

**PayPie Blockchain, Inc.**  
**UPDATED WHITE PAPER**  
**IN RESPECT OF A PRIOR SALE OF TOKENS MADE ON OCTOBER 8, 2017**

*This Whitepaper has been prepared at the request of the British Columbia Securities Commission (“BCSC”) as a result of BCSC staff having taken the position that the PPP Tokens met the definition of a “security” under applicable securities legislation in British Columbia at the time of the Offering and, therefore, the distribution of PPP Tokens to purchasers under the Offering was not made in compliance with such legislation, as PayPie was required to provide purchasers with certain required disclosure about the PPP Tokens and PayPie’s business, either by way of an offering memorandum or by the filing of a prospectus with the BCSC. In an effort to mitigate any non-compliance, PayPie is publishing this Whitepaper and offering the rescission rights and restoration of prescribed losses, as noted in the accompanying letter. While this Whitepaper does not constitute an “offering memorandum”, within the meaning of section 2.9 of National Instrument 45-106, as this Whitepaper is not intended to qualify the distribution of PPP Tokens to the public, PayPie has, nevertheless, drafted this Whitepaper to comply, in all material respects, with the form requirements for such an offering memorandum.*

**DATE:** June 7, 2019

**THE ISSUER:**

**Name:** PayPie Blockchain, Inc. (“PayPie” or the “Corporation”)

**Head office:** Address: Level 3, Cedar Court, Wildey Business Park, Wildey, St. Michael, Barbados  
Phone #: 246-434-4850  
E-mail address: info@paypie.bb  
Fax #: 246-431-3439

**Currently listed or quoted:** The PPP Tokens do not currently trade on any recognized stock exchange or securities market.

**Reporting issuer:** The Corporation is not a reporting issuer in Barbados, in any province or territory of Canada or the equivalent in any other jurisdiction.

**SEDAR Filer:** The Corporation is not a SEDAR filer.

**THE OFFERING:**

**Tokens offered:** A total of 165,000,000 “PPP Tokens” have been created on the Ethereum ERC20 public blockchain. 57,154,401 PPP Tokens were sold to purchasers in a “pre-sale” initial coin offering on October 8, 2017 (the “Offering”). In addition: 25,305,181.13 PPP Tokens were sold to purchasers in private sales prior to the Offering; 23,444,118.33 PPP Tokens were issued to the PayPie team and service providers; and 55,000,000 PPP Tokens have been reserved for issuance after October 8, 2017, which tokens remain reserved at the time of this updated White Paper (“this Whitepaper”). PPP Tokens are not registered under the Securities Act, Cap. 318A of the laws of Barbados.

**Price per Token:** The Offering price was 0.0011 Ether (ETH) per PPP Token. Purchasers who purchased more than 15 ETH and less than 50 ETH of PPP Tokens received a bonus of 2.5% of additional PPP Tokens, and purchasers who purchased 50 ETH or more of PPP Tokens received a bonus of 5% of additional PPP Tokens.

**Payment terms:** Payment was made in ETH, the native digital currency of the ERC20 public blockchain.

**Closing dates:** The Offering occurred on October 8, 2017 between the hours of 13:00 UTC, and closed when the Offering was fully subscribed, at approximately 22:00 UTC on October 8, 2017.

**Income tax consequences and eligibility for investment:** There may be important income tax consequences as a result of your purchase and ownership of your PPP Tokens (see Item 6:). Purchasers should consult their own tax advisers to obtain advice on the applicable income tax consequences.

**Selling agent:** None.

**Resale restrictions:** The BCSC has taken the position that applicable securities legislation currently applies, and will continue to apply, to the PPP Tokens for so long as they meet the definition of a “security” under such legislation. Accordingly, purchasers of PPP Token cannot currently trade PPP Tokens in Canada without relying on an exemption from the prospectus requirements under applicable Canadian

securities legislation. See Item 10 - Resale Restrictions. While PayPie is of the view that the PPP Tokens will no longer be considered to be a security under applicable securities legislation once the PPP Tokens become sufficiently functional to be classified as a “utility token”, given the continued uncertainty with respect to how a particular securities regulator may interpret its legislation in this area, there are no assurances that any such regulator will ever consider the PPP Tokens to not be securities under its legislation. In that case, unless permitted under applicable securities legislation in Canada, you cannot trade the PPP Tokens in Canada until the date that is four months and a day from the date that the Corporation becomes a reporting issuer in any province or territory of Canada. PayPie does not intend to become a reporting issuer in any province or territory of Canada

**Purchaser’s rights:**

Purchasers who participated in the Offering may exercise the rescission rights described in the letter delivered with this Whitepaper. If there is a misrepresentation in this Whitepaper, Purchasers who have not exercised such rescission rights have the right to sue for damages. See Item 11- Purchasers’ Rights.

**No securities regulatory authority or regulator has assessed the merits of the PPP Tokens or reviewed this Whitepaper. Any representation to the contrary is an offence. Purchasing PPP Tokens as an investment is risky. See item 8.**

**FORWARD LOOKING INFORMATION**

This Whitepaper contains certain statements or disclosures that may constitute forward-looking information under applicable securities laws. All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that the Corporation anticipates or expects may or will occur in the future (in whole or in part), including, but not limited to, statements as to future operating results, valuations and financial projections, financial results, work plans and potential acquisitions and contracts, should be considered forward-looking information. In some cases, forward looking information can be identified by terms such as “future”, “may”, “will”, “expect”, “anticipate”, “believe”, “potential”, “enable”, “plan”, “continue”, “contemplate”, “intend” or other comparable terminology.

In particular, this Whitepaper contains, among other things, forward looking statements pertaining to the following:

- The time and costs involved in the establishment of the PayPie Platform (as hereafter defined);
- The anticipated rollout of the PayPie Platform in Canadian and global jurisdictions;
- The performance of the Corporation’s business and operations;
- The Corporation’s expectations regarding revenues, expenses and anticipated costs;
- The Corporation’s expectations with respect to pursuing new opportunities and its future growth;
- The use by the Corporation of the net proceeds of the Offering;
- The anticipated closing date of the Offering; and
- Industry trends.

Such statements reflect the Corporation’s current views with respect to future events and are subject to certain risks and uncertainties and are based upon a number of factors and assumptions. Actual results may differ materially from those expressed in these forward looking statements due to a number of uncertainties and risks, including the risks described in this Whitepaper (See Item 8 – Risk Factors) and other unforeseen risks. Therefore, you should not place undue reliance on these statements. Such risks, uncertainties, factors and assumptions include, without limitation:

- Purchasing PPP Tokens as an investment is highly speculative;
- Purchasers will not have the benefit of a review of the materials by any regulatory authority;
- A positive return is not guaranteed;
- Risk factors related to future dilution;
- The PPP Tokens are subject to resale restrictions;
- Additional funding may be required;
- The Ethereum blockchain has inherent and uncertain risks;
- The value of Ether is subject to volatility and may significantly drop or rise in the future; and
- The PayPie Platform relies on open source software where weakness and bugs may be introduced.

