

# **PayPie Inc.**

## **UPDATED WHITE PAPER**

### **Item 2: Business of PayPie**

#### **2.1 Structure**

PayPie Inc. (“**PayPie**”) was incorporated as a regular business company with limited liability under the Companies Act, Cap. 308 of the laws of Barbados. PayPie is a wholly-owned subsidiary of PayPie Blockchain Inc. (“**PayPie Canada**”), a corporation incorporated and existing under the British Columbia *Business Corporations Act*.

#### **2.2 Our Business**

##### **(1) *The Opportunity – Enhancing Cash Flow for SMEs***

One of the primary challenges for small and medium enterprises (SMEs) around the world is maintaining positive cash flow and sufficient working capital. Many SMEs have positive sales and valuable equipment and property. Without liquidity, however, a company’s assets and receivables (often payable in 90 to 120 days) cannot pay for day-to-day costs such as salaries and suppliers, and they cannot be used to take advantage of market opportunities or implement existing business plans and expansions. Insufficient cash flow and working capital results in SMEs missing out on significant opportunities every year, and is a factor in the failure of many SMEs.

There are many existing short-term financing solutions that can fill this gap. Two key solutions are (1) invoice financing or “factoring”, and (2) short-term secured lending on equipment and property.

However, many SME’s find themselves unable to take advantage of these solutions because of the time and costs involved in the due diligence and risk assessment process that prospective lenders require SME borrowers to go through. Lenders currently lack real-time financial insight into SME borrowers, and lending decisions are often based on historical data that may not reflect the borrowers’ current financial condition, which restricts lenders’ ability of determine borrowers’ current financial health.

As a result, it has been estimated that traditional financial institutions turn down 72% of funding requests, while approvals can take 2 to 7 business days for due diligence, and 2 to 5 business days to get money in the bank.<sup>1</sup>

There is an unmet market need for a trusted platform that lets businesses build a transparent financial track record that helps them obtain better access to short-term lending. Integration of blockchain technology with accounting data is a way to improve transparency, automate lending, and accelerate processes. The clarity of events in an accounting solution along the supply chain via the blockchain is an enabler of faster payment, increased efficiency, reduced risk of fraud, and lower costs. And this is the gap that PayPie is looking to fill.

## **(2) *The PayPie Vision***

PayPie’s mission is to transform the ability of SME’s to access short-term funding by leveraging blockchain technology to create a secure and reliable platform for SME’s to provide lenders access to broad-based near-real time financial data and metrics, and a near real-time risk algorithm based on that data (the “**PayPie Platform**”).

The PayPie Platform is intended to provide multiple benefits.

### *(a) Transform Financing of Receivables and Assets*

PayPie expects that the PayPie Platform will enable faster and more reliable credit approvals for businesses worldwide. PayPie will encrypt and publish blockchain-powered publicly-visible risk scores highlighting the financial assessment of SMEs based on key performance indicators, current and historical accounting information, account history, and risks associated with a business that can be trusted globally.

### *(b) Improve Financial Management*

The PayPie Platform will provide SMEs with an analysis of their financial data using charts and graphs and broad metrics. A full suite of financial ratios along with well-designed and professionally curated financial reports will let both SMEs and lenders analyze a business from a single perspective.

The PayPie Platform will enable SMEs to quickly obtain an understanding of their working capital and cash flow status, and enable them to evaluate and identify opportunities to improve their cash flow and cash management.

### *(c) Manage Customer Risk*

The PayPie Platform will empower SMEs to better manage the quality of their business-to-business (B2B) receivables by ranking potential customers based on their risk and exposure, enabling SMEs to choose between potential customers based on their risk. The PayPie Platform intends to identify high-risk customers based on customers' historical behavior with other SMEs.

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<sup>1</sup> See <https://www.fundera.com/blog/bank-lending-small-businesses-isnt-recovering> and <http://smallbusiness.chron.com/long-sba-loan-17359.html>

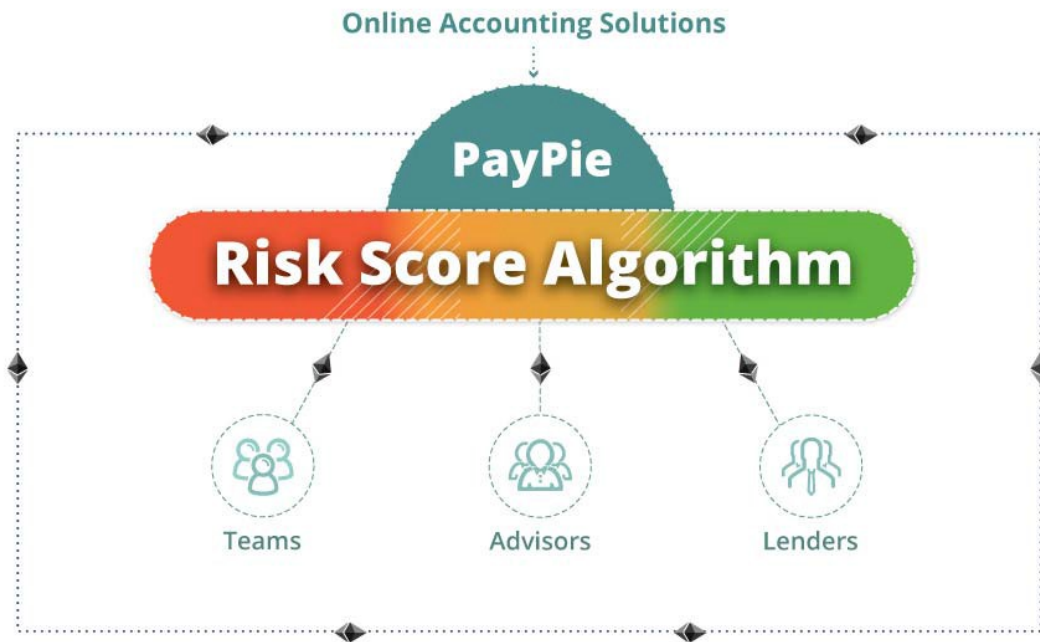
(d) *Manage for Better Liquidity*

The PayPie Platform will empower SMEs to better understand and manage their financeability, by monitoring how lenders view their financial performance and compare their financeability relative to benchmarked SME financial assessment scores and financial indicators. The PayPie Platform will perform ratio reviews that can be used to understand the components and how improvements may influence company risk rating when lenders review loan requests, and will identify optimal credit opportunities that may increase efficiencies in the business.

