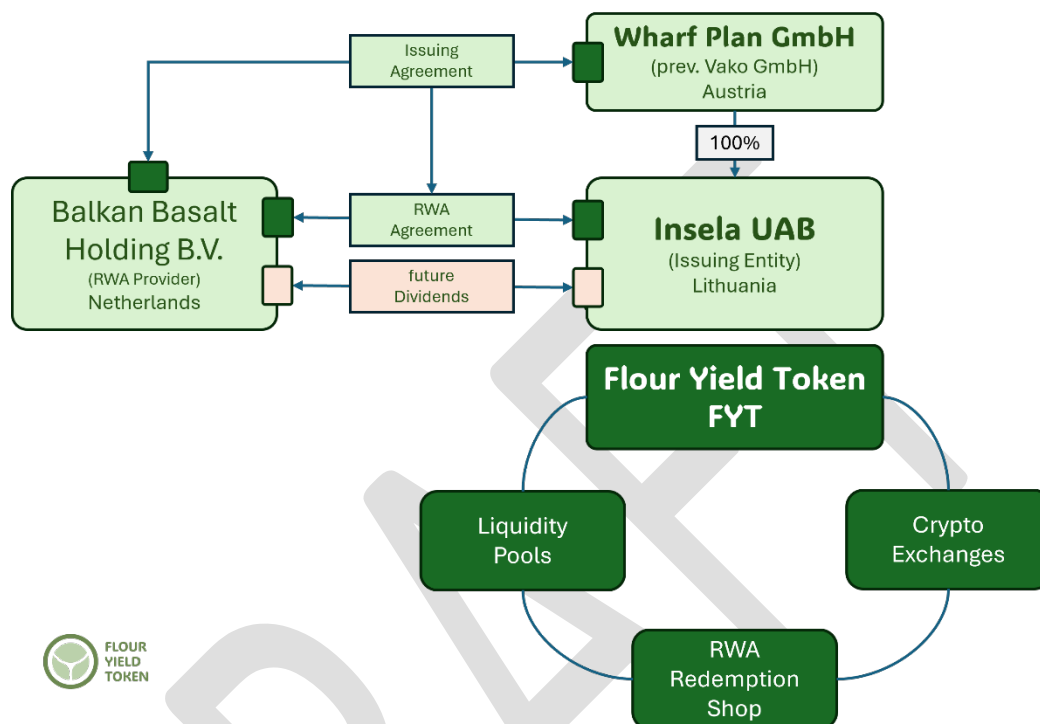
Insela UAB has entered into a definitive **Purchase & Supply Agreement** with **Balkan Basalt Holding B.V.** (Netherlands) for the **immediate acquisition of 1 million metric tonnes** of agronomy-grade basalt flour. The contractual structure separates *title transfer* from *payment execution* to maximise collateral certainty while preserving treasury flexibility.

Item	Summary
<b>Title &amp; Quantity</b>	Full legal title to <b>1 million tons</b> of basalt flour transfers to Insela UAB at contract effectiveness.
<b>Payment Plan</b>	Consideration will be settled over time under a separate, mutually agreed <b>Payment Schedule</b> that combines FYT and fiat currency. The detailed amounts, milestones, and mechanics are set out exclusively in the private purchase agreement between Insela UAB and Balkan Basalt Holding B.V.
<b>Pricing Principle</b>	No fixed FYT redemption or floor price is created; basalt sales to ecosystem merchants occur at market rates prevailing at the time of delivery.
<b>On-Chain Proof of Ownership</b>	Contract hash and IPFS link (publicly verifiable): 0x●●●●...
<b>Regulatory &amp; ESG Compliance</b>	All material complies with EU Fertilising Products Regulation (2019/1009); heavy-metal and particle-size tests are performed by ISO-accredited laboratories.

**Transparency Note:** While Insela UAB's payment obligations are deferred, *title* to the entire 1 million tons of basalt is already secured—ensuring that every FYT issued is demonstrably collateralised from day one, in line with MiCA transparency standards.

## 4.4 Graphical Overview

### Corporate Structure Issuer Flour Yield Token (FYT)



## 5 Green Buy Backs & Deflationary Model

To preserve the utility token classification of the Flour Yield Token (FYT), no dividends are distributed to token holders.

FYT holders do not receive direct profit participation in either the Issuing Entity Insela or its partner, Balkan Basalt Holding B.V. This strategic decision is aligned with regulatory compliance standards—particularly those under MiCA and comparable frameworks—ensuring that FYT is not classified as a security token.

Nevertheless, FYT holders benefit indirectly from the success of the broader Flour Yield ecosystem through a **structured buyback and burn mechanism** funded by the Issuing Entity's operational revenues.

### 5.1.1 Annual Revenue Contributions from Balkan Basalt Holding

Under a contractual agreement with Balkan Basalt Holding, the Issuing Entity, Insela UAB, receives dividends from Balkan Basalt. These dividends are the result from profits generated by its regular mining activities and the sale of CO<sub>2</sub> certificates through certified Enhanced Rock Weathering (ERW)

projects. These revenues—referred to internally as "green dividends"—are not distributed to token holders but are instead reinvested into the FYT ecosystem through market operations like token buybacks.

### 5.1.2 Green Buyback and Burn Strategy

Funds received via green dividends are used by Insela UAB to:

- **Repurchase FYT** from the open market via decentralized exchanges (DEXs)
- **Burn or lock** the acquired tokens, thereby reducing the total circulating supply

This deflationary strategy is designed to increase the scarcity and long-term value of the FYT, while avoiding the legal and regulatory risks associated with financial return promises. Buy-backs are discretionary; FYT holders have **no right or expectation** of profit distribution.

### 5.1.3 Strategic Rationale

- **Regulatory Clarity:** Avoids triggering securities regulations
- **Sustainable Value Growth:** Aligns ecosystem success with token valuation
- **Market Trust:** Demonstrates a long-term commitment to token economics

Over time, the green buyback model enhances the robustness of the FYT ecosystem while ensuring compliance and incentivizing long-term holding.