The Corporation is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable laws. Because of the risks, uncertainties and assumptions contained herein, prospective purchasers should not place undue reliance on forward-looking statements or disclosures. The foregoing statements expressly qualify any forward looking information contained herein.

## **Item 1: Use of Available Funds**

### **1.1 Funds**

*All dollar amounts referred to herein are in CAD unless otherwise stated, and all ETH-to-CAD and CAD-to-ETH determinations required to be made have been made using the available exchange rates at the relevant time and using all reasonable measures.*

The Offering resulted in the sale of all 57,154,401 PPP Tokens offered, raising gross proceeds of ETH 61,082, or approximately \$23,655,509, based on the ETH-to-CAD exchange rate as of the date of the Offering (the “**Offering Proceeds**”).

PayPie sold an additional 25,305,181.13 PPP Tokens in private sales to prior to the Offering (the “**Private Sale**”), resulting in proceeds of ETH 21,624, or approximately \$7,862,989.71 based on the ETH-to-CAD exchange rate as of the date of the Offering (the “**Private Sale Proceeds**”).

The Offering and Private Sales resulted in a combined sale of 82,459,582 PPP Tokens and proceeds of ETH 82,706, or approximately \$31,518,499 based on the ETH-to-CAD exchange rate as of the date of the Offering (“**Combined Proceeds**”).

As set out in the table below, the Corporation’s net Combined Proceeds as of December 31<sup>st</sup> 2018, after deducting estimated Offering costs (including legal, initial engineering, accounting, advisory fees and other out-of-pocket expenses) and selling commissions and fees, was approximately \$27,822,270 (the “**Net Combined Proceeds**”).

A.	Amount raised by the Offering	\$23,655,509
B.	Selling commissions and finder’s fees	\$615,595
C.	Estimated Offering costs (e.g., legal, accounting, audit.)	\$680,300
D.	Consulting/Advertising	\$216,737
E.	Available funds: $E = A - (B+C+D)$	\$22,142,877
F.	Development Costs to Date	\$2,183,597
G.	Additional sources of funding (Private Sale Proceeds)	\$7,862,989.71
H.	Working capital deficiency	\$0
I.	Total: $I = (E+G) - F$ (Net Combined Proceeds)	\$27,822,270

As of May 31, 2019, the relative value of ETH-to-CAD has increased since the date of the Offering. As of May 31, 2019, the ETH-to-CAD exchange rate was approximately 363.10. Based on this exchange rate,

the value of the ETH Net Combined Proceeds as of the date of this Whitepaper is \$28,518,204 (the “Available Funds”).

The ETH-to-CAD exchange rate is volatile. There is no certainty regarding what the ETH-to-CAD exchange rate will be in the future. Accordingly, the amount of PayPie’s working capital will fluctuate, and may increase or decrease, and may disappear altogether.

PayPie intends to carefully monitor its cash needs and convert the ETH Combined Proceeds into fiat currencies and/or other digital assets or digital coins in what it believes is a prudent fashion. PayPie may not convert its ETH until required to fund its expenses.

## 1.2 Use of Available Funds

The following table provides a detailed breakdown of how the Corporation anticipates that it will use the Available Funds.

Description of intended use of available funds listed in order of priority <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup> <sup>(4)</sup>	Offering Proceeds
Platform Development, Testing, Implementation	\$6,000,000.00
Marketing & Business Development for Platform	\$5,000,000.00
Compliance (Legal, Audit, Regulatory)	\$2,000,000.00
General Administrative and Operation Expenses	\$2,000,000.00
Working Capital	\$13,518,204.00
Total: Equal to available funds, above	\$28,518,204.00

<sup>(1)</sup> Refer to Item 2.4 for further details.

<sup>(2)</sup> PayPie may be or become subject to income tax or other taxes on (i) its receipt of the Combined Proceeds, and (ii) on the conversion of its ETH into fiat currencies and digital assets and digital coins, and on any subsequent conversion of such fiat currencies and digital assets and digital coins. The amount of any such taxes will reduce the amount of PayPie’s funds available for the above anticipated uses.

<sup>(3)</sup> For regulatory, tax and legal compliance purposes, PayPie may develop certain components of the PayPie Platform through affiliated corporations, and fund the development of such components through capitalizing such corporations with debt or equity and causing such affiliates to carry on such development. As of the date hereof, PayPie has not capitalized any affiliated corporations with any funds, and no such instruments have been entered into.

<sup>(4)</sup> PayPie has contracted with Welcome Networks Inc. (“WNI”) and PayPie Canada (as defined below in section 2.1) to carry on a portion of the above activities under a Master Services Agreement, as more fully described in section 2.6.

### 1.3 Reallocation

PayPie intends to spend the Available Funds as stated herein. However, there may be situations where, due to change of circumstances, outlook, research results and or business judgment, a reallocation of funds may be necessary in order for PayPie to achieve its overall business objectives. However, PayPie will reallocate funds only for sound business reasons. Reallocation will also be required in the event that purchasers exercise the rescission rights described in the letter delivered with this Whitepaper.

## Item 2: Business of PayPie

### 2.1 Structure

PayPie was incorporated as a regular business company with limited liability under the Companies Act, Cap. 308 of the laws of Barbados on October 5, 2017. PayPie is a wholly-owned subsidiary of PayPie Blockchain Inc. (“**PayPie Canada**”), a corporation incorporated and existing under the British Columbia *Business Corporations Act*. All of the voting shares of PayPie Canada are held by two holding companies (“**PayPie Canada Holding Companies**”) incorporated and existing under the British Columbia *Business Corporations Act*, which are respectively controlled by Mr. Harnek Chandi (hereinafter referred to as “**Nick Chandi**”) and Jagtender Barpagga (hereinafter referred to as “**Jag Barpagga**”, and together with Nick Chandi, the “**Founders**”). Certain individuals and trusts related to the Founders hold non-voting shares of the PayPie Canada Holding Companies. Nick Chandi and Jag Barpagga, and all such related individuals, are citizens of Canada and resident in British Columbia, Canada.