(3) *The PayPie Platform*

The PayPie Platform is expected to be comprised of the following key components:

- API: Application program interface (API) connecting the PayPie Platform to SME enterprise resource planning (ERP) and accounting software (Accounting Data).
- Analytics: Analytics calculating datapoints and metrics based on the Accounting Data.
- Risk Algorithm & Assessment (CRAA): Risk assessment of SME based on the Accounting Data and datapoints and metrics.
- Dashboard: Online interface enabling SMEs and permissioned users to view historical and near real-time financial metrics and Risk Assessment of SME.



(a) *PayPie API*

The underlying input of a company's financials is the journal entry data that is being entered manually or automatically in an accounting or ERP software. The data is used to calculate income, expense, payables,

receivables, etc. and ultimately all financial reports like retained earnings, balance sheet, total assets or liabilities of a business. Typical operations in a business are sales invoices, vendor bills, expenses, debit notes, credit notes, payroll and other income and expenditures.

The existing accounting software platform SlickPie, has been licensed to PayPie, to provide the initial accounting logic framework and source code for the foundation of the PayPie Platform to store journal entry and other accounting data. This saved PayPie time in coding and writing the underlying accounting logics, providing PayPie a proven accounting foundation to build on.

PayPie has developed core functionality to fetch relevant accounting data from QuickBooks Online in near real-time based on the permissions assigned by the SMEs. This functionality is in production and in use today by SMEs. Building strong partnerships with major accounting systems is a major aim of our overall marketing strategy and we believe that most value for the PayPie Platform will be created by the partnerships.

*(b) PayPie Analytics*

PayPie analytics will monitor trends and may forecast changes in revenue, expenses, gross profit, net profit and cash flow that SMEs can discuss with accounting advisors for recommendations. Teams can identify new areas of concerns and take necessary actions.

*(c) PayPie Risk Assessment*

The PayPie risk algorithm will score each SME based on its financial and transactional history in the platform. PayPie will have access to the history of SMEs in their accounting solution like who are their vendors, how reliable SMEs are at making payments to their vendors, what's the projected cash flow for the coming weeks, months and year based on the historical data, balance sheet, income statement and other data points.

Data based on near real-time unique risk algorithm scoring would be primarily based on the daily financial data of a business in PayPie and is being developed using many data points including:

- Current Assets
- Current Liabilities
- Working Capital
- Retained Earnings
- Earnings Before Interest and Taxes
- Total Liabilities
- Total Assets
- Gross Sales
- Book Value of Equity
- Payment History
- Budget
- Cash flow forecasting
- Social fingerprints

(d) *PayPie Dashboard*

The PayPie dashboard will provide a comprehensive view of an SME's business for internal use by SMEs and their accounting advisors. External dashboards for use by lenders will provide limited, but accurate, financial data for review by lenders.

Financial assessment ratings will be presented using numbers, ratios, and colors to help lenders quickly evaluate the risk. Other scoring and bankruptcy formulas, such as Altman Z-score used in the financial lending world or solutions like Experian, Dun & Bradstreet, and publicly available XBRL data may also play a role in the future as we develop the platform for real-time risk scoring.

Financial data and metrics may include:

- Total assets
- Equity ratio
- Liquidity ratios
- Quick ratio (acid-test ratio)
- Working capital ratio (current ratio)
- Cash ratio
- Net working capital
- Solvency & leverage ratios
- Debt to equity ratio & leverage ratio
- Debt ratio & debt to assets ratio
- Debt to capital ratio
- Times interest earned ratio & interest coverage ratio
- Fixed charge coverage
- Efficiency & activity ratios
- Inventory turnover ratio
- Average inventories
- Days of inventory on hand
- Receivables turnover ratio
- Days of sales outstanding
- Payables turnover ratio
- Days payable outstanding
- Fixed asset turnover ratio
- Working capital turnover ratio
- Operating cycle
- Total asset turnover
- Profitability ratios
- Gross profit rate
- Return on sales & operating margin ratio
- Return on assets
- Return on stockholders' equity
- Return on capital employed (ROCE)
- Net profit margin & profit margin

(e) *Current Development*

PayPie Platform with core functionality has been launched in the September 2019. The launching of this functionality has resulted in holders of PPP Tokens being able to access the foregoing risk

assessment and dashboard. The data points underlying the risk algorithm scoring, and the financial data and metrics available in the dashboard **are** continued to be built out and developed to become a market leader in the domain.

#### **(4) *Credit Marketplace Module***

PayPie is designing the PayPie Platform to enable credit markets such as factoring to become simpler, faster, and more transparent. PayPie anticipates that the development of the PayPie Platform and its unique risk assessment capabilities will foster the creation and development of what we refer to as the “PayPie Ecosystem” by third parties, in which the PayPie Platform will operate in conjunction with a number of independent market participants that wish to utilize the functionality of the PayPie Platform.

Factoring is one such example. Factoring is the financing process whereby SMEs sell their receivables for cash at a discount from their face value. This gives the SME access to immediate cash with the discount equivalent to pre-paid interest on a loan, and gives the invoice purchaser the ability to profit on collecting the receivable and earning the discount as profit. Millions of businesses worldwide use invoice financing to support their operations of activities at various stages of their business life cycle. The total market size for invoice finance has been growing rapidly over 11% per annum and estimated to be over US \$3 trillion worldwide.<sup>2</sup>

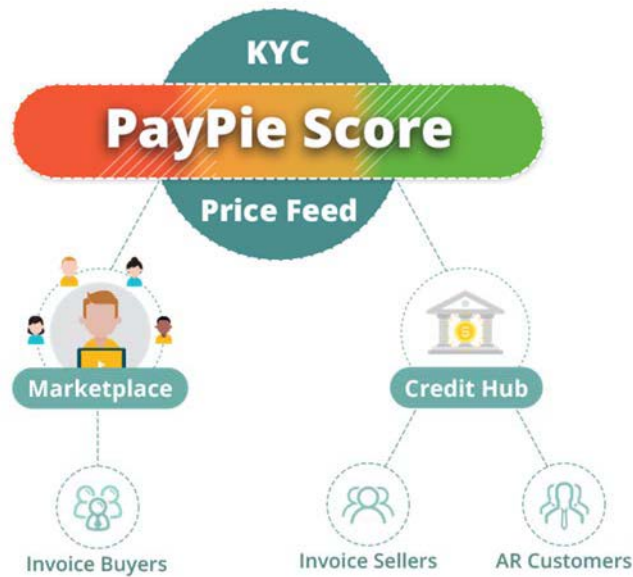
Currently, most SMEs that wish to factor their invoices are required to upload or send them to prospective purchasers manually. For the purchasers, this can involve a lot of risk because the invoices may be fake, false, inflated and many times the SME will have sent the invoice to two or more different invoice factoring companies which increases the likelihood that more than one purchaser will have factored the same invoice. For the SME, this can take a lot of time and energy, and generally requires an SME to provide additional financial information to the factoring company to enable them to perform due diligence and credit risk assessment.