## 6 FYT Marketplace – Basalt Flour Purchase Facility

To demonstrate immediate real-world usefulness, *Insela UAB* operates an online **Basalt Flour Marketplace** accessible on the FYT website. The Marketplace enables holders to **spend** (not redeem) FYT for packaged, agronomy-grade basalt flour.

Feature	Utility-token alignment (MiCAR Title II)
<b>Flexible pricing</b>	Basalt flour is listed at a <b>variable FYT price</b> that reflects prevailing market conditions, logistics costs and inventory levels. <i>No fixed kg-per-token rate is promised.</i>
<b>Payment mechanism</b>	FYT functions as a <b>means of payment</b> at checkout, similar to loyalty points or store credit. Users may also pay in fiat or other accepted crypto-assets.
<b>Operational buffer</b>	Insela maintains a rolling stock of basalt to ensure order fulfillment. This buffer is an <b>operational inventory</b> , not a regulatory reserve backing the token.

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Feature	Utility-token alignment (MiCAR Title II)
<b>Transparency dashboard</b>	A WooCommerce plug-in publishes current inventory metrics (tons in stock, average dispatch time). Data are informational and create no ownership or redemption claim.
<b>Terms of sale</b>	Prices, minimum order sizes and shipping fees may change without notice; all transactions are subject to standard e-commerce terms and local regulations.

**Regulatory note:** Because FYT is **spent** at a floating price rather than **redeemed** at a fixed quantity or value, the Marketplace does **not** establish a price-stabilisation mechanism. FYT therefore remains an “other token” under MiCAR, governed by Title II disclosure rules only.

The Marketplace is one of several planned acceptance points—alongside the TarCasso Shop and participating regenerative-commerce partners—illustrating FYT’s function as a versatile, sustainability-oriented payment token.

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## 7 FYT as a Functioning Currency: Purchases, Acceptance, and Purchasing Power

One of the core innovations of the **Flour Yield Token (FYT)** is that it is not only supported by a tangible ESG real-world asset (basalt), but also functions as a **working digital currency** with real **purchasing power**.

### 7.1 The TarCasso Acceptance Partner

Thanks to a signed **Acceptance Agreement** between **Insela UAB** and its first ecosystem partner **TarCasso**, FYT holders can already **use their tokens at any time** for valuable, regenerative products — including **high-quality Extra Virgin Olive Oil (EVOO)**, **basalt flour**, and other longevity-related food and wellness items. This agreement ensures that FYT are accepted as payment through the **TarCasso online shop**, where product prices are transparently displayed in both fiat and FYT equivalents.

In other words, FYT already behaves like a currency — not just a tradable token.

This **online purchase model** is implemented via a WooCommerce-based e-commerce system, where FYT can be used seamlessly at checkout. Behind this lies a **buffer inventory model** managed by the Issuing Entity, which guarantees product availability for purchases without requiring a 1:1 physical reserve for all outstanding tokens. This model ensures both **user experience** and **financial scalability**.

## 7.2 Beyond the Pilot: Building the FYT Acceptance Network

The partnership with TarCasso is only the beginning. The **long-term vision** is to expand the FYT acceptance network by onboarding:

- Regenerative food stores
- Longevity product brands
- Sustainable lifestyle and wellness platforms
- Local cooperatives and farming collectives
- Carbon-credit-linked marketplaces

Each new **store partner** that joins strengthens the FYT's value proposition as a **GreenFi-native currency**, making it **spendable** across real, regenerative economies.

## 7.3 More Than an RWA Token — A Currency for Regenerative Value

Just as the U.S. dollar was once backed by gold but used far beyond its underlying reserve, **FYT is positioned to function as a digital currency that is supported by basalt — but unbound in value.**

The token's **purchasing power** is derived from:

- Its asset-backing (basalt)
- Its **climate utility** (CO<sub>2</sub> capture and green dividends)
- Its **merchant acceptance** for regenerative goods
- Its role in the **regenerative commerce movement**

This combination allows FYT to emerge not just as a real-world asset token, but as a **sustainable currency for the GreenTech, Regenerative Food, and Longevity sectors.**

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# 8 Tokenomics

The Flour Yield Token (FYT) has been designed with **economic transparency, regenerative value creation**, and **ecosystem sustainability** in mind. Its tokenomics framework supports growth, incentivizes participation, and aligns stakeholder interests over the long term.



## 8.1 Why FYT Lives on Polygon as an ERC-20 Token

**ERC-20 in one sentence.** ERC-20 ( “Ethereum Request for Comment 20” ) is the common rule-set that tells wallets, exchanges and smart contracts *how* to recognise, send and receive a fungible token. Because every ERC-20 token obeys the same nine interface functions, anything that works with USDC or DAI will also work with FYT out of the box — no custom integration needed. [coinbase.com](https://coinbase.com)

### 8.1.1 What is Polygon?

Polygon is a **proof-of-stake “layer-2” network that runs alongside Ethereum**. It batches (“rolls up”) many transactions and periodically settles them to Ethereum, reducing congestion and fees while inheriting Ethereum’s battle-tested security. Typical Polygon transfers cost a fraction of a cent and confirm in seconds, yet developers still write standard Solidity code and users keep the same MetaMask wallets.