### 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>

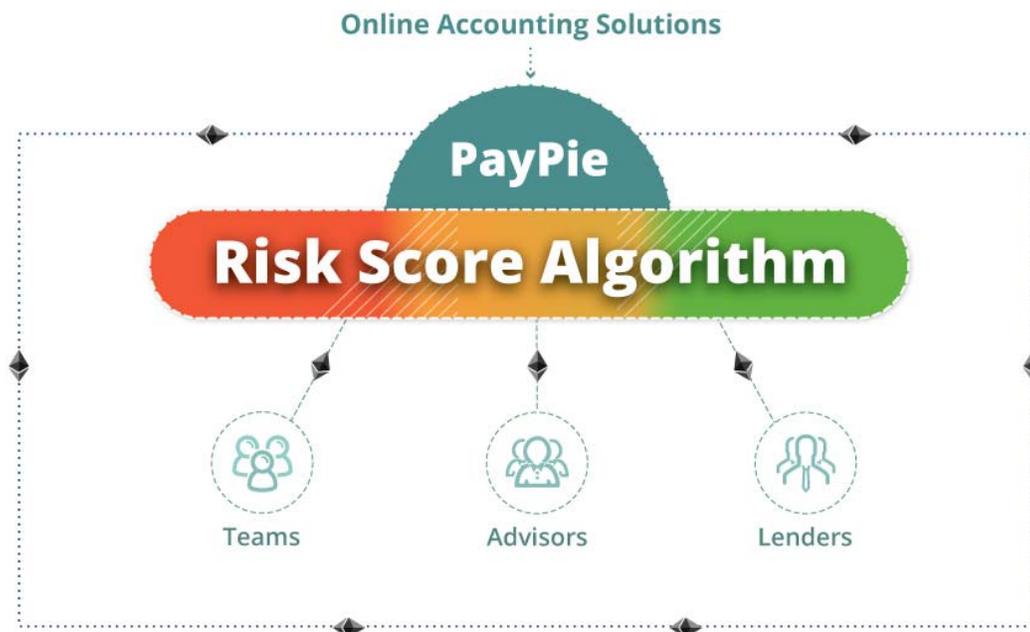
(d) *Manage for Better Liquidity*

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*

As discussed in Section 2.4 “*Short and Long Term Objectives and How We Intend to Achieve Them*”, expects to launch PayPie Platform with core functionality in the second/third quarter of 2019, pending

completion of the rescission and restoration offer. The PayPie Platform is continually being tested and enhanced on an ongoing basis based on the feedback received. The launching of this functionality will result 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 will be limited at launch, but will continue to be built out and developed.

#### **(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.

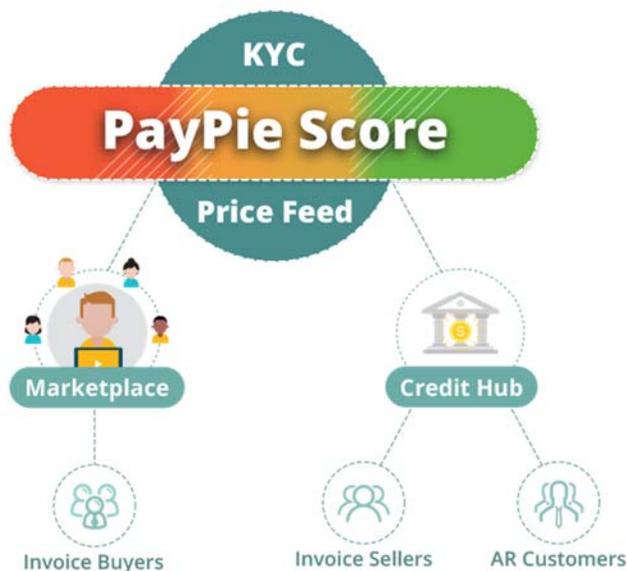
For example, third parties could establish credit marketplaces (or “credit hubs”) that interface with the PayPie Platform and offer PPP Token Holders the ability to participate in invoice financing using their PPP

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<sup>2</sup> See [https://www.researchandmarkets.com/research/b683gk/global\\_factoring](https://www.researchandmarkets.com/research/b683gk/global_factoring) and <http://invoiceinterchange.com/receivables-finance-global-summary-2015/>

Tokens. Such Credit Hubs would benefit from seamless PPP Token smart contract execution and 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. In the future, if credit hubs are developed as part of the PayPie Ecosystem using the PayPie Platform, PPP Tokens could be used to buy discounted invoices.

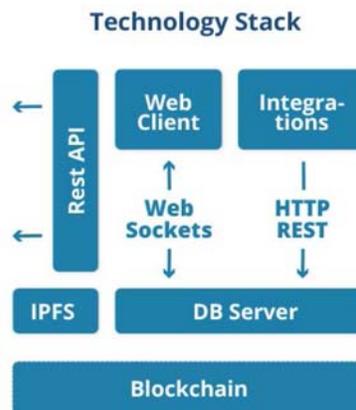
### *Smart Contracts*

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 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 will 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 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 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 will 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 expect to launch full core functionality of the PayPie Platform using PPP Tokens in second/third quarter of 2019, at the time of the launch, at which time PPP Tokens will 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	Our cost 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	\$2,434,306
<p><b>Milestone B:</b> Launch PayPie Platform in functional beta:</p>	Completed	\$1,991,705

<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>	Second/Third Quarter, 2019	\$3,700,000.00
<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>	Third/Fourth Quarter, 2019	\$3,500,000.00
<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	\$6,300,000.00

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. The inability to complete the preparation and launch of the platform may result in a partial or complete loss of the value of a holder’s PPP Tokens.

## 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.

#### *SlickPie Licence Agreement*

The Corporation acquired its interest in certain SlickPie intellectual property embedded in the PayPie Platform under a License Agreement entered into effective October 5, 2017 with WNI. The consideration paid under the Licence Agreement was a one-time payment of \$2,500,000.

#### *Master Services Agreement*

The Corporation entered into a Master Services Agreement with WNI effective from October 5, 2017 to April 30, 2018, and PayPie Canada effective January 1, 2018 and continuing. Under the terms of these agreements, WNI has and 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”). To date, PayPie has paid an aggregate amount of approximately \$105,000 USD per month to WNI and 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**

<b>Name and municipality of principal residence</b>	<b>Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position</b>	<b>Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year <sup>(1)</sup></b>	<b>Number, type and percentage of Tokens and shares of the issuer held after completion of Offering</b>
Debbie Fraser, St. Michael, Barbados	Director, April 16, 2019	2018: nil 2019: US\$5,000	N/A
Justin Cole, St. Michael, Barbados	Director, Chief Financial Officer, Secretary, April 16, 2019	2018: nil 2019: US\$20,000 <sup>(2)</sup>	N/A
Roland Haggins, St. Michael, Barbados	Director, April 16, 2019	2018: nil 2019: US\$5,000	N/A

Nick Chandi, Vancouver, Canada	Director, Chief Executive Officer, October 5, 2017	2018: nil 2019: CAD\$100,000	51 Common shares (51%) <sup>(3)</sup>
Pardeep Kumar, Mohali, India	Chief Operations Officer January 1, 2019	2018: nil 2019: US\$36,000	N/A
Diljot Singh, Mohali, India	VP Blockchain Development, January 1, 2019	2018: nil 2019: US\$28,000	N/A

<sup>(1)</sup> Additional compensation has been paid to WNI and PayPie Canada under the Asset Purchase Agreement, License Agreement, and Master Services Agreement, as described in Section 2.6.

<sup>(2)</sup> Mr. Cole serves as CFO on a contract basis, and this figure represents an estimate of his annual fees.