Invoice verification is one of the most labor-intensive and costly processes today but is a crucial tool in preventing factoring fraud. Verification of sent invoices includes multiple steps such as confirmation that invoiced products and services were delivered as claimed, an inspection and confirmation that the quantity and quality of the invoiced goods were provided as requested, an onsite inspection of the work and products to confirm that they met the specifications as invoiced.

The PayPie Platform is intended to facilitate the development of credit marketplaces that would enable SMEs to gain almost immediate access to liquidity by selling their invoices. Because PayPie already has detailed transactional and financial information on an SME’s business which is compiled on a near real-time basis, PayPie’s risk algorithm is expected to give lenders a level of information and confidence to lend on not currently found anywhere else. SMEs with a good history and low risk score will earn benefits, and incentives will be available, to make the platform even more attractive.

For example, third parties could establish credit marketplaces (or “credit hubs”) that interface with the PayPie Platform. Such Credit Hubs may benefit from PayPie’s risk assessment of the SME and, as data accumulates in the PayPie database, the risk assessment of the invoice customer.

An example of what this might look like can be illustrated as follows:



Such “credit hubs” would operate as separate legal entities licensed to carry on their respective financing activities in the jurisdiction in which they are operating. Such credit hubs may be developed by PayPie itself, or by third parties, including entities affiliated with PayPie. There is no guarantee, however, that the realization of the PayPie Platform will result in the development of credit marketplaces utilizing the PayPie Platform.

**(5) *Single Ledger Initiative***

PayPie is taking the lead in developing an accounting industry initiative called Single Ledger to make the accounting industry aware of the benefits of blockchain. Single Ledger is a collaborative project and will need participation from leading accounting and ERP systems for success. It is not expected that PPP tokens will be required for participation in the Single Ledger initiative. However, PayPie expects that adoption and use of the Single Ledger initiative by suppliers, vendors, accounting platforms and other PayPie Platform participants will further improve and empower the accuracy of PayPie’s risk assessment.

More information on the Single Ledger initiative can be found at the website: <https://www.singleledger.org/>

## (6) *PayPie Technology*

### *PayPie Platform Tokens*

PPP Tokens are based on the Ethereum ERC20 standard. The PPP Token is the token that provides access to the PayPie Platform for certain transactions and services. Each PPP Token grants the holder the right to access certain services on the PayPie Platform and credit marketplaces that may develop using the PayPie Platform in time.

Lenders will be able to use PPP Tokens to access the PayPie Platform to access financial scoring data and real-time financial data of an SME.

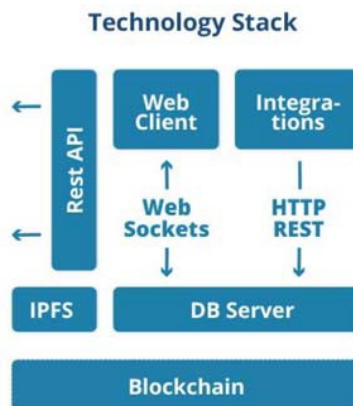
### *Smart Contracts*

At the core of the PayPie Platform’s underlying architecture are ERC20 smart contracts. The Ethereum ERC20 standard is a blockchain-based distributed computing platform that enables smart contracts. Ethereum is open-source and adopted by institutions worldwide such as JP Morgan, Deloitte, IBM, Microsoft, and Toyota.

A smart contract is a computer process (i.e. program) that is distributed and stored on the blockchain and automatically carries out predetermined functions once a triggering event has occurred – thus enabling the automatic execution of cryptographically secure and trustless contracts. Legal terms and conditions are embedded in the computer code of a smart contract, which enables the automatic execution of duties defined by the contract itself while avoiding the services of a middleman.

The PayPie business processes can be embodied in a smart contract including issuance and payments on invoices. Through smart contracts, the complicated process of collecting and accessing real-time financial data, business income, expenses, short-term debts and long-term obligations, etc. can be documented to take advantage of the blockchain qualities. If the PayPie Ecosystem grows, business parties of a transaction such as buyers, sellers, lenders, borrowers, banks can work together to deliver services and ensure transactions are carried out automatically.

Our smart-contract design follows a modular structure, making contracts highly reusable and easy to upgrade. Smart contract on Ethereum blockchain are written in Solidity.





## *Storage*

Another core part of the PayPie Platform is storage. Since the blockchain has high storage costs, PayPie in future may adopt IPFS to host business and accounting related media, such as PDFs, word documents, images, videos and larger metadata on KYC, directors, shareholders, auditors, etc. unless a better solution emerges in future. IPFS is an open source project developed since 2014 by Protocol Labs with the help from open source community. Nodes in the IPFS network form a distributed file system, and it is built especially for storing and sharing files.

Both Ethereum and IPFS lack search capabilities, so PayPie may introduce scalable search functionality to query data associated with a particular invoice to make it easier for the lenders. Examples of such queries include retrieving the latest status of a particular invoice, change in ownership, amount or due date.

PayPie intends to generate a hash string of the files and store a digital fingerprint into the blockchain instead of storing the whole documents, enabling the integrity of those documents to be subsequently verified by simply generating the fingerprint and comparing it with the fingerprint stored on the blockchain. If the two fingerprints match, the document will have been verified as being unaltered.

## *Privacy - Protecting Supply Chain*

Privacy is a big concern for businesses and important privacy protection features exist on the PayPie Platform to ensure that only relevant data is published. Only core information related to the invoices and business will be transparent, and competitors will be able to see, but not name or detect supply chain, customers, vendors and other relevant information of SMEs. We will explore the possibilities of keeping some of the information on private chain solutions.

Access to detailed financial data on business can only be granted by the company itself to lenders, auditors, regulators, managers, and other key stakeholders. Each company will be allowed to decide on how much information it is willing to expose to the counterparty if it's looking for a credit or an audit.