- Market reach: ~**546 k daily active addresses and 3.4 million daily transactions** in Q1 2025 — the largest activity footprint of any Ethereum-compatible L2. [messari.io](https://messari.io)
- Sustainability: Polygon has been **carbon-neutral since 2022** after retiring 60 000 t of CO<sub>2</sub> and publishes a real-time sustainability dashboard. [polygon.technology/polygon-technology](https://polygon.technology/polygon-technology)

### 8.1.2 Why we chose Polygon for FYT

Requirement for FYT	How Polygon meets it
<b>Tiny fees for agricultural micro-payouts</b>	Sub-cent gas keeps oracle updates and yield distributions viable.
<b>Instant user experience</b>	~65 000 TPS theoretical throughput and block times < 2 s.
<b>EVM &amp; ERC-20 compatibility</b>	Same Solidity contracts and wallet UX as Ethereum; no learning curve.
<b>DeFi composability</b>	Deep liquidity on Aave, Uniswap and multiple stablecoin markets lets holders put FYT to productive use on day one.
<b>Brand-grade ecosystem</b>	The network already hosts Nike’s <b>.SWOOSH</b> , Starbucks’ <b>Odyssey</b> , Reddit’s <b>Collectible Avatars</b> , DraftKings Marketplace and more, demonstrating enterprise-scale reliability.

### 8.1.3 Other flagship projects on Polygon

- **Aave** (lending & borrowing) – > \$15 B cumulative volume on its Polygon deployment.
- **Uniswap v3 & v4** (DEX) – governance-approved deployments for low-slippage swaps.
- **Lens Protocol** – decentralised social graphs.
- **Immutable zkEVM** – gaming chain powered by Polygon’s zero-knowledge tech.
- **1inch, SushiSwap, Curve, OpenSea** – DeFi and NFT blue-chips taking advantage of low fees.

### 8.1.4 Technical takeaway for readers

- **FYT is a standard ERC-20 token**, so storing or trading it works exactly like any other Ethereum-based asset.
- **Polygon’s low-cost, high-throughput network** ensures FYT transfers and oracle-driven yield settlements remain economically viable even at micro-scale.
- **Security is inherited from Ethereum**, while proof-of-stake and carbon-neutral operations keep the environmental footprint small.

In short, ERC-20 gives FYT universal wallet and exchange support, and Polygon ensures that using FYT day-to-day is fast, cheap and environmentally responsible.

## 8.2 Total Supply and Issuance

- **Total Token Supply:** 1,000,000,000 FYT (fixed supply, no minting)
- **Token Standard:** ERC-20 (Polygon blockchain)
- **Smart Contract Audited:** Audit in progress - audit report expected **Q4 2025 (before public sale)**.

FYT is *supported* by a strategic basalt supply agreement; holders have **no claim** to a specific quantity. The FYT is not meant to track this value directly but leverages **basalt’s long-term durability, climate utility**, and **economic potential** (via CO<sub>2</sub> certificates and regenerative commerce) as its intrinsic value base.

## 8.3 Token Allocation Breakdown

Allocation	Amount	% of Total Supply	Lock-Up / Vesting	Purpose
Private Placement (Institutional)	200,000,000 FYT	20%	Subject to private vesting	Strategic partners and early backers

Allocation	Amount	% of Total Supply	Lock-Up / Vesting	Purpose
Marketing & Ecosystem Growth	50,000,000 FYT	5%	12-month linear vesting	Promotions, airdrops, referral campaigns
Strategic Advisors & Partners	50,000,000 FYT	5%	Minimum 6-month cliff, 12-month vesting	Ecosystem development, partnership incentives
RWA Provider	50,000,000 FYT	5%	6-month cliff, 24-month vesting	Liquidity incentives, community grants, DAO rewards
Team and Founders (Wharf Plan)	50,000,000 FYT	5%	6-month cliff, 24-month vesting	Long-term alignment and operational resilience

**Note:** All lock-ups and vesting schedules will be executed via smart contract with full transparency.

Approval from the Bank of Lithuania as ART is required for phase 2 of the FYT project. If FYT is applied for as an ART and approved by the Bank of Lithuania, up to 600 million FYT are expected to be offered as part of an Initial Coin Offering (ICO). It has not yet been decided whether Phase 2 will actually start. This decision rests solely with Insela UAB and depends on financial and regulatory conditions.

## 8.4 Use Cases for FYT

FYT is not only facilitated by a real-world asset (RWA) — it also plays several critical roles in the ecosystem:

- **Medium of Exchange:** Accepted in the TarCasso Shop for EVOO and regenerative products. Further partnerships with sustainable retailers are in development.
- **Content & Influencer Economy:** FYT can be used to pay regenerative influencers and educators — forming a new impact economy.
- **Governance (Future):** In later stages, FYT may function as a voting token within a DAO-like structure for treasury proposals and partnership decisions.

## 8.5 Purchase Mechanism & Basalt Flour Buffer

To facilitate the purchase of Flour Yield Tokens (FYT) for the underlying real-world asset (RWA), basalt flour, Flour Yield has established a dedicated Online Shop on its official website. This shop is built using the WooCommerce framework and serves as both a utility interface for FYT holders and an anchor for the token's real-world usability.

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## 8.6 Value-Added Tax (PVM) Treatment in the Online Shop (Lithuania)

### 8.6.1 Commercial status of the Online Shop

The Online Shop is operated by *Insela UAB* as an independent, profit-seeking business registered for Lithuanian value-added tax (pridėtinės vertės mokestis – **PVM**). Under Council Directive 2006/112/EC and the Lithuanian Law on VAT (Lietuvos Respublikos pridėtinės vertės mokesčio įstatymas, No IX-751), any supply of goods made in the course of such economic activity is subject to PVM.

### 8.6.2 Taxable event and chargeability

PVM becomes chargeable when a token holder uses FYT to purchase basalt flour—the moment a binding order is accepted (“tax point”). The taxable base is the euro price of the basalt flour as listed in the Online Shop at that time. FYT issuance, transfers, and secondary-market trading remain outside the scope of PVM; only the purchase-for-goods transaction triggers taxation.

### 8.6.3 Token classification

Because FYT confer the right to obtain a clearly identified good (basalt flour) from a PVM-registered merchant, they qualify as **utility tokens** under ESMA guidance and the Bank of Lithuania’s VASP/ICO position papers. The Online Shop’s commercial status reinforces the consumptive—rather than investment—nature of FYT.