<sup>(3)</sup> These shares are held and controlled indirectly as described under Section 2.1

### 3.2 Management Experience

Name	Principal occupation and related experience
Debbie Fraser	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.
Justin Cole, CPA	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.  Prior to joining DGM, Mr. Cole managed a group of technology companies that focused on media content and subscription billing automation.  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.
Roland Haggins	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>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.

## Item 4: Capital Structure

### 4.1 Share Capital

The only outstanding shares of the Corporation are as follows:

Description of share	Number authorized to be issued	Price per share	Number outstanding as at October 5, 2017 and the date of this Whitepaper	Number outstanding after Offering
Common Shares	Unlimited	1.00	100	100

All of the outstanding shares of the Corporation are held as described under Section 2.1.

## 4.2 Long Term Debt Securities

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

## 4.3 Prior Token Sales

The Corporation has sold or allocated the following PPP Tokens in the past 12 months. No associates or affiliates of PayPie participated in the Offering.

Date of issuance or allocation	Type of token issued	Number of tokens issued	Price per token	Total funds received
August 25, 2017	PPP Tokens	20,000,000.00 <sup>(1)</sup>	Nil	nil
August 25, 2017	PPP Tokens	1,020,342.43 <sup>(2)</sup>	Nil	nil
September 24, 2017 to October 6, 2018	PPP Tokens	25,305,181.13 <sup>(3)</sup>	0.000854 ETH/PPP	\$7,862,990
October 8, 2017	PPP Tokens	57,154,401 <sup>(5)</sup>	0.001069 ETH/PPP (averaged for bonus tokens)	\$23,655,509
October 20, 2017 to the date hereof	PPP Tokens	2,423,775.90 <sup>(4)</sup>	Nil	Nil

<sup>(1)</sup> As described in Item 2.6, these tokens were issued to WNI.

<sup>(2)</sup> These tokens were issued to PayPie team members.

<sup>(3)</sup> These tokens were issued to purchasers in the Private Sale.

<sup>(4)</sup> These tokens were issued to strategic partners of PayPie as incentives for the development of the PayPie Ecosystem

<sup>(5)</sup> These tokens were issued to purchasers in the Offering.

## Item 5: Tokens Offered

### 5.1 Terms of Tokens

Holders of PPP Tokens have the right to use certain services within the PayPie Platform, once developed, tested and implemented by the Corporation, in accordance with and under the PayPie Token Crowdsale Terms and Conditions made available to purchasers under the Offering, which terms provided that:

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, if successfully completed and 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 developed or 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 will 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 under the terms of the PayPie Token Crowdsale Terms and Conditions.

## **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. There were no conditions to the closing of the pre-sale. The Pre-Sale is now closed, and 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. A total of 82,459,582 PPP Tokens were issued to purchasers under the Offering and Private Sale. As described in section 4.3 of this Memorandum, 105,903,700 PPP Tokens have been issued to date.

55,000,000 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 7: Compensation Paid to Sellers and Finders**

PayPie agreed to pay a total of 1,613.34 ETH to certain finders in respect of the Offering, representing approximately 2.64% of the Offering Proceeds.

## **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 describes the offering of PPP Tokens described herein only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale and is not, and 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) *Resale Restrictions***

The British Columbia Securities Commission (“BCSC”) has taken the position that applicable securities legislation currently applies, and will continue to apply, to the PPP Tokens for so long as they meet the definition of a “security” under such legislation. There is no assurance that the BCSC, or any other securities regulator, will ever consider the PPP Tokens to not be securities and, in that case, unless permitted under applicable securities legislation in Canada, you cannot trade the PPP Tokens in Canada until the date that is four months and a day from the date that the Corporation becomes a reporting issuer in any province or territory of Canada. PayPie does not intend to become a reporting issuer in any province or territory of Canada. See Item 10 - Resale Restrictions.

**(5) *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.

**(6) *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.

**(7) *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 and WNI under the Master Services Contracts. The death or disability of these key employees or the inability of PayPie Canada or WNI 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 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 will mean that the PPP Tokens are mainly used for commercial transactions, which will cause the PPP Tokens to take on additional characteristics of non-securities. There is no guarantee that this will occur. In addition, 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**

Exhibit A to this Whitepaper contains the Corporation's audited financial statements for its first fiscal year, the period from its date of incorporation until September 30, 2018 prepared by Walsh King LLP, the Corporation's auditors.

Purchasers of the PPP Tokens should be aware that there is increasing consensus that auditing the financial statements of an entity in the crypto-asset sector presents unique audit challenges. There is currently no consensus and little guidance from the auditing profession on how to apply generally acceptable auditing standards to audits of financial statements of entities in the crypto-asset sector. The Canadian Public Accountability Board ("CPAB"), which regulates auditors of reporting issuers in Canada, has inspected the audits of three companies in the cryptocurrency sector over the past year, and discovered significant issues in all of them. CPAB published a guidance document in December 2018, outlining its expectations for audits of companies in the crypto-asset sector. The document highlights a number of issues that auditors should be considering, and eligible purchasers should consider the audit challenges identified by CPAB. The audit of PayPie's financial statements for the period ended September 30, 2018 is not subject to CPAB oversight.

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

### **Item 10: Resale Restrictions**

The BCSC has taken the position that applicable securities legislation currently applies, and will continue to apply, to the PPP Tokens for so long as they meet the definition of a "security" under such legislation. While PayPie is of the view that the PPP Tokens will no longer be considered to be a "security" under applicable securities legislation once the PPP Tokens become sufficiently functional to be classified as a "utility token", given the continued uncertainty with respect to how a particular securities regulator may interpret its legislation in this area, there are no assurances that any such regulator will ever consider the PPP Tokens to not be securities under its legislation. In that case, unless permitted under applicable securities legislation in Canada, you cannot trade the PPP Tokens in Canada until the date that is four months and a day from the date that the Corporation becomes a reporting issuer in any province or territory of Canada. PayPie does not intend to become a reporting issuer in any province or territory of Canada.

There is currently no market for the PPP Tokens and none may develop. It may be difficult or impossible for you to sell your PPP Tokens. The PPP Tokens do not currently trade on any stock exchange or securities

market, and there are currently no marketplaces recognized under Canadian securities laws that allow trading in utility tokens that constitute “securities”.

## **Item 11: Purchasers’ Rights**

Purchasers of the PPP Tokens have certain rights, some of which are described below. For more information about your rights you should consult a lawyer.

### **11.1 Contractual Rights of Action in the Event of a Misrepresentation**

If there is a misrepresentation in this Whitepaper, Purchasers who have not exercised the rescission rights described in the letter delivered with this Whitepaper have a contractual right to sue the Corporation for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that the Corporation proves does not represent the depreciation in value of the securities resulting from the misrepresentation. The Corporation has a defence if it proves that you knew of the misrepresentation when you purchased the PPP Tokens.

If you intend to rely on the rights described above, you must do so within strict time limitations. You must commence an action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you purchased the PPP Tokens.