Encryption ensures data privacy, giving parties access only to the information they have been given rights to. PayPie may anonymize and encrypt publicly visible Risk Scores before publishing them on the blockchain.

## **(7) *PayPie Revenue Model***

PayPie envisions that the PayPie Platform will generally be used by two types of customers: (1) lenders, investors and other persons or organizations seeking to obtain financial information about SMEs, and (2) SMEs and their accounting advisors who post their financial information on the PayPie Platform.

PayPie anticipates that its revenue will be primarily derived from fees charged to lenders, investors and persons seeking to obtain financial information about SMEs through access to the PayPie Platform. PayPie anticipates that it will generally charge fees in the form of PPP Tokens for access to the PayPie Platform by such participants. The number of PPP Tokens required to access particular PayPie Platform information will be set at a fixed number of PPP Tokens (the "PayPie Fee"). PayPie may adjust the number of PPP Tokens set as the PayPie Fee to the extent that PayPie determines that doing so will increase demand for PayPie Platform services. PayPie will generally sell a portion of the PPP Tokens it earns in the ordinary course for the purpose of funding expenses and realizing a profit

PayPie expects to charge a fee to SMEs and their accounting advisors that utilize and access the PayPie Platform in fiat currency. However, in the initial stages of business development, access to the PayPie Platform for these users may be free.

PayPie may allow payment of the PayPie Fee in fiat currency for users in jurisdictions where the use of PPP Tokens is prohibited by law, and for regulated lenders and institutions that are unable to hold PPP Tokens because of regulatory or internal governance restrictions. However, PayPie intends to use all fiat revenue generated from PayPie Fees paid by such permitted fiat users to purchase PPP Tokens in secondary market purchases outside of Canada. The amount of fiat currency required as payment for a PayPie Fee for permitted fiat users will represent the market value of the number of tokens fixed as the PayPie Fee, plus a transaction fee to cover the administrative and market costs of converting the fiat received into PPP Tokens.

**2.3 Development of Business**

Since PayPie’s incorporation, the core PayPie team has engaged with legal, accounting and engineering advisors on the development of the PayPie business model and the PayPie Platform. We launched full core functionality of the PayPie Platform using PPP Tokens in September of 2019, at the time of the launch, at which time PPP Tokens have functionality as a utility token on the platform. The PayPie website (<https://www.paypie.bb>) is regularly updated to keep PPP Token holders, SMEs, the lending community and the public at large about the progress on the development of the PPP Platform.

**2.4 Short and Long Term Objectives and How We Intend to Achieve Them**

PayPie anticipates that the successful operation of the PayPie Platform will require relationships to be developed with major accounting platforms and service providers. To date, PayPie has developed the PayPie Platform to be functionally integrated with QuickBooks Online, and intends to extend functional integration to additional major online accounting platforms as development of the PayPie Platform progresses.

Achieving the objectives outlined in section 2.2 relies upon the development, testing and implementation of the PayPie platform, which is expected to occur in phases. The following milestones are expected to be completed within the applicable timeframes noted below:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete
<p><b>Milestone A:</b> Launch PayPie Platform in alpha:</p> <ul style="list-style-type: none"> <li>• Research, plan and acquire intellectual property for the platform</li> <li>• Assembled team of technical and business experts</li> <li>• Developed website, whitepaper and created smart contract for the token sale</li> <li>• Develop PayPie Platform, including dashboard, financial analytics and insights, and risk algorithm &amp; assessment (CRAA)</li> </ul>	Completed
<p><b>Milestone B:</b> Launch PayPie Platform in functional beta:</p>	Completed

<ul style="list-style-type: none"> <li>• With functional CRAA completed.</li> <li>• Develop, test &amp; launch integration of PayPie Platform with one key accounting platform</li> </ul>	
<p><b>Milestone C:</b> Launch functional PayPie Platform . PPP Tokens will be required for access by lenders to access financial score.</p> <ul style="list-style-type: none"> <li>• Completion of acquisition of SlickPie Code</li> <li>• Enhance risk score assessment</li> <li>• Improve insights, analytics and tools for SMEs, accountant advisors and token holders</li> </ul>	Completed
<p><b>Milestone D:</b> Launch PayPie Credit Marketplace Platform integrated with credit hub(s):</p> <ul style="list-style-type: none"> <li>• Foster creation of at least one credit hub in one country by third party through development of PayPie Ecosystem</li> <li>• Business development and education of SMEs and advisors regarding the functionality of credit hubs using PayPie Platform</li> </ul>	Fourth Quarter 2019 / Early 2020
<p><b>Milestone E:</b> Development of expanded and fully commercialized PayPie ecosystem:</p> <ul style="list-style-type: none"> <li>• Integration of PayPie Platform with additional major ERP &amp; accounting platforms</li> <li>• Develop detailed financial insights and enhance risk score assessment with both objective and subjective data points</li> <li>• Security enhancements</li> <li>• Mobile app launch</li> <li>• Accelerate business development campaigns</li> </ul>	2020-2021

Following the completion of Milestone E, PayPie plans to continue to develop and improve the PayPie Platform and Ecosystem in additional countries.

## 2.5 Insufficient Funds

Our currently available funds may not be sufficient to accomplish all of PayPie’s business objectives and there is no assurance that alternative financing will be available or, if available, may be obtained by the Corporation on reasonable terms.

## 2.6 Material Agreements

The Corporation has entered into the following material agreements with related parties.

### *Asset Purchase Agreement*

The Corporation acquired its interest in the PayPie Platform and all related assets (other than the assets acquired under the SlickPie Licence Agreement) under an Asset Purchase Agreement entered into effective

October 5, 2017 with Welcome Networks Inc. (“WNI”), a Canadian corporation controlled by the Founders.

The purchase price payable by PayPie under the agreement is 20,000,000 PPP Tokens. The cost to WNI of the assets purchased under the agreement was \$182,000.00.

*Master Services Agreement*

The Corporation entered into a Master Services Agreement with PayPie Canada effective January 1, 2018 and continuing. Under the terms of these agreements, PayPie Canada will provide various design, installation, configuration, management, operation, security, maintenance, marketing and support services in respect of the PayPie Platform and ecosystem (the “**Services**”). From October 2019 onwards, PayPie has agree to pay \$105,000 USD per month to PayPie Canada under these services agreements.

The terms and amount of all payments that become payable under the Master Services Agreement are to be determined at the time each work order is entered into, but will in all cases reflect the terms and amounts that would have been agreed to between unrelated and arm’s length parties. The exact amounts that will become payable under the Master Services Agreement will depend on the Services requested by PayPie, but will in any event likely represent a significant portion of the Net Combined Proceeds.