### 8.6.4 Obligations of the purchasing token holder

- **PVM payment** – The token holder must pay Lithuanian PVM at the standard rate of **21 %** (as at 20 June 2025) on the net value of the basalt flour.
- **Shipping costs** – Transport, handling, and insurance are quoted separately and settled in fiat (or another accepted means). These charges are also subject to PVM at 21 %, payable by the token holder.

### 8.6.5 Invoicing and record-keeping

After each purchase, *Insela UAB* issues a PVM-compliant invoice showing:

- number of FYT surrendered and their euro equivalent;
  - net value of basalt flour;
  - applicable PVM rate and amount;
  - shipping and ancillary charges.
- Invoices are retained for at least ten years, fulfilling Article 71 of the Lithuanian VAT Law and Article 226 of Directive 2006/112/EC.

The FYT purchase mechanism respects Lithuanian and EU VAT rules while clearly positioning FYT as a utility token whose primary function is the acquisition of basalt flour.

### 8.6.6 Online Purchase

FYT is facilitated by a long-term supply arrangement with Balkan Basalt. Holders may **spend** their FYT in the online FYT Shop to obtain basalt flour, but the token does **not** confer a right to any fixed quantity of product. For operational efficiency, each purchase is limited to **5 FYT per order** (approximately five kilograms of basalt flour). Orders are bundled and dispatched every two months to streamline logistics and minimise the project's environmental footprint.

### 8.6.7 Buffer Inventory & Fulfillment

The issuing entity, Insela UAB, maintains a dedicated buffer stock of pre-packaged basalt flour specifically reserved for purchases. This buffer is regularly replenished in collaboration with Balkan Basalt Holding B.V., the strategic RWA provider. This setup ensures continuous availability and reinforces trust in the token's collateral model.

### 8.6.8 Future Expansion of Purchase Use Cases

The Online Shop is designed as a modular infrastructure, offering the potential to expand into additional value-driven use cases, including:

- **Limited Buyback Model:** A token buyback program targeted at certified ESG-aligned institutions and corporate offsetters.
- **Retail Fertilizer Sales:** A direct-to-consumer product line offering high-quality basalt flour as a green fertilizer, purchasable in both FYT and fiat.
- **Proof-of-Backing Integrations:** APIs and verification modules enabling third-party platforms to transparently verify FYT's backing and buffer status for enterprise-grade integrations.

All future developments will be community-driven and activated in alignment with ecosystem maturity, regulatory guidance, and market demand.

## 8.7 Treasury and Deflationary Dynamics

To maintain long-term value and reduce excessive supply, the Flour Yield tokenomics includes:

- **Token Burns:** From store sales (e.g., 5–10% of each purchase could be burned)
- **Buyback Programs:** Funded from the “Green Buy Back Program” (see “5. Green Buy Back Program”)
- **Treasury Rebalancing:** To support LPs, fund partnerships, or stabilize the token

A quarterly **transparency report** will be published, including:

- Circulating supply
- Treasury activity
- Burn events

- Dividend distributions for the Green Buy Back Program

## 8.8 Price Discovery and Market Valuation

FYT is not pegged to the market price of basalt but is supported by a strategic basalt-supply agreement by:

- The **environmental value** of basalt (CO<sub>2</sub> sequestration)
- The buy back mechanism based on the “green dividend” from Balkan Basalt Holding
- The **utility value** in commerce and influencer networks

The market is expected to price FYT based on a combination of:

- Tangible use cases (e.g., shop acceptance)
- Forward CO<sub>2</sub> dividend potential
- Purchase utility
- Liquidity and narrative growth

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## 9 Strategic Road-map & Potential Regulatory Upgrade

### Forward-looking statement

The information in this Section 9 is forward-looking, subject to uncertainties, and does **not** create any right, expectation, or obligation in respect of current FYT holders. References to future regulatory status are purely indicative and contingent on factors outside the issuer’s control.

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### 9.1 Objective of a Potential Upgrade

Subject to (i) market demand, (ii) availability of sufficient own funds, and (iii) approval by the competent national authority, **Insela UAB** may, in a subsequent phase, apply for authorisation under **Title III of Regulation (EU) 2023/1114 (“MiCAR”)** to issue FYT as an **Asset-Referenced Token (ART)** backed by a quantified reserve of basalt flour.

## 9.2 Pre-conditions for Filing an ART Application

Pre-condition	Summary of Requirement	Status
<b>Own funds</b> (Art 31 MiCAR)	Minimum of EUR 350 000 or 2 % of the reserve's value, held in CET1-quality capital.	To be met from Phase 1 proceeds and additional equity.
<b>Reserve governance &amp; custody</b>	Daily inventory reconciliation, monthly attestation, insured warehousing.	Strategic agreements being negotiated.
<b>White-paper upgrade</b>	Full Annex II disclosure, including redemption rights and risk factors.	Draft outline prepared; final drafting starts post-funding.
<b>Supervisory approval</b>	Authorisation by the Bank of Lithuania before any public offer or trading as an ART.	Not yet filed.

## 9.3 Interim Legal Status

Until such time as (a) authorisation is granted and (b) the upgraded white paper is approved and published, **FYT remains classified as a utility token under Title II of MiCAR**. No redemption right, price-stability commitment, or backing ratio is in force.

## 9.4 No Automatic Conversion

Holders should note that the contemplated upgrade **will not occur automatically**. Any conversion mechanism, peg ratio, or reserve entitlement will be defined—if at all—in a new white paper and may be subject to additional terms, conditions, or acceptance requirements.

## 9.5 Risk Factors Specific to the Upgrade

- **Regulatory risk:** Approval is at the sole discretion of the competent authority and may be delayed, conditioned, or refused.
- **Capital risk:** Insela UAB may be unable to raise the requisite own funds or secure adequate reserve assets.
- **Operational risk:** Establishing an audited reserve and compliant redemption infrastructure may prove more complex or costly than anticipated.

