



January 7, 2020

## **PDX COIN 2020 OUTLOOK, AND INVESTOR UPDATE LETTER**

Dear PDX Community Member,

We are pleased to provide a general update on PDX Coin as at January, 2020, and the outlook for the year ahead and beyond.

1. The maturation process for digital currencies, and their mainstream acceptance, continues apace, albeit more slowly than expected. It remains our view that this asset class was brought to public attention far too early in its development, with the result that too many uninformed speculators got in too soon, and through irrational and greed-driven behavior, set back the mainstream adoption of digital currencies and blockchain-based technologies and payments systems by many years. Simply put, this technology platform was introduced into the public domain at least 5 years sooner than it should have been. In more recent times we have thankfully seen many institutional and corporate actors behind the scenes quietly building out their infrastructures and systems to support the eventual mainstream and widespread adoption of digital currencies, including JP Morgan Chase; Fidelity; Nasdaq; NYSE and many others. PDX itself is part of this corporate and institutional building process with its continuing development of its proprietary payments platform, wallet, and other key projects.

There is in fact a tremendous amount of corporate and institutional infrastructure-building going on globally, and mostly behind the scenes, in this space, and it is all based on the conviction that in the next 5-10 years, mainstream digital currency adoption will rise from the current 0.5-0.75% (40mm to 60mm people) of the global population, to upwards of 10% (800mm + people). At the same time, almost all of the currently extant digital assets, bar a couple dozen including PDX, will have disappeared from the market

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for the simple reason they were never designed or scaled to function as currencies in the first place, and the teams behind them have zero banking and finance experience.

The PDX management and advisory team has addressed, and continues to address and satisfy, the core issues of utility and useability, including *ease of use*, that almost all other digital assets have failed to address. We know, as well, that mainstream adoption will be led by a mass movement by merchants and vendors, globally, to accept digital currencies as a payment option, and through our upcoming payments platform, PDX will lead the way to making that happen. And as we've said over and over, we are building a system that is as easy to use as is a Visa card or simple cash today. Cash is going the way of the dinosaurs, as is the use of Visa cards and their ilk – a legacy and fraud-ridden technology from 50 years ago. The blockchain allows a merchant to now be instantly settled versus waiting a few days, with much lower fraud risk – in fact essentially none at all – and with transaction fees a fraction of the 2% to 4% they are paying today.

There is another big issue that PDX will help lead the way on in the 2020s: *Circulation*. Circulation is the other primary driver towards mass adoption. To be a true currency, it must circulate, just like any fiat currency. Circulation is partly motivated by the sheer number of payment options available using any particular currency. The more places the consumer (or business) can spend PDX, the more popular, practical and useable PDX will be in the mind of the consumer. But following on from this, we believe we will see a shift, which we will certainly help drive and motivate, to where employers are willing to pay their employees in digital currency, and employees are willing and comfortable accepting it. Why? Because they know they'll be able to *spend it*, and use it to pay their bills because merchants and other vendors, in turn, *will accept it*. So, this is the primary marketing focus for PDX in 2020 and beyond: *utility*, and *circulation*, and each feeds off the other.

The 2020s will be a decade of radical and transformational change in the digital currency world and the ways in which goods and services are paid for, and the ways in which people themselves are paid, and PDX and its peers are positioned to not only benefit from this transformation, but actively lead it. ***Beginning from this year, and accelerating going forward, trading and speculation in digital currencies will rapidly give way to real utility for this asset class.***

2. We are beginning our Asian / middle east pre-ICO investor roadshow series with four days of presentations and one-on-one investor meetings in Dubai, in the first week of February. The Dubai events (at least two, a month apart) will dovetail into a series of at least 4 monthly roadshows across 8 key Asian cities, including 4 in mainland China, as

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well as Singapore, Seoul, Tokyo etc. **We continue to maintain a \$25 price for PDX token sales in these events.**

Over the course of these investor events, we will also be undertaking “airdrops” of PDX tokens to as many as 2 million active cryptocurrency wallet-holders, in order to generate market interest and widen our user base.

The proposed airdrop campaign deserves particular attention, especially in the context of the listing and trading of PDX tokens, as it further ensures that, even if market conditions for digital assets are weak for an extended time and we cannot effectively put our planned ICO to bed in the time intended, we will still have sufficient critical mass in terms of size and user numbers to list on multiple exchanges and begin trading, and then achieve the additional ICO capital raise targets over time, through secondary offerings, market sales, and larger placements.

Notwithstanding the foregoing, we won't list and begin trading below \$50 per token, and our primary goal does remain a global public Initial Coin Offering in the \$50-\$60 range. Certainly, equity market and energy market conditions are very robust, and digital asset prices are showing renewed strength, and ideally we want to see a combination of these three factors when we launch the ICO.

3. As previously advised, we have passed the “pre-application” approval stage in respect to our planned Electronic Money Institution (“EMI”) license in Lithuania. The EMI licence is not *mission-critical* to our payments processing or banking functions, but there are many advantages to having obtained such a license. The full and formal licensing package requirements are extremely onerous, so we will file it within the next 2-3 months due to the sheer amount of work required, at a time when we have multiple other near-term needs requiring our close attention. We are also greatly strengthening our team on the payments, and payments processing side, in preparation for this license application.
4. In our December 2, 2019 investor letter, we dealt at length with the development and rationale for the new and proprietary Crypto-to-Fiat payments technology platform that we are developing. We encourage you to read that document again, in its entirety. It is also available on our website, at [www.pdxcoin.io](http://www.pdxcoin.io). We expect final coding and development work to begin in February of this year, and expect to have a completed and tested product ready by early in the 4<sup>th</sup>. quarter, 2020, so as you can see the development and initial testing cycle is a fairly compact timeframe.

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A review of the valuations, and revenue / EBITDA multiples, of some of our closest peers specifically in the payments space, including publicly-traded Paypal, Global Payments, and Square, as well as non-public Stripe, and First Data, conclude us to believe that our payments platform and processing capability *alone* can in the near and medium term, if executed effectively, drive, worst case, \$100 per token of implied value into each PDX Coin token.

**5. To recap:**

- **We begin the Asian and Middle East investor roadshow and pre-sales events from February 2020**
- **We begin final development and testing of our cutting edge crypto-to-fiat payments app in February, with a technical kick-off conference in London in late January**
- **We have obtained pre-approval from bank of Lithuania for our EMI license**
- **We remain on target for an ICO in the \$50 to \$60 range in 2020, amid a brewing “perfect storm” of market conditions across energy, equities, and digital assets**
- **We will commence follow-on technical development in 2020 and 2021 of a unique ultra-secure mobile-enabled cold storage wallet (third party developer, funded by and licensed to PDX), and begin developing a powerful 3-D relational database based on the blockchain**
- **We are focused on the twin pillars of utility and use, and circulation – the ultimate keys to widespread mainstream global cryptocurrency adoption**
- **We have, and are developing, multiple defensive “moats” to PDX Coin and its value, some protected with proprietary IP, that put up overwhelming barriers to entry to our potential competitors, and that reinforce significant token pricing upside.**

Sincerely,

THE PDX TEAM

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