**Item 3: Interests of Directors, Management, Promoters and Principal Holders**

**3.1 Compensation and Tokens Held**

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position
Debbie Fraser, St. Michael, Barbados	Director, April 16, 2019
Justin Cole, St. Michael, Barbados	Director, Chief Financial Officer, Secretary, April 16, 2019
Roland Haggins, St. Michael, Barbados	Director, April 16, 2019

Nick Chandi, Vancouver, Canada	Director, Chief Executive Officer, October 5, 2017
Pardeep Kumar, Mohali, India	Chief Operations Officer January 1, 2019
Diljot Singh, Mohali, India	VP Blockchain Development, January 1, 2019

### 3.2 Management Experience

Name	Principal occupation and related experience
Debbie Fraser	<p>Debbie Fraser heads the Commercial Department at Clarke Gittens Farmer, and sits on the Board of the Financial Services Commission of Barbados which is responsible for regulating the financial sector other than banking services. Ms. Fraser has delivered a number of papers on securities law, directors' duties and responsibilities under the companies legislation and a review of development and changes in certain financial legislation. Her legal practice focuses on blockchain technology, mergers and acquisitions, takeovers, energy law, securities law, secured lending, project finance and both international and domestic capital markets for debt financings.</p>
Justin Cole, CPA	<p>Justin Cole is an experienced executive who has managed several companies in the international business sector in Barbados over the past thirteen years. Justin leads the Management Services Department at DGM Financial Group, providing management and accounting services to International Business Companies, Exempt Insurance Companies and International Trusts. DGM is also a Listing Sponsor for the International Securities Market of the Barbados Stock Exchange.</p> <p>Prior to joining DGM, Mr. Cole managed a group of technology companies that focused on media content and subscription billing automation.</p> <p>Mr. Cole is a Chartered Professional Accountant. He received the E.L. Whitman Gold Medal and the Charles MacFadden Team Achievement Award on completion of his Certified Management Accountants of Canada designation. He holds a Bachelor of Commerce (Honours) degree from Queen's University in Canada.</p>
Roland Haggins	<p>Roland Haggins is the CARICOM Director and Country Manager for Nuco Global Inc, the developers of the Aion.network protocol. He has taken his fifteen plus years of global financial industry experience into the dynamic environment of decentralized blockchain based digital tokens and virtual</p>

	<p>commodities. Roland has been invited to speak at the annual International Monetary Fund meetings, United Nations International Telecommunications Union and he is a member of the Financial Inclusion Global Initiative Focus Group. Roland was recently appointed to serve in the prestigious role of Sentinel Chain Ambassador for the Caribbean.</p> <p>Being able to utilise his significant experience working with some of the largest financial institutions in the world including Franklin Templeton Investments, he has spearheaded projects in the areas of banking, investments and technology.</p> <p>Mr. Haggins has created a framework to transition from traditional paper currencies to more fungible distributed ledger and blockchain based digital currencies. This technology will be particularly valuable to promote financial inclusion for the most vulnerable in society, namely the unbanked in emerging markets and developing regions, which now have the ability to leapfrog their developed counterparts.</p> <p>A leading cryptocurrency analyst, Mr. Haggins also has expertise in strategic management, business development, operations, technology innovation and the global regulatory environment . He has also used his knowledge of the financial system to develop, coordinate and lecture banking and finance courses for the University of the West Indies.</p> <p>Mr. Haggins earned a Bachelor’s Degree with First Class Honours in Economics with Banking from the University of Greenwich before obtaining his Master’s of Science Degree (with Distinction) in Finance and Investment from Queen Mary University.</p>
<p>Nick Chandi, B.Eng, MBA, ITPP, MCSE</p>	<p>Mr. Chandi is a serial entrepreneur and a member of the Forbes Technology Council. Before co-founding PayPie, Mr. Chandi co-founded SlickPie, a startup that provides online accounting software for SMEs in 130 countries worldwide, and Welcome Networks, a company specialized in providing IT solutions for accounting firms. Mr. Chandi holds an MBA and has over 20 years of experience working in the accounting technology industry. He is a frequent speaker at national CPA events on technology and cybersecurity practices.</p>
<p>Pardeep Kumar</p>	<p>Pardeep is currently responsible for leading Innovation at PayPie leading a talented team of blockchain developers, software engineers, designers and business analysts. His focus is on leading the team for developing technologies that are strategic and deliver high impact in the long term. Pardeep has an undergraduate degree in computer applications with MBA in Information Technology. He has over 7 years of experience in project management, process implementation, conflict resolution, methodology implementation and team leadership.</p>
<p>Diljot Singh</p>	<p>Diljot has been developing blockchain applications for over 3 years. He is an Ethereum expert, has written smart contracts, developed both front end and back end of web applications. Diljot is primarily responsible for planning &amp; executing blockchain strategy at PayPie. He has a master’s degree in computer applications and is responsible for exploring blockchain use cases at PayPie.</p>

### **3.3 Penalties, Sanctions and Bankruptcy**

To the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

To the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding company of any of such persons) or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation: (i) is, as of the date of this prospectus, or has been within the ten years before the date of this prospectus, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the ten years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

### **3.4 Loans**

The Corporation is not aware of any individuals who are either current or former executive officers, directors or employees of the Corporation and who have indebtedness outstanding as at the date hereof (whether entered into in connection with the purchase of securities of the Corporation or otherwise) that is owing to: (i) the Corporation; or (ii) another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

## **4.1 Long Term Debt Securities**

As of the date of this Whitepaper, the Corporation does not have any long-term debt outstanding.

## **Item 5: Tokens Offered**

### **5.1 Terms of Tokens**

Holders of PPP Tokens have the right to use certain services within the PayPie Platform. Purchase, ownership, receipt or possession of Tokens carries no rights, express or implied, other than the right to use Tokens as a means to enable usage of and interaction with Services enabled by the Ecosystem as deployed. In particular, you understand and accept that Tokens do not represent or confer any ownership right or stake, share, security, or equivalent rights, or any right to receive future revenue shares, intellectual property rights or any other form of participation in or relating to the Ecosystem and/or the Company and its corporate affiliates, other than any rights relating to the provision and receipt of Services in the Ecosystem, subject to limitations and conditions in these Terms. The Tokens are not intended to be a digital currency, security, commodity or any kind of financial instrument.