### Disclaimer

Nothing in this Section 9 should be construed as a firm commitment by Insela UAB to pursue, complete, or succeed in obtaining ART authorisation. Prospective purchasers must base their investment decision solely on FYT's current utility-token characteristics as described in Sections 1–8 of this white paper.

# 10 Sustainability Footprint

(MiCA Art. 6 §1 (p) & Implementing Reg. 2024/2984 – Part K)

## 10.1 Project-wide climate objective

FYT's real-world backing is **finely milled basalt rock ("basalt powder")**. When spread on cropland the powder accelerates natural "enhanced rock weathering" (ERW): rainwater reacts with the silicate minerals, locking atmospheric CO<sub>2</sub> into stable bicarbonate and, ultimately, ocean carbonates. Peer-reviewed studies estimate that **~0.3 t CO<sub>2</sub> can be sequestered for every tonne of basalt applied**, with global agricultural deployment capable of removing 0.16–0.30 Gt CO<sub>2</sub> yr<sup>-1</sup> by 2050.

[remineralize.org/nature.com](https://remineralize.org/nature.com)

Because each FYT token represents a verifiable mass of basalt ready for ERW application, **the token is intrinsically tied to a negative-emissions asset**. Revenues from token sales finance quarry-sourcing, milling and field logistics; independent soil and bicarbonate assays are published on-chain to evidence the draw-down achieved.

## 10.2 Blockchain layer impact

FYT transfers occur on **Polygon PoS**, a proof-of-stake network that:

- consumes an estimated **0.00079 TWh yr<sup>-1</sup>** overall, orders of magnitude less than proof-of-work chains; [adan.eu](https://adan.eu)
- achieved **network-wide carbon neutrality in 2022** by retiring > 100 000 t CO<sub>2</sub>e and commits to keep annual emissions below **≈ 56 t CO<sub>2</sub>e** after Ethereum's merge to PoS.  
[polygon.technology](https://polygon.technology)

At today's planned sale volume, the lifecycle emissions of all FYT on-chain activity (minting, transfers, oracle calls) are **< 1 t CO<sub>2</sub>e per million tokens**, a footprint dwarfed by the sequestration achieved by the underlying basalt.

## 10.3 Net climate balance

Putting the two sides together:

Component	CO <sub>2</sub> released	CO <sub>2</sub> removed	Net effect
Polygon transaction energy (per 1 M FYT transfers)	≈ 1 t CO <sub>2</sub> e	—	+1 t CO <sub>2</sub> e
Basalt weathering financed by same 1 M FYT (≈1 000 t basalt)	—	≈ 300 t CO <sub>2</sub> e (0.3 t × 1 000 t)	– 300 t CO <sub>2</sub> e



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Component	CO <sub>2</sub> released	CO <sub>2</sub> removed	Net effect
Balance			≈ -299 t CO <sub>2</sub> e

Thus, **each FYT minted is associated with a large net-negative carbon position**, even after conservatively accounting for all blockchain and logistics emissions. Methodology and verification sources are published in the MRV repository; figures are estimates subject to third-party audit.

## 10.4 Additional environmental co-benefits

- **Soil health:** Basalt supplies slow-release potassium, magnesium and trace micronutrients, reducing the need for synthetic fertiliser and improving crop yields (Source: [theguardian.com](https://www.theguardian.com))
- **Ocean alkalinity boost:** Bicarbonate runoff counteracts acidification downstream.
- **Low-energy chain:** Polygon's sub-second finality and negligible gas fees translate into lower hardware requirements and validator energy draw.

## 10.5 Governance & Reporting

- **On-chain MRV:** Each ERW deployment is linked to a GPS-tagged NFT; carbon removal measurements are uploaded to IPFS and hashed in the FYT registry.
- **Annual sustainability audit:** Third-party verification of (i) tonnes of basalt spread, (ii) CO<sub>2</sub> removed, (iii) Polygon transaction emissions not already offset by the network.
- **Contingency offsets:** Should Polygon emissions rise above projections, the FYT Foundation pre-commits to purchase additional high-quality carbon credits to maintain a net-negative balance.

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# 11 Data Protection

*(Required under MiCA Art. 6 §1 (a) and GDPR (EU) 2016/679)*

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## 11.1 Legal Bases

Processing of personal data within the FYT ecosystem relies on:

Purpose	Lawful basis (GDPR)	Reference
KYC/AML onboarding, sanctions screening	<b>Art. 6 (1)(c)</b> – legal obligation under MiCA and 6 AMLD	MiCA 2023/1114

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Purpose	Lawful basis (GDPR)	Reference
Ongoing transaction monitoring & Travel-Rule packets	<b>Art. 6 (1)(c)</b> – legal obligation	MiCA + Implementing Reg. 2024/2902
Investor support via Chatbase bot	<b>Art. 6 (1)(b)</b> – contract performance	
Analytics on anonymised usage data	<b>Art. 6 (1)(f)</b> – legitimate interest (service improvement)	

## 11.2 Controller & Processors

- **Controller:** FYT Foundation SE, Oberlaaer Str. 47, 1100 Vienna, Austria.
- **Data Protection Officer:** [compliance@flour-yield.com](mailto:compliance@flour-yield.com).
- **Processors:**
  - **Sumsub Ltd.** – identity verification, KYT and Travel Rule.
  - **OpenAI Ireland UC (Chatbase)** – conversational support.
  - AWS EU-Central-1 – backend infrastructure.

All processors are bound by GDPR-compliant DPAs and are **ISO 27001-certified**.

## 11.3 Data Categories Collected

Dataset	Examples	Retention limit*
Identification	ID document image, selfie video, liveness metrics	≤ 5 years**
Contact	E-mail, mobile, IP address	≤ 5 years
KYT & wallet	Public wallet address, transaction risk score	≤ 5 years
Support logs	Chat text, ticket metadata	≤ 3 years

\* Counting from the end of the business relationship or last regulatory obligation.