ANY PERSON CONSIDERING PURCHASING PPP TOKENS SHOULD CONSULT THEIR OWN ADVISORS IN ORDER TO FULLY UNDERSTAND THE CONSEQUENCES OF SUCH PURCHASE WITH RESPECT TO SUCH PERSON’S PARTICULAR SITUATION

## **Item 12: Financial Statements**

PayPie’s audited financial statements for its fiscal year ended September 30, 2018 are attached.



**PAYPIE BLOCKCHAIN, INC.**

Bridgetown, Barbados

Independent Auditors' Report

Financial Statements - September 30, 2018

(Expressed in Canadian Dollars)

## INDEPENDENT AUDITORS' REPORT



To the Directors of PayPie Blockchain, Inc.:

We have audited the accompanying financial statements of PayPie Blockchain, Inc. which comprise the statement of financial position as at September 30, 2018, the statements of changes in shareholder's deficiency, comprehensive loss, and cash flows for the 361 day period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at September 30, 2018 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Vancouver, British Columbia  
June 5, 2019

*Walsh King LLP*  
Chartered Professional Accountants

**PAYPIE BLOCKCHAIN, INC.**  
**Statement of Financial Position**  
**September 30, 2018**  
(Expressed in Canadian Dollars)



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**ASSETS**

Current assets	
Cash	\$ 6,640,751
Digital assets (Note 6)	23,202,102
Due from related parties (Note 7)	502,653
	<hr/>
	30,345,506
Intangible assets (Note 8)	200,001
	<hr/>
	\$ 30,545,507

**LIABILITIES AND SHAREHOLDER'S DEFICIENCY**

Current liabilities	
Accounts payable and accrued liabilities (Note 9)	\$ 2,346,789
Due to Welcome Networks Inc. (Note 10)	200,000
PPP Token issuance liability (Note 11)	32,932,918
	<hr/>
	35,479,707
Shareholder's deficiency	
Share capital (Note 12)	126
Deficit	(4,934,326)
	<hr/>
	(4,934,200)
	<hr/>
	\$ 30,545,507

Commitments (Note 14), Contingency (Note 11)

On behalf of the Board:

"Nick Chandī" Director

"Justin Cole" Director

**PAYPIE BLOCKCHAIN, INC.**  
**Statement of Changes in Shareholder's Deficiency**  
**For the 361 Day Period Ended September 30, 2018**  
(Expressed in Canadian Dollars)



	Share Capital (Note 12)	Deficit	<b>Net Deficiency</b>
Balances, beginning of period	\$ -	-	-
Issuance of share capital upon incorporation	126	-	<b>126</b>
Net and comprehensive loss for the period	-	(4,934,326)	<b>(4,934,326)</b>
<b>Balances as at September 30, 2018</b>	<b>\$ 126</b>	<b>(4,934,326)</b>	<b>(4,934,200)</b>

**PAYPIE BLOCKCHAIN, INC.**  
**Statement of Comprehensive Loss**  
**For the 361 Day Period Ended September 30, 2018**  
(Expressed in Canadian Dollars)



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Operating expenses	
Consulting	\$ 828,735
Interest and bank charges	12,633
Legal, accounting and audit	693,599
Marketing and business development	792,484
Platform development (Note 13)	1,747,327
<hr/>	
Operating loss	(4,074,778)
<hr/>	
Other income (loss)	
Gain on sale of digital assets (Note 3 (b))	3,889,119
Impairment loss on digital assets (Note 3 (b)(i) and 6)	(4,749,329)
Interest income	662
<hr/>	
Net and comprehensive loss	\$ (4,934,326)

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# PAYPIE BLOCKCHAIN, INC.



## Statement of Cash Flows

For the 361 Day Period Ended September 30, 2018

(Expressed in Canadian Dollars)

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Operating activities	
Net and comprehensive loss	\$ (4,934,326)
Adjustments for:	
Gain on sale of digital assets	(3,889,119)
Impairment loss on digital assets (Note 6)	4,749,329
Expenses paid for through issuance of PPP Tokens (Note 3 (c)(ii))	1,414,419
Expenses paid for with ETH	17,112
Changes in non-cash working capital:	
Accounts payable and accrued liabilities	2,346,789
	<hr/>
	(295,796)
Financing activities	
Proceeds from sale of digital assets	7,387,749
Advances to parent company, net	(487,502)
Advances from Welcome Networks Inc., net	36,300
	<hr/>
	6,936,547
Increase in cash	6,640,751
Cash, beginning of period	-
	<hr/>
Cash, end of period	\$ 6,640,751

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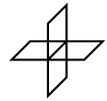
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# PAYPIE BLOCKCHAIN, INC.

## Notes to Financial Statements

September 30, 2018

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### 1. Nature of operations

PayPie Blockchain, Inc. (the "company") was incorporated under the Companies Act of Barbados on October 5, 2017 with their head office at Level 3, Cedar Court, Wildey Business Park, Wildey, St. Michael, Barbados. Using the Ethereum ERC20 public blockchain ("Ethereum blockchain"), the company is creating a secure and reliable platform for small and medium size businesses to provide lenders access to broad-based near real-time financial data and metrics, and a near real-time credit risk algorithm based on that data.

### 2. Basis of presentation

#### a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, Part I of the CPA Canada Handbook.

They were authorized for issue by the company's directors on June 5, 2019. The company's parent company and directors have the power to amend the financial statements after they have been issued.

#### b) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for certain assets and liabilities which are measured at fair value as described in note 3.

#### c) Functional and presentation currency

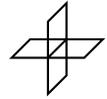
Many of the company's transactions are denominated in Ether ("ETH"), the native digital asset of the Ethereum blockchain. However, as digital assets such as ETH are not fiat currencies, the company's functional and presentation currency for the purpose of these financial statements is the Canadian Dollar ("CAD").

#### d) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates. These estimates are reviewed periodically and appropriate adjustments are made whenever estimates and assumptions change.

**PAYPIE BLOCKCHAIN, INC.**  
**Notes to Financial Statements**  
**September 30, 2018**

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**2. Basis of presentation (continued)**

e) Going concern basis of accounting

These financial statements have been prepared on the basis of accounting principles applicable to a going concern under IFRS. The use of these principles assumes that the company will continue to operate for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations.

The company is currently in the development phase of its business model, which results in certain risks and uncertainties including adequate resources to fund development, the ability to complete the PayPie Platform (the "Platform"), and the future revenue potential of the Platform. The Company currently has sufficient cash and ETH (Note 6) to continue to fund the development of the Platform for the near term, however, the value of the ETH is volatile and subject to significant fluctuations (Note 5 (b)). Certain PPP Tokens issued by the company are eligible for rescission and restoration by Token holders (Note 11). A significant decrease in the value of ETH, or the rescission of a significant number of PPP Tokens in exchange for ETH, could impact the company's ability to continue to fund development of the Platform.