The Company reserves the right to migrate the ERC-20 Tokens to another protocol in the future should the Company determine, in its reasonable discretion, that doing so is necessary or useful to the operation of the Ecosystem.

As described in section 8 (Risk Factors), the PayPie Platform may not be implemented as currently envisaged, or at all.

Holders of PPP Tokens do not have any rights to (a) vote or otherwise control or direct the business of the Corporation, vote on protocol upgrades, or otherwise vote on how the PPP Tokens or PPP Platform are governed, (b) receive distributions of the earnings, profits or capital of the Corporation in any form, including as dividends and interest, (c) redeem or retract their PPP Tokens, (d) convert or exchange their PPP Tokens for any security or other token (except that PPP Token holders will have a right to exchange their tokens in the event that the PayPie Platform migrates to a new blockchain platform to increase speed, scalability and functionality), or (e) receive any proceeds in the event of a sale of the shares of PayPie or its assets. The PPP Tokens does not give holders any rights to any of the assets or intellectual property of the Corporation or any of its affiliates other than the use of the PayPie Platform.

### **5.2 Subscription Procedure**

PPP Tokens were available for purchase through the PayPie website in the course of the ICO pre-sale conducted on October 8, 2017. The Pre-Sale was fully subscribed such that the ICO that was scheduled for October 15, 2017 was cancelled.

Purchasers purchased PPP Tokens by way of transferring Ether (ETH) to the specified account address provided by the PayPie website. PPP Tokens were sent to purchasers' wallets on October 9, 2017.

### **5.3 Future PPP Token Offerings**

PayPie created a total of 165,000,000 PPP Tokens on the ERC20 public blockchain. **55,000,000 (include all)** PPP Tokens continue to be held by PayPie for (a) the payment of advisors, service providers and strategic partners in due course, including engineers, advisory board members and any other service provider that



PayPie may determine it would be advantageous to compensate in this manner, (b) for future financings at such times as PayPie determines appropriate to fund PayPie's ongoing development of its PayPie Platform and its operations, and (c) for future partnerships and acquisitions. PayPie does not currently anticipate that it will need to sell any additional PayPie Tokens.

Any advisors or service providers who receive PPP Tokens, and the number of PPP Tokens to be issued to such persons, will be determined and negotiated by PayPie's management. The Corporation anticipates that making PPP Tokens available will enable it to attract and retain top-tier talent to support an efficient and comprehensive buildout of the PayPie Platform.

## **Item 6: Tax Consequences**

There may be important tax consequences to Purchasers as a result of their ownership of PPP Tokens. Purchasers should consult their own professional advisers to obtain advice on the tax consequences that apply to them. PayPie will comply with all of its tax obligations.

## **Item 8: Risk Factors**

### **8.1 General Risks**

Purchases of PPP Tokens should only be made after consulting with independent and qualified sources of financial and tax advice. A purchase of PPP Tokens at this time is highly speculative due to the stage of the Corporation's development, and involves a high degree of risk.

In addition to factors set forth elsewhere in this Whitepaper, potential purchasers should carefully consider the following risk factors, many of which are inherent to the ownership of the PPP Tokens. A purchase of the PPP Tokens involves various risks and uncertainties. The risks discussed in this Whitepaper can adversely affect the Corporation's proposed operations, operating results, prospects and financial condition. This could cause the value of the PPP Tokens to decline and cause purchasers to lose their ability to utilize the PayPie Platform and lose part or all of their purchase price. In addition to those set out below and elsewhere in this Whitepaper, other material risks and uncertainties of which the Corporation are not presently aware may also harm the Corporation's business activities. Following is a summary only of the material risk factors involved in a purchase of PPP Tokens. Prospective purchasers should review the risks with their legal and financial advisors.

### **8.2 Purchase Risks**

#### **(1) *Highly Speculative***

The purchase of PPP Tokens is highly speculative. A potential purchaser should purchase PPP Tokens only if able to bear the risk of the entire loss of their purchase. The purchase of PPP Tokens as an investment should not constitute a significant portion of a subscriber's investment portfolio.

#### **(2) *Loss of Purchase Price***

A purchase of PPP Tokens is appropriate only for purchasers who have the capacity to absorb a loss of some or all of the amount of the purchase price.

#### **(3) *Regulatory Review***

This Whitepaper under no circumstances is to be construed as a public offering, prospectus or an advertisement of securities. Purchasers will not have the benefit of a review of the material by any regulatory authority.

#### **(4) *Decrease in Value***

There is no guarantee that PPP Tokens will appreciate in value in the short or long-term. The value of the

PPP Tokens may increase or decrease depending on market, economic, political, regulatory and other conditions affecting the Corporation. Prospective purchasers purchasing PPP Tokens as an investment should consider that purchases of PPP Tokens may be more volatile and risky than some other forms of investments, and that a purchase of PPP Tokens fits within the overall context of their investment policies.

**(5) *Other Methods of Distribution***

PayPie may distribute additional PPP Tokens through the following mechanisms, each of which could result in both a decrease in the value of the PPP Tokens and in certain purchasers and other recipients purchasing them on more advantageous terms:

- *Additional Direct Sales.* In the event that PayPie determines that the PPP Tokens are reasonably treated as non-securities or an applicable prospectus exemption applies, the Corporation may sell additional PPP Tokens directly.
- *Issuances to Founders and Existing Holders.* PayPie may offer additional PPP Tokens to existing PPP Token holders for consideration less than PPP Tokens issued through the Offering, based on an external valuation of PPP Tokens as they exist today.
- *Sales and Giveaways to Other Employees or Contractors.* PayPie may provide the PPP Tokens as a form of bonus or compensation to employees and contractors, either for free or for a reduced price.
- *Giveaways.* To encourage use and development of the PayPie Platform, PayPie may provide PPP Tokens as rewards to users of the PayPie Platform for certain activities.

Some of these sales and distributions have occurred or may occur at a substantial discount to the amount paid by purchasers of PPP Tokens under the Offering and/or may result in other terms that are more advantageous to certain purchasers and recipients.

In addition, PayPie may sponsor other types of offerings or distributions of the PPP Tokens in the future. These methods of distribution may further decrease the value of the Tokens or be offered on more advantageous terms.

**(6) *Increase in the Supply of Tokens***

The Corporation may increase the total supply of PPP Tokens after it implements and deploys the PayPie Platform. The total number of Tokens released, and the amount in existence at any point in time, will affect the value of your Tokens and any increase in the total number of Tokens released may decrease that value significantly. PayPie does not currently anticipate that it will need to increase the existing supply of PayPie Tokens.