\*\* Maximum set by Implementing Reg. (EU) 2024/2902 Art. 22 (1).

Data required by accounting laws may be held longer where statutory.

## 11.4 Storage & Security

- All raw KYC/AML data reside **solely on Sumsub's EU servers**; FYT stores only opaque session IDs.
- TLS 1.3 in transit; AES-256 at rest; hardware HSM for treasury keys.

- Role-based access, quarterly access-log review, and mandatory MFA for staff.
- Annual penetration test and SOC 2 Type II reports from critical vendors.

## 11.5 Blockchain-Specific Considerations

- **On-chain hashes:** Verification proofs (e.g., KYC-passport NFT metadata) are salted/hashed so they are **not personal data** in the GDPR sense.
- **Immutability risk:** Should any hash later be deemed personal, erasure is technically impossible; instead we will overwrite associated off-chain records and rotate salts, a measure recognised by the EDPB as an effective mitigation.
- **Public wallet addresses** are treated as pseudonymous data; linkage to a natural person occurs only inside Sumsb's secure environment.

## 11.6 Cross-Border Transfers

No raw personal data leave the EEA. If future service extensions require transfers to a third country, FYT will use **Standard Contractual Clauses (SCCs)** and, where necessary, supplementary measures per Schrems II guidance.

## 11.7 Data Subject Rights

Holders may exercise **access, rectification, erasure, restriction, portability and objection** (GDPR Arts. 15-21) by contacting the DPO. Requests are fulfilled within 30 days unless manifestly unfounded or excessive.

## 11.8 Governance & Oversight

- **Record of Processing Activities (RoPA)** maintained and reviewed annually.
- **Data Protection Impact Assessment (DPIA)** completed for KYC/AML flows and reviewed whenever the processing changes materially.
- **Incident response:** Any personal-data breach reported to the Austrian DSB and affected data subjects within 72 hours per GDPR Art. 33.
- **Audit rights:** FYT retains contractual rights to audit all processors for GDPR compliance.

# 12 Regulation & Compliance

The Flour Yield Token (FYT) is issued by **Insela UAB**, a company established in Lithuania, an EU member state with a progressive regulatory framework for crypto-assets. FYT is classified as a **utility token** under the **Markets in Crypto-Assets Regulation (MiCAR)** and is not intended or structured as a financial instrument, asset-referenced token (ART), or e-money token (EMT).

## 12.1 FYT Regulatory Classification under MiCAR

Category	Classification	Rationale
Security Token	✗ Not Applicable	FYT confers no financial or governance rights (e.g., shares, dividends).
E-Money Token	✗ Not Applicable	FYT is not pegged to a fiat currency and is not designed as digital cash.
Asset-Referenced Token	✗ Not Applicable	FYT does not maintain a stable value by referencing multiple assets.
Utility Token	✓ Applicable	FYT grants access to goods/services within the Flour Yield ecosystem.

FYT enables holders to:

- purchase goods such as **basalt flour**;
- Access exclusive product categories;
- Participate in climate-positive commerce.

It is not pegged to the price of any asset. Purchase rates may vary and do not imply a guaranteed or stable value.

## 12.2 Legal & Regulatory Framework

FYT falls within the scope of **Articles 4–6 of MiCAR** as a utility token. Under MiCAR:

- A **white paper** is required for any public offering in the EU;
- The white paper must be **notified** to the **Bank of Lithuania**, but **does not require prior approval**;
- No EU prospectus is required, as FYT is not a financial instrument;
- Private placements with professional or institutional investors are exempt from the white paper obligation.

## 12.3 Alignment with EU MiCA & ITS 2024/2984

The FYT White Paper has been drafted in **strict conformity with Regulation (EU) 2023/1114 on Markets in Crypto-assets (MiCA)** and its accompanying **Commission Implementing Regulation (EU) 2024/2984**, which sets the official *forms, formats and templates* for crypto-asset white papers.

MiCA / ITS requirement	Where it is met in this document
<b>Mandatory compliance statement &amp; risk warnings</b> (Art. 6 §§3-7 MiCA; Table “00-07” in ITS template)	Page 2 “MiCA Compliance Statement” reproduces the exact wording prescribed by the template, including the “may lose its value” and “not covered by investor-compensation schemes” warnings.
<b>Issuer &amp; project identification</b> (Fields A.01-A.14)	“About the Issuer” box lists the registered address and corporate form; DTI code and CASP identifier to be assigned before CAWP notification.
<b>Token classification &amp; functionality</b> (Fields F.1-F.4)	Section <b>10.1.1 FYT Regulatory Classification under MiCA</b> explains that FYT is a <i>utility token</i> and outlines its on-chain functionality.
<b>Rights &amp; obligations of holders</b> (Fields G.1-G.3)	Detailed in <b>10.1.1 FYT Regulatory Classification under MiCA</b> plus summary bullets in the Executive Summary.
<b>Tokenomics &amp; economic risks</b> (Fields H & I)	Fully covered in <b>9 Tokenomics</b> and <b>11 Risk Disclosure</b> with clear dilution tables and unlock schedules.
<b>Environmental &amp; climate impact</b> (Art. 6 §1-p; template Part K)	<b>10 Sustainability Footprint</b> quantifies the projects carbon footprint.
<b>Machine-readable format (Inline-XBRL / XHTML)</b>	The source file is produced in Inline-XBRL; every data field maps to the taxonomy published in Annex I of ITS 2024/2984.
<b>Statement of responsibility</b> (Art. 6 §6)	Signed by the Insela UAB on the last page.
<b>Authoring process.</b> We started from the official XHTML/XBRL template bundle released with ITS 2024/2984, locked all “pre-defined text” cells, then filled only the free-text fields with plain-language explanations and numeric data. A final validation pass was run through ESMA’s draft MiCA white-paper validator to ensure correct tagging and completeness.	