Management acknowledges these risks and uncertainties. However, management has a reasonable expectation that the company has adequate resources to continue its operations and development activities for the foreseeable future.

**3. Significant accounting policies**

a) Financial instruments

i) Recognition and measurement

Financial instruments are measured at fair value upon initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument (Note 3 (a)(ii) and (iii)).

**PAYPIE BLOCKCHAIN, INC.**  
**Notes to Financial Statements**  
**September 30, 2018**

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**3. Significant accounting policies (continued)**

a) Financial instruments (continued)

i) Recognition and measurement (continued)

Transaction costs are included in the initial carrying value of financial instruments measured at amortized cost, and amortized through profit or loss over the life of the instrument. For financial instruments measured at fair value through other comprehensive income ("FVOCI"), transaction costs are recognized in other comprehensive income ("OCI") as part of a change in fair value at the next remeasurement. For financial instruments measured at fair value through profit or loss ("FVTPL"), transaction costs are expensed as incurred.

Financial instruments are recognized initially on the trade date, which is the date on which the company become a party to the contractual provisions of the instrument.

ii) Classification of financial assets

Financial assets are classified as either financial assets at FVTPL, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The company determines the classification of its financial assets at initial recognition.

*Financial assets at FVTPL*

The company may designate any financial asset as a financial asset at FVTPL upon initial recognition. Financial assets are also classified as financial assets at FVTPL if they are acquired for the purpose of selling in the near term. Fair value gains or losses and transaction costs on these items are recognized through profit or loss.

Cash is classified as FVTPL.

**PAYPIE BLOCKCHAIN, INC.**  
**Notes to Financial Statements**  
**September 30, 2018**

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**3. Significant accounting policies (continued)**

- a) Financial instruments (continued)
  - ii) Classification of financial assets (continued)

*Loans and receivables*

Loans and receivables include trade and other receivables, and long-term receivables with terms of more than one year. Subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest rate method, less any impairment losses, with gains and losses recognized in profit or loss when the asset is derecognized or impaired.

The amounts due from related parties (Note 7) are classified as loans and receivables.

*Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the company has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortized cost using the effective interest rate method, less any impairment losses, with gains and losses recognized in profit or loss when the asset is derecognized or impaired.

As at September 30, 2018, the company has not classified any financial assets as held-to-maturity investments.

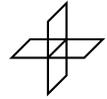
*Available-for-sale financial assets*

Available-for-sale financial assets are those non-derivative assets that are designated as available-for-sale or are not classified in any of the other three categories. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized in OCI until the asset is derecognized, or impaired, at which time the cumulative gain or loss previously reported in OCI is included in profit or loss.

As at September 30, 2018, the company has not classified any financial assets as available-for-sale financial assets.

**PAYPIE BLOCKCHAIN, INC.**  
**Notes to Financial Statements**  
**September 30, 2018**

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**3. Significant accounting policies (continued)**

a) Financial instruments (continued)

iii) Impairment of financial assets

Financial assets, other than those at FVTPL and those available-for-sale at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flow, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in net income.

When an available-for-sale financial asset is considered to be impaired, the cumulative gains or losses previously recognized in OCI are reclassified to net income. Impairment losses previously recognized in net income are not reversed through net income. Any increase in fair value subsequent to an impairment is recognized in OCI.

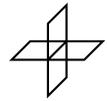
iv) Classification of financial liabilities

Subsequent to initial measurement, a financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL or designation at FVTPL. These exceptions include financial liabilities at fair value through profit or loss, such as derivatives that are liabilities, and financial liabilities that have been designated as measured at FVTPL. Management, at initial recognition, may irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

The company's accounts payable (Note 9) and amount due to Welcome Networks Inc. (Note 10) are classified as financial liabilities and are carried at amortized cost.

**PAYPIE BLOCKCHAIN, INC.**  
**Notes to Financial Statements**  
**September 30, 2018**

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**3. Significant accounting policies (continued)**

b) Digital assets and translation

The company holds digital assets such as ETH which it has classified as intangible assets. In order to classify and measure these assets, management is required to select an accounting policy that reflects the underlying substance of the assets. Currently, there is minimal guidance or interpretation relating to these types of assets, and as a result management uses its judgment to develop and apply the current standards to their situation. In making its judgment, management has reviewed the guidance and requirements of the International Accounting Standards Board and the International Financial Reporting Standards, as well as other guidance such as articles and interpretations of other professional accountants.

i) Accounting policy

The company's digital assets, ETH, are accounted for as intangible assets and initially measured at cost using the quoted end of day USD value on <https://coinmarketcap.com> which aggregates market prices from various recognized exchanges. The USD value is then converted to CAD at that day's rate. Subsequent to initial measurement, ETH is carried at cost, less any impairment losses which are recognized through profit or loss. The useful life of ETH has been estimated to be indefinite as they exist on the Ethereum blockchain, and are expected to exist in perpetuity.

ETH is tested for impairment annually, and if necessary is written down to their net realizable value, which is determined by their quoted market value on recognized exchanges.

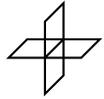
ETH are liquid and can be readily converted to fiat currencies or other digital assets, and therefore have been classified as a current asset.

ii) Translation policy

ETH, and certain accounts payable (Note 9) and amounts due from Welcome Networks Inc. (Note 7) denominated in ETH, are non-monetary assets and liabilities. Transactions and liabilities denominated in ETH therefore are translated to CAD at the company's CAD cost of the related ETH.

**PAYPIE BLOCKCHAIN, INC.**  
**Notes to Financial Statements**  
**September 30, 2018**

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**3. Significant accounting policies (continued)**

c) Intangible assets

i) PayPie Platform (Note 8 (a))

Externally acquired intangible assets relating to the PayPie Platform are initially recognized at cost and subsequently will be amortized on a straight-line basis over their useful economic lives upon the substantial completion of the Platform.

Further expenditures and internal costs relating to the Platform may be capitalized if it can be demonstrated that:

- it is technically feasible to develop the Platform,
- adequate resources are available to complete the development,
- there is an intention to complete and market the Platform,
- the company is able to market the Platform,
- the Platform will generate revenues and/or future economic benefits, and
- development expenditures for the Platform can be measured reliably.

Development expenditure not satisfying all the above criteria, and expenditures on the research phase of internal projects, are recognised as operating expenses as incurred.

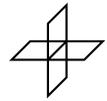
Capitalized development costs will be amortized on a straight line basis over the estimated useful life of the Platform. The estimated useful life of the Platform will be determined when the development has been substantially completed.

ii) PPP Tokens (Note 8 (b)).

The PPP Tokens ("Tokens") were created by the company on the Ethereum blockchain at no cost, and have been recorded at nominal value of \$1.00. The useful life of the Tokens has been estimated to be indefinite as they exist on the Ethereum blockchain, and are expected to exist in perpetuity.