**8.3 Risks Relating to the Corporation**

**(1) *Additional Funding***

PayPie may require significant amounts of capital and financing to fund its planned development. Significant additional financing in excess of that available from the Offering may be required to meet the financing requirements of PayPie. This risk may increase depending on the number of PPP Token holders who exercise the rescission rights and restoration of prescribed losses, as described in the accompanying letter.

In the event that PayPie is unable to raise sufficient funds by way of other financings or corporate collaborations, PayPie will have insufficient funds available to implement its business plan. In addition, PayPie may be required to delay, reduce the scope of, eliminate or divest one or more of its projects. There is significant risk that additional financing may not be available or may not be available on satisfactory terms. Failure to access future financing may adversely affect the Corporation's operations and the execution of its business plan resulting in a decrease in the value of the PPP Tokens.

**(2) *General Business Risks***

PayPie is a small company with limited financial resources and competes with larger companies with greater financial resources. It relies on the integration with ERP and accounting platforms, industry relationships, continued growth of cryptocurrency market, and creativity of its staff and contractors. PayPie may face challenges in executing on the business plan.

**(3) *Early Stage Development***

PayPie is at an early stage of development and subject to start-up risks, including startup losses, lack and uncertainty of revenues, markets and profitability and the possible need to raise additional funding. If the Corporation cannot adequately anticipate and respond to such start-up risks, it may fail to fully develop the PayPie Platform resulting in a decrease in value of the PPP Tokens.

**(4) *Changes to Platform and Tokens***

The Corporation has issued the PPP Tokens before the PayPie Platform is fully developed. The Corporation may not be able to develop the PayPie Platform in the form and manner contemplated at the time the PPP Tokens were issued. As a result, the terms and features of the PayPie Platform may be substantially different than anticipated at the time of the issuance of the PPP Tokens which may adversely affect the value of the PPP Tokens.

**(5) *Potential Fluctuations in Financial Results***

In the future, if PayPie’s expected revenues are not realized on a timely basis as anticipated, financial results could be materially adversely affected which in turn could adversely affect the development of the PayPie Platform and the value of the PPP Tokens.

**(6) *Reliance on Key Personnel***

PayPie will depend on a number of key employees, the loss of any one of whom could have an adverse effect on PayPie, and the expertise of PayPie Canada under the Master Services Contracts. The death or disability of these key employees or the inability of PayPie Canada to continue providing services under the Master Services Contracts may have a significant and adverse effect on the development of the PayPie Platform. There can be no assurance that any of PayPie’s employees will remain with PayPie or that, in the future, the employees will not organize competitive businesses or accept employment with companies competing with PayPie.

**(7) *Management of Growth***

Any expansion of PayPie’s business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that PayPie will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that PayPie will be able to manage growth successfully. Any inability of PayPie to manage growth successfully could have a material adverse effect on the development of the PayPie Platform and the value of the PPP Tokens.

**(8) *Conflicts of Interest***

PayPie’s directors and officers may serve as directors or officers of other companies or companies providing services to PayPie or they may have significant shareholdings in other companies. Situations may arise where the directors and/or officers of PayPie may be in competition with PayPie. Any conflicts of interest will be subject to and governed by the law applicable to directors’ and officers’ conflicts of interest. In the event that such a conflict of interest arises at a meeting of PayPie’s directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of PayPie are required to act honestly, in good faith and in the best interests of PayPie.

**(9) *Management Experience***

The PayPie Platform represents a new business venture for PayPie’s management team (“**Management**”). Further, crypto assets and utility tokens, such as the PPP Tokens, are a new and untested technology. While Management has prior business experience, this is Management’s first business venture focused on distributed ledger technology or financial risk assessment. Accordingly, Management’s past successes do not guarantee future outcomes or the long-term success of the PayPie Platform.

**(10) *Intellectual Property Rights***

The business of PayPie will be heavily based on protection of intellectual property rights. If another party makes claims to the intellectual property rights of PayPie, or if a third party infringes upon the intellectual property rights of PayPie, considerable expenses or losses may follow adversely affecting the development of the PayPie Platform.

## **(11) *Ceasing Operations***

There is no guarantee that PayPie will continue as a viable company. The utility and value of the PPP Tokens and the PayPie Platform depend on PayPie's success and support of the PayPie Platform. If PayPie ceases operations, dissolve, winds up or liquidates pursuant to the laws of Barbados and goes out of business, you may lose 100% of the value of your PPP Tokens.

## **8.4 Risks Relating to the Industry**

### **(1) *Government Regulations***

Legislative and regulatory changes or actions at the provincial, federal, or international level may adversely affect the use, transfer, exchange, and value of the PPP Tokens. In addition to the regulatory uncertainty of the PPP Tokens, the regulatory status of the PPP Tokens and similar crypto assets is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing or new regulation with respect to such technology and its applications, including the PPP Tokens and the PayPie Platform. Further, it is difficult to predict how or whether legislatures or regulatory agencies may implement changes to law and regulation affecting distributed ledger technology and its applications, including the PPP Tokens and the PayPie Platform. Regulatory actions could negatively impact the PPP Tokens and the PayPie Platform in various ways, including, for example, through a determination that the PPP Tokens are a regulated financial instrument required to be registered with the appropriate regulatory agency.

While PayPie believes that it is in compliance with applicable law, changes in the law by legislators and regulatory agencies could negatively impact the PPP Tokens and the PayPie Platform. PayPie may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal or commercially undesirable to operate in such jurisdiction.

Further, based on current and anticipated use of the PPP Tokens and the PayPie Platform, PayPie believes that over time, the PPP Tokens will reasonably be treated as non-securities for purposes of securities law in Canada and abroad. In particular, PayPie believes that successful deployment and user adoption of the PayPie Platform means that the PPP Tokens are mainly used for commercial transactions, which cause the PPP Tokens to take on additional characteristics of non-securities.

There is no guarantee that a regulator will agree with PayPie's analysis. If a regulator disagrees, PayPie may need to make significant changes with respect to how the PPP Tokens are structured, how they are purchased and sold, and other issues, which could greatly increase PayPie's costs in operating its business. This development could also lead to the termination of the use of PPP Tokens. Further, a regulator could take action against PayPie if it views PayPie and/or the PPP Tokens as being out of compliance with the law. Any of these outcomes would negatively affect the value of the PPP Tokens.