## 12.4 “Zero-Touch” KYC/AML

Insela UAB complies with Lithuanian AML laws and the EU AMLD5 directive. KYC checks are performed for all token sales. FYT is classified as a **utility token under MiCA (Reg. EU 2023/1114)**: it provides holders with access to on-chain agricultural data services and does **not** confer profit-sharing or governance rights.

To keep the sale friction-free while still meeting EU/EEA AML standards, we run a **single-vendor, fully outsourced model with Sumsub**:

What happens	How it works (automated by Sumsb)
<b>Onboarding</b>	ID-document + selfie liveness → sanctions/PEP check → wallet risk screen – avg. 20 s.
<b>Tier limits</b>	Tier T1 ≤ €15 k, T2 ≤ €100 k, T3 institutions – encoded in a soul-bound NFT minted on approval.
<b>Purchase gate</b>	Smart-contract <code>buy()</code> function validates the NFT tier before minting FYT.
<b>Travel Rule &amp; TX monitoring</b>	Sumsb's Travel-Rule hub exchanges originator/beneficiary data; all FYT transfers streamed to real-time blockchain AML analytics.
<b>Refresh / escalation</b>	Automated re-KYC at 1- or 3-year intervals; suspicious alerts routed to FYT MLRO only when human review is required.

Result: **~75 % fewer manual reviews**, instant investor experience, and continuous alignment with MiCA, the EU Transfer-of-Funds Regulation and 6AMLD.

## 12.5 Summary

FYT is a legally compliant utility token designed to function within a sustainable commerce ecosystem. The issuer is committed to full transparency, regulatory alignment, and ongoing compliance with MiCAR and Lithuanian law.

For full legal documentation and regulatory updates, visit: <https://flour-yield.com/compliance>

## 13 Risk Disclosures:

The following section summarises the principal risks that could adversely affect holders of Flour Yield Token ("FYT"), the FYT ecosystem, or both. It fulfils **Articles 6 §1 (q)–(r) MiCA** and the fields "**I — Risk Factors**" in Commission Implementing Regulation (EU) 2024/2984.

The list is not exhaustive; additional or unforeseen risks may arise. Each investor should conduct independent due-diligence and, where necessary, obtain professional advice.

Category	Key risks	Potential impact
<b>Market &amp; Liquidity</b>	<ul style="list-style-type: none"> <li>• <b>Price volatility:</b> FYT trades on open markets and may fluctuate sharply.</li> <li>• <b>Thin liquidity:</b> Limited trading volume could make large orders difficult to execute without slippage.</li> <li>• <b>Market correlation:</b> Broader crypto</li> </ul>	Loss of token value; inability to exit positions at desired price or time.

Category	Key risks	Potential impact
Utility & Adoption	<p>downturns may depress FYT irrespective of project fundamentals.</p> <ul style="list-style-type: none"> <li>• <b>Platform demand risk:</b> FYT's value depends on adoption of the FYT data-services platform.</li> <li>• <b>Network effects:</b> If user growth stalls, utility and market depth may stagnate.</li> <li>• <b>Competition:</b> Rival agritech or DeFi solutions could erode FYT's market share.</li> </ul>	Reduced token utility and price pressure.
	<ul style="list-style-type: none"> <li>• <b>Regime change:</b> Amendments to MiCA, AML/CTF laws or securities regulations could impose new obligations or restrictions.</li> <li>• <b>Jurisdictional divergence:</b> Rules outside the EEA (e.g., the U.S. or UK) may hinder exchange listings or marketing.</li> <li>• <b>Enforcement actions:</b> Misinterpretation of FYT's utility status could trigger investigations or penalties.</li> </ul>	Trading restrictions; increased compliance costs; forced modifications to token design or sale.
Smart-Contract & Protocol	<ul style="list-style-type: none"> <li>• <b>Code vulnerabilities:</b> Bugs in FYT contracts, the Polygon network, or project oracles could be exploited.</li> <li>• <b>Upgrade risk:</b> Contract upgrades (e.g., via proxy) may introduce errors or malicious code.</li> <li>• <b>Layer-2 dependency:</b> Polygon technical failures or re-orgs might disrupt FYT transfers.</li> </ul>	Theft or loss of FYT; network downtime; reputational damage.
Cyber-Security	<ul style="list-style-type: none"> <li>• <b>Key compromise:</b> Private keys of treasury or bridging contracts could be stolen.</li> <li>• <b>Phishing/social-engineering:</b> Users may be deceived into granting approvals or revealing seed phrases.</li> <li>• <b>DDoS attacks:</b> Infrastructure (API, RPC, oracle) may be targeted, impairing service.</li> </ul>	Asset loss; operational interruption; legal liability.
Operational & Governance	<ul style="list-style-type: none"> <li>• <b>Centralisation risk:</b> Early project phases rely on core team multisig; governance failures could arise.</li> <li>• <b>Personnel risk:</b> Loss of key developers or founders may slow delivery.</li> </ul>	Delays in roadmap; reduced trust; additional costs or migration effort.