**PAYPIE BLOCKCHAIN, INC.**  
**Notes to Financial Statements**  
**September 30, 2018**

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**3. Significant accounting policies (continued)**

c) Intangible assets (continued)

ii) PPP Tokens (Note 8 (b)) (continued).

Tokens have been issued to certain service providers. Where the fair value of the related expense can be reasonably estimated, the issuance of Tokens is recorded at that fair value. If the fair value of the related expense cannot be reasonably estimated, the issuance of Tokens is recorded using a weighted average of: the value received for Tokens issued in the private sales and ICO pre-sale (Note 8), and the value of Tokens issued to service providers where the fair value could be reasonably estimated. The proceeds from the Tokens issued to service providers are included in the PPP Token issuance liability (Note 11).

d) Impairment of long-lived assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount by a material amount, the asset is written down accordingly.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income.

e) Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's common shares are classified as equity instruments.

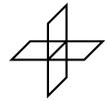
f) Revenue recognition

Revenues from the issuance of PPP Tokens (Notes 8 and 11) will be recognized as the related performance obligations are completed, subject to the exercise of rescission rights (Note 11).

Other income or losses are recognized as they are realized.

**PAYPIE BLOCKCHAIN, INC.**  
**Notes to Financial Statements**  
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**3. Significant accounting policies (continued)**

g) Income taxes

The company is a resident of Barbados as an International Business Company and subject to income taxes on a sliding scale at a rate of 2.5% to 0.25%. Effective December 31, 2018, Barbados has amended their tax legislation and, as a result, the company will be subject to tax on a sliding scale based on taxable income of 5.5% on the first \$1,000,000 Barbados Dollars ("BBD") to 1% on income over \$30,000,000 BBD. There is a risk that other jurisdictions could attempt to assess income or other taxes on the company.

Tax provisions are based on enacted laws and recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. Changes in those laws could affect tax amounts recognized in profit or loss.

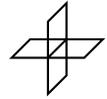
Deferred income tax assets or liabilities are recognized for significant future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases, and operating loss and tax credit carry-forwards. Deferred income tax assets and liabilities, if any, are measured using the enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. No deferred income tax assets or liabilities were recognized in the current period.

h) Accounting standards issued but not yet effective

i) IFRS 15 - Revenue from contracts with customers

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018.



**3. Significant accounting policies (continued)**

- h) Accounting standards issued but not yet effective (continued)
  - ii) IFRS 9 - Financial instruments

IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018.

The above two standards have not been early adopted by the company and are not expected to have a material effect on the company's future results and financial position.

**4. Capital management**

The company's objective is to maintain a strong capital base to sustain the ongoing development of the PayPie Platform.

**5. Financial risks**

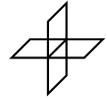
The significant financial risks to which the company could be exposed are:

- a) Fiat currency risk

Fiat currency risk is the risk that the fair value of a financial instrument and/or future cash flows will fluctuate because of changes in foreign exchange rates. The company's financial instruments include cash and accounts payable denominated in United States Dollars ("USD"). Also, a significant amount of its Platform development and other operating expenses are denominated in USD. Consequently, foreign currency fluctuations will affect profit or loss and cash flows. The company does not enter into foreign exchange contracts to manage the effect of foreign exchange fluctuations.

**PAYPIE BLOCKCHAIN, INC.**  
**Notes to Financial Statements**  
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**5. Financial risks (continued)**

b) Digital asset risk

Digital asset risk is the risk that the CAD fair value and or future cash flows of a digital asset will fluctuate because of changes in the value of a digital asset. The company is exposed to significant digital asset risk as it holds a significant amount of ETH (Note 6) which has a volatile market value. Digital asset losses, or gains, could occur from future conversion of ETH into CAD, other fiat currencies, or other digital assets.

c) Interest rate risk

Interest rate risk is the risk that the fair value and/or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The amount due to Welcome Networks Inc. (Note 10) bears interest at a floating rate which exposes the company to changes in interest payments.

The company does not purchase derivative financial instruments to minimize the effect of interest rate risk on these financial statements.

d) Credit risk

Credit risk is the risk of financial loss to the company if a customer fails to meet its financial obligations. The company is not exposed to credit risk as it does not grant credit to third parties.

e) Market risk

Market risk is the risk that the fair value and/or future cash flows of a financial instrument will fluctuate because of changes in market prices. The company's financial instruments are not exposed to market risk, other than as described in notes 5 (a) and (b), as their realization or settlement are not subject to changes in market conditions.

f) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with its liabilities. The company's principal sources of capital include its cash reserves, advances from Welcome Networks Inc. (Note 10) and ETH generated from the issuance of PPP Tokens (Note 8). The ETH held by the company can be converted into CAD or other fiat currencies. However, its market price is volatile which exposes the company to liquidity risk.

**PAYPIE BLOCKCHAIN, INC.**  
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**6. Digital assets**

(a) Balances:	Amount held	CAD Cost		CAD Market value	
	at year-end	Per ETH	Total	Per ETH	<b>Total</b>
Ether	73,322	381.09	\$ 27,951,430	316.44	<b>\$ 23,202,102</b>

The company has agreed with the British Columbia Securities Commission that it would hold and not use for its own account the 61,082 ETH generated from pre-sale PPP Token purchasers (Note 8 (b)), pending the completion of a rescission and restoration offer (Note 11). As this offer is expected to take place in the next fiscal year, all the digital assets have been presented as current assets.

The company's ETH was found to be impaired and an adjustment was made to adjust the cost to the net realizable amount, based on its quoted market value at September 30, 2018. At June 5, 2019, the CAD market value of ETH was \$331.49 per ETH.

**PAYPIE BLOCKCHAIN, INC.**  
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**6. Digital assets (continued)**

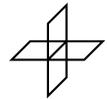
(b) Continuity schedule:

	ETH Received	CAD Book value
ETH received from (Note 8(a)):		
• Purchasers in private sales	21,625	\$ 23,655,509
• Purchasers in initial coin offering ("ICO") pre-sale	61,082	7,862,990
	82,707	31,518,499
ETH dispositions during the period:		
• Ether transferred to Welcome Networks Inc. (Note 7)	(135)	(51,451)
• Expenses settled using ETH	(49)	(18,443)
• ETH exchanged for fiat currencies	(9,201)	(3,497,174)
	(9,385)	(3,567,068)
ETH held at September 30, 2018, at cost	73,322	27,951,431
Less: impairment of ETH (Note 3 (b)(i))	-	(4,749,329)
	73,322	\$ <b>23,202,102</b>

**7. Due from (to) related parties**

	Amount	Denominated in:		Total
		ETH	CAD	
PayPie Blockchain Inc.	-	\$ -	\$ 487,502	\$ <b>487,502</b>
Welcome Networks Inc.	135	51,451	(36,300)	<b>15,151</b>
	135	\$ 51,451	\$ 451,202	\$ <b>502,653</b>

**PAYPIE BLOCKCHAIN, INC.**  
**Notes to Financial Statements**  
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**7. Due from (to) related parties (continued)**

The amount due from PayPie Blockchain Inc. ("PayPie Canada"), the parent company, and Welcome Networks Inc., a company related by way of common control, are unsecured, non-interest bearing and have no fixed repayment terms. Management expects the balances to be repaid or eliminated by a dividend or fee in the next fiscal year and therefore, the amount has been classified as a current asset.