Further, PayPie does not intend to operate in jurisdictions that require a license to conduct a virtual currency business. If you are a resident of a state that requires a license to conduct a virtual currency business, PayPie will not allow you to purchase or utilize PPP Tokens. If PayPie were deemed to be conducting an unlicensed virtual currency business, it would be subject to significant additional regulation and/or regulatory consequences. This could lead to significant changes with respect to the PayPie Platform, how the PPP Tokens are structured, how they are purchased and sold, and other issues, and would greatly increase PayPie's costs in creating and facilitating transactions in the PPP Tokens. It could lead to a decrease of the value or termination of the PPP Tokens.

## **(2) *Political and Economic Climate***

Barbados and the Province of British Columbia, Canada, each present social, economic and political conditions that are reasonably stable. However, the Barbados, British Columbia or federal Canadian government could implement legislation and policies that would have an adverse effect on the value of the PPP Tokens. Examples of such policies are tax reform or other adverse economic and/or monetary policies, or adverse regulation of cryptocurrencies.

## **8.5 Risks Relating to the Technology**

### **(1) *Private Keys***

PPP Token balances are associated with your Ethereum public key address, which is in turn associated with your PPP Token private key address. You are responsible for knowing your private key address and keeping it a secret. Because a private key, or a combination of private keys, is necessary to control and dispose of PPP Tokens stored in your digital wallet or vault, the loss of one or more of your private keys associated with your digital wallet or vault storing the Tokens will result in the loss of your PPP Tokens. Moreover, any third party that gains access to one or more of your private keys, including by gaining access to login credentials of a hosted wallet service you use, may be able to misappropriate your PPP Tokens. PayPie will never ask you for your private key address, and you should never share them with someone you do not know.

Token holders may have to transfer PPP Tokens to the wallet or smart contract addresses provided by PayPie during the utility of the platform. PayPie may implement concept of hot and cold wallets. Despite all reasonable security measures being introduced by PayPie, loss or destruction of private keys by PayPie or a purchaser of PayPie Tokens is irreversible.

You are responsible for educating yourself on protecting your personally identifiable information and on cybersecurity best practices. While the Corporation will take steps that are commercially reasonable and customary to prevent or mitigate the impact of cyber attacks, there can be no guarantee that the Corporation will be successful in preventing all cyber attacks on its systems. Holders of crypto assets and utility tokens can be targeted by hackers, and holders' private keys can be stolen.

### **(2) *Ethereum Blockchain***

The Ethereum blockchain is new and as such has inherent risks associated with it. The blockchain could experience times of uncertainty. The Ethereum blockchain could experience slow transaction speed, fork or be subject to a DOS attack. This could lead to disruptions of the Network and could negatively affect the PPP Tokens, their functionality, and their value.

### **(3) *Value of ETH***

It is possible that the value of Ether (ETH) could drop significantly in the future, depriving PayPie of sufficient resources to continue to operate. In order to guard against this risk, PayPie from time to time will convert a portion of the ETH proceeds of the Offering into other digital assets or coins or national fiat currency.

**(4) *Hackers***

Hackers and other groups may attempt to steal ETH revenue collected from the Offering, thus impacting the ability of PayPie to develop and operate the PayPie Platform. PayPie has and will implement comprehensive security precautions to safeguard the ETH from the sale of PPP Tokens.

**(5) *Cyber Attacks***

The PayPie Platform and Ecosystem is susceptible to a number of risks related to the storage of large amounts of sensitive and/or proprietary information, which may be compromised in the event of a cyberattack or other malicious activity. Similarly, the services provided by the PayPie Platform and Ecosystem may be interrupted or become temporarily unavailable in the event of such an attack or malicious activity. Because users can use a variety of hardware and software that may interface with the PayPie Platform and Ecosystem, there is risk that the PayPie Platform and Ecosystem may become unavailable or interrupted based on a failure of interoperability or an inability to integrate these third-party systems and devices that PayPie does not control with the PayPie Platform and Ecosystem. The risk that the PayPie Platform and Ecosystem may face increasing interruptions and the PayPie Platform may face additional security vulnerabilities could adversely affect the PayPie Platform and therefore the future value and utility of any PPP Tokens held by purchasers.

**(6) *Forks***

PayPie Platform could at any time “fork” the ledger that tracks the PPP Tokens (that is, use the software to create a new version of the Tokens) in a way that changes the rules associated with the PPP Tokens. Although hard forks that change PPP Tokens are rare, there is a possibility the changes made to the PPP Tokens could, among other things, alter the economics of the PPP Tokens. If this occurs, it could negatively affect the value of the PPP Tokens purchased in the Offering.

**(7) *Open Source Software***

The PayPie Platform may rely on open-source software, and there is a risk that PayPie or other third parties not affiliated with PayPie may introduce weaknesses or bugs into the PayPie Platform causing PayPie to lose some or all of the purchasers’ PPP tokens. PayPie will hire third party cryptography and security experts to audit platform code to mitigate this risk.

**(8) *Technological Advances in Platforms***

Technological advances of new forms of distributed ledger or competitive technologies may significantly reduce the value of blockchain technology, and thus the Ethereum blockchain on which PayPie Tokens are based, or make them obsolete entirely.

**(9) *Code Cracking***

Technological advances such as quantum computers could present risks to cryptocurrencies and the PayPie Platform resulting in a theft of tokens. PayPie, to the extent possible, intends to update protocol underlying the PayPie Platform to account for advances in cryptography and to cryptography or the success of any future PayPie Platform security updates.

**The foregoing risk factors do not purport to be a complete explanation of all risks involved in purchasing the PPP Tokens described herein. Potential purchasers should read this entire**



**Whitepaper and consult with their legal and other professional advisors before determining to purchase PPP Tokens.**

**Item 9: Reporting Obligations**

PayPie is not, and currently has no intention of becoming, a "reporting issuer" in any jurisdiction. As a result, the Company does not expect to be subject to the continuous disclosure requirements under applicable securities laws, nor expect to be required to prepare, file, disseminate or deliver interim or annual financial statements, interim or annual management discussion and analysis of operating results, news releases regarding material changes or any other facts or information with respect to the Corporation.

PayPie is of the view that the PPP Tokens are fully utilizable utility token when the Corporation achieved Milestone C (Launch functional PayPie Platform), as discussed in section 2.4. PayPie is of the view that PPP Tokens has become utilizable on the achievement of Milestone C, and no longer be considered to be a security under the laws of British Columbia, Canada, as currently enacted.