Category	Key risks	Potential impact
Technology & Scalability	<ul style="list-style-type: none"> <li>• <b>Outsourcing dependency:</b> Critical services (e.g., Sumsb KYC, oracle providers) may fail or terminate contracts.</li> <li>• <b>Throughput limits:</b> Sudden growth in user base may exceed Polygon or backend capacity.</li> <li>• <b>Interoperability bugs:</b> Bridges or cross-chain solutions may malfunction.</li> <li>• <b>Technical debt:</b> Rapid feature additions could outpace code audits.</li> </ul>	Transaction bottlenecks; increased fees; degraded user experience.
	<ul style="list-style-type: none"> <li>• <b>Carbon-footprint misalignment:</b> Although Polygon is carbon-neutral today, future network changes could raise emissions.</li> <li>• <b>ESG perception risk:</b> Negative publicity about blockchain energy use may deter partners.</li> </ul>	
Environmental & ESG	<ul style="list-style-type: none"> <li>• <b>Uncertain treatment:</b> Tax rules for utility tokens differ by jurisdiction and may change retroactively.</li> <li>• <b>Withholding obligations:</b> FYT transactions or rewards could attract VAT or income-tax reporting duties.</li> </ul>	Reputational damage; potential loss of enterprise adoption.
Taxation	<ul style="list-style-type: none"> <li>• <b>Uncertain treatment:</b> Tax rules for utility tokens differ by jurisdiction and may change retroactively.</li> <li>• <b>Withholding obligations:</b> FYT transactions or rewards could attract VAT or income-tax reporting duties.</li> </ul>	Higher effective tax burden for holders; administrative overhead.
Force Majeure	Natural disasters, geopolitical conflicts, or global pandemics could impair operations of cloud providers, validators, or staff.	Network interruption; service degradation; project delays.
Insurance & Safeguards	FYT balances in user wallets are <b>not covered by investor-compensation or deposit-guarantee schemes</b> under EU law.	Full loss of value may be irrecoverable.

## 13.1 Mitigation Overview (for context, not a guarantee)

- **Security:** Independent audits, bug-bounty programme, and time-locked upgrade mechanisms for FYT contracts.
- **Compliance:** Continuous monitoring of EU & non-EU rule-making; Sumsb-powered KYC/AML controls already MiCA-ready.



- **Infrastructure:** Multicloud deployments, Polygon staking redundancy, and cold-storage for treasury keys.
- **Governance:** Gradual decentralisation roadmap to migrate major decisions to FYT community voting.

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Investors must be able to bear the economic risk of a complete loss of their investment.

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## 14 Tax Considerations

As a utility token exchangeable for basalt flour through our WooCommerce-based Online Shop, FYT token usage may have value-added tax (VAT) implications under EU and Lithuanian law:

### 14.1 Issuance of FYT-Tokens

The initial sale of FYT (via ICO or private placement) is considered a transfer of utility tokens—not goods or services—and is **not subject to VAT**.

In Lithuania, token issuance under ICO guidelines is similarly **VAT-exempt**; subject to change.

### 14.2 Purchase of FYT for Basalt Flour

Using FYT to purchase basalt flour constitutes the **supply of physical goods**.

Under EU VAT rules, crypto token-for-goods exchanges are treated as VAT-taxable transactions.

Lithuania applies VAT at the **standard rate**, based on the euro-equivalent value of basalt flour at the time of purchase.

For more information on the VAT topic, read section 9.6 Value Added Tax (PVM) Treatment in the Online Shop.

### 14.3 Secondary Token Market Transfers

Trading FYT for other crypto or fiat is typically treated as a **VAT-exempt financial service**, akin to currency exchange.

### 14.4 Capital Gains and Crypto Income Tax

Lithuanian law treats occasional crypto sales (to private individuals) as personal capital income—**taxable at 15%** over a €2,500 annual exemption

Regular professional traders incur **self-employment or business income taxes** on gains.

## 14.5 VAT Registration and Invoicing Requirements

Insela UAB must issue VAT invoices for basalt flour purchased via FYT, recording:

- Quantity (kg) and euro value of basalt flour,
- VAT at the **Standard Lithuanian rate**, and
- Euro-equivalent value of FYT tokens at purchase time.

## 14.6 Tax Compliance Summary

Transaction Type	VAT Treatment	Notes
FYT token issuance (ICO/sale)	VAT-exempt	Utility token issuance
Purchase: FYT → basalt flour	VAT applies at standard rate	Tax based on euro value
FYT token trade (secondary market)	VAT-exempt financial service	Currency-equivalent exchange
Crypto capital gains (private)	Personal tax (flat 15%) applies	Above €2,500 annual threshold
Crypto capital gains (professional)	Business income tax & social insurance	If self-employed

## 14.7 What this means for FYT Holders

- **Purchasing FYT for basalt flour** triggers a VAT obligation, billed at the euro value at purchase.
- **Trading FYT on exchanges** remains VAT-free, treated like currency exchanges.
- **Selling FYT for profit** requires personal or business income tax depending on frequency and purpose.

## 14.8 Compliance Measures Taken by Flour Yield

- VAT registration in Lithuania to legally process and invoice purchases.
- Issuance of compliant invoices with correct VAT on basalt deliveries.
- Transparent euro-value conversion and token pricing for tax accuracy.
- Ongoing monitoring of EU crypto tax regulations and alignment with evolving frameworks (e.g., MiCA, OECD).

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## 15 Roadmap

### Q2 2025

- Token creation & smart contract deployment
- First acceptance use case (TarCasso)

### Q3 2025

- Private Placement
- Basalt Flour shop live
- Partner onboarding

### Q1 2026

- First dividend projection report
- Decision on the ART application

### 2026+

- Expanded utility and market adoption
- Listing on Tier 2 exchanges
- DAO evolution and green treasury management

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## 16 Opportunities & Risks

### Opportunities

- Early leadership in GreenFi / RWA tokens
- CO<sub>2</sub> credits market growing fast
- Real-world commerce and loyalty use case

### Risks

- Regulatory uncertainty
- Dependence on Balkan Basalt Holding's performance
- Market volatility of FYT/USDC pool

**Mitigation:** Buffer models, clear disclosures, and decentralized ecosystem governance

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## 17 Final Statement

**Flour Yield Token (FYT)** is a new breed of regenerative cryptocurrency:

- ✓ supported by ESG commodity
- ✓ Rewarding environmental action
- ✓ Usable as a currency

From basalt mines to the digital checkout—FYT is GreenFi that grows.

For more details, visit [www.Flour-yield.com](http://www.Flour-yield.com)

DRAFT