**8. Intangible assets**

	<u>PPP Tokens</u>	<u>ETH Received (Note 11)</u>	<u>CAD Book value</u>
<b>(a) PayPie Platform:</b>			
Acquired from Welcome Networks Inc.			<b>\$ 200,000</b>
<b>(b) PPP Tokens:</b>			
PPP Tokens created on the Ethereum blockchain.	165,000,000	-	<b>\$ 1</b>
Less: Tokens issued to:			
• Purchasers in private sales	(25,305,181)	21,625	
• Purchasers in ICO pre-sale (Note 11)	(57,154,401)	61,082	
• Service providers	(3,322,933)	-	
	79,217,485	82,707	<b>1</b>
<b>Total</b>			<b>\$ 200,001</b>

**PAYPIE BLOCKCHAIN, INC.**  
**Notes to Financial Statements**  
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**8. Intangible assets (continued)**

(a) PayPie Platform:

On October 5, 2017, the company entered into an asset purchase agreement with Welcome Networks Inc. to acquire all intellectual property, software, contracts, and records associated with the PayPie Platform. The cost to acquire these assets was \$200,000 CAD, payable by way of delivery of 20,000,000 Tokens (Note 10). The transaction is not a business combination under IFRS 3 and therefore it has been accounted for as an asset acquisition.

Subsequent to the asset purchase, additional Platform development costs have been incurred by the company. As a result of the Rescission and Restoration Offer (Note 11) there is uncertainty surrounding whether there will be adequate resources to complete the development of the Platform and therefore these costs have been recognized as operating expenses.

(b) PPP Tokens:

PPP Tokens are utility tokens which exist on the Ethereum blockchain and do not currently trade on any exchange or securities market. Holders of the Tokens will be provided access to certain services within the PayPie Platform, once developed, tested and implemented by the company. The Tokens do not represent or confer any ownership right or stake, share, security, or any right to receive future revenue. The Tokens are not intended to be a digital asset, security, commodity, or any kind of financial instrument.

In October 2017, a total of 82,459,582 Tokens were sold in the private sales and ICO pre-sale. No associates or affiliates of the company participated in either of these sales. Subsequently, 3,322,933 Tokens were issued to service providers as incentives for the marketing and development of the PayPie Platform. These service providers included employees of PayPie Canada, Welcome Networks Inc., and other third parties.

At September 30, 2018, 4,217,485 Tokens are being held to be issued to service providers subsequent to the rescission (Note 11). The remaining 75,000,000 Tokens have been reserved for distribution after October 8, 2018 and are held by the company for potential future payment of services, providers, financings, partnerships or acquisitions.

# PAYPIE BLOCKCHAIN, INC.

## Notes to Financial Statements

September 30, 2018



9. <b>Accounts payable and accrued liabilities</b>	Denominated in:			<b>Total</b>	
	ETH	USD	CAD		
	Amount	CAD			
Accounts payable and accrued liabilities	807	\$ 307,414	1,629,186	410,189	<b>\$ 2,346,789</b>

The carrying values of the CAD accounts payable approximated their estimated fair values in all material respects at September 30, 2018 due to the relatively short periods to maturity of these instruments. The ETH denominated payables are non-monetary liabilities which are translated into CAD at the original cost to the company of its ETH.

### 10. **Due to Welcome Networks Inc.**

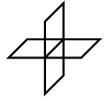
The amount due to Welcome Networks Inc. bears interest at the Bank of Canada Prime Rate plus 4%, has no fixed repayment terms, and is secured by a first position security interest in the PayPie Platform until such time that the amount is paid. The amount payable will be discharged by transferring 20,000,000 PPP Tokens.

### 11. **PPP Token issuance liability**

The CAD cost of the 82,707 ETH proceeds received from the issuance of PPP Tokens (Note 6 and 8) and the \$1,414,419 value from the issuance of Tokens to service providers have been deferred as unearned revenue. Subject to the exercise of rescission rights, the amount will be recognized as revenue on a systematic basis as the Platform achieves functionality and PPP Tokens are used to access the Platform. The amount is shown as a current liability due to the Rescission and Restoration Offer as well as management's anticipated development timeline.

**PAYPIE BLOCKCHAIN, INC.**  
**Notes to Financial Statements**  
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**11. PPP Token issuance liability (continued)**

57,154,401 of the Tokens issued by the company in the ICO pre-sale (Note 8), for 61,082 ETH with a CAD September 30, 2018 market value of \$19,328,788, are eligible for rescission and restoration. Eligible purchasers who purchased a minimum of 454.55 Tokens and meet the criteria as defined in the Rescission and Restoration Offer may:

- return their remaining Tokens to the company in exchange for a quantity of ETH equal to the quantity of ETH paid in the ICO pre sale, or
- apply for compensation in the form of ETH equal to the difference between their disposition price and ICO purchase prices, if they disposed of their Tokens for an amount less than their original purchase price.

Management cannot reasonably estimate the number of Tokens that will be returned or the amount of compensation that will be applied for as a result of the Rescission and Restoration Offer.

**12. Share capital**

The company is authorised to issue an unlimited number of common shares

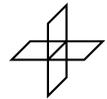
100 common shares were issued upon incorporation.

**13. Related party transactions**

In the course of its regular business activities, the company has routine transactions with PayPie Canada and Welcome Networks Inc. Transactions between the company and these related parties are conducted on normal market terms and are recorded at their exchange values.

**PAYPIE BLOCKCHAIN, INC.**  
**Notes to Financial Statements**  
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**13. Related party transactions (continued)**

The following related party transactions and balances are not disclosed elsewhere:

PayPie Canada:

Expenses	
Platform development	<b>\$ 684,285</b>
Liabilities	
Accounts payable and accrued liabilities	<b>684,285</b>

Welcome Networks Inc.:

Expenses	
Interest	<b>\$ 11,300</b>
Platform development	<b>944,901</b>
Liabilities	
Accounts payable and accrued liabilities	<b>944,901</b>

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**14. Commitment**

The company has entered into a contract with Welcome Networks Inc. to purchase a perpetual license to use SlickPie accounting software (the "Software") within the PayPie Platform. The company has agreed to pay \$2,500,000 for this license if it completes the integration of the Software with beta functionality of certain Platform features. An invoice will be rendered by Welcome Networks Inc. after the company determines that a minimum functionality and integration with the Platform has been achieved. The balance will become due and payable thirty days after the invoice date. The invoice was issued May 30, 2019 and payment is expected to be made within 30 days.

**Item 13: Date and Certificate**

Dated June 7, 2019. This offering memorandum does not contain a misrepresentation.