

Product Disclosure Document

Paid Dot Pty Ltd ABN 14 642 944 278

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Preparation date: 30/10/2023

Version: V1.0

Introduction

Paid Dot Pty Ltd (trading as **Paid.inc**), is the issuer of this Product Disclosure Statement (**PDS**) and the non-cash payment product described in it (the Paid Transaction Account).

Paid.inc (also referred to as **we, us, our**) has prepared this PDS for distribution in Australia.

Important information

Paid.inc does not hold an Australian Financial Services Licence (**AFSL**) nor is it an authorised representative of an AFSL holder. The financial services described in this PDS are provided by Paid.inc pursuant to an intermediary authorisation granted by Gobsmacked Loyalty Pty Ltd (ABN 60 098 218 216) (**Licensee**), which has an AFSL number 444609. The Licensee has authorised Paid Promotions Pty Ltd (**Paid Promotions**) to offer to arrange for the issue, variation or disposal of the financial products by Paid.inc under section 911A(2)(b) of the *Corporations Act 2001* (**Corporations Act**).

The financial product issued by Paid.inc is a non-cash payment product called the **Paid Transaction Account** (“**Transaction Account**”). The Transaction Account is part of the Paid.inc online platform which has features that include allowing users to pay money to other users in certain situations. In summary

1. The Licensee authorises Paid.inc as an intermediary.
2. The Licensee appoints Paid Promotions as its authorised representative to make offers to arrange for the issue of the Transaction Account. So, Paid Promotions is the promoter and arranger of the Transaction Account.
3. Paid Promotions promotes the Transaction Account, and also offers to arrange for Paid.inc to issue it.
4. Paid.inc issues the Transaction Account by entering into agreements with users and allowing them to make payments.
5. The Transaction Account allows users to make non-cash payments.

When you open a Transaction Account with us, you will be provided with a separate document titled “Paid Services Agreement” (“Service Agreement”). It contains terms and conditions that govern Paid.inc’s relationship with you. You can obtain a free copy of the document by contacting us or visiting our website.

It is your responsibility to take all reasonable steps to ensure that you fully understand the Transaction Account that we offer, as well as how the Transaction Account is used and the risks that are involved in such products. You may need further information to make these decisions.

Paid.inc will not provide you with financial product advice in relation to the Transaction Account described in this PDS. Paid.inc’s related entity Paid Promotions, however, can provide you with general advice in relation to the Transaction Account. There is an important difference between general advice and personal advice. If Paid Promotions provides you with general advice, it means that it has not considered any of your individual objectives, financial situation and needs.

Before opening a Transaction Account, you should read this PDS carefully and then consider your objectives, financial situation and needs and take all reasonable steps to fully understand the Transaction Account described in this PDS. We recommend that you seek independent financial advice to ensure that the Transaction Account is suited to your financial situation and requirements. There is no cooling off period in relation to the Transaction Account.

The distribution of this PDS outside Australia may be restricted by the laws of places where it is distributed and therefore persons outside of Australia into whose possession this document comes should seek advice on and observe those restrictions. Failure to comply with relevant restrictions may violate those laws.

This PDS is only required to be provided to a Retail Client. If you are a Wholesale Client, then providing you with this PDS does not mean we wish to treat you as a Retail Client.

The information provided in this PDS is subject to change from time to time and is up-to-date as of the preparation date listed at the start of this PDS. Any information that is not materially adverse information is subject to change from time to time and may be updated by inclusion on our website. You can also obtain a paper copy or electronic copy of any updated PDS (without charge) on request by contacting us at contact@paid.inc.

Where this PDS includes a reference to content on our website, the relevant content of the website referred to forms part of this PDS. If you cannot find that information on our website, you can contact us and ask for a copy of the statement or information without charge.

To the extent permitted by law, we do not accept any responsibility for any loss arising from your reliance on this PDS.

Should you have any queries about this PDS, please contact Paid Promotions. Paid Promotions can be contacted as follows:

Name: Paid Promotions Pty Ltd ACN 670 052 856
Address: 104 Maribyrnong Street, Footscray VIC 3011
Website: www.paid.inc
Email: contact@paid.inc

The purpose of this Product Disclosure Statement

This PDS explains what you need to know about the Transaction Account. It is designed to:

- give you the information you need to make an informed decision about whether the Transaction Account is appropriate for you;
- explain the key aspects of the Transaction Account, including its features, usage guidelines, associated costs, as well as the benefits and risks involved.

Please note that by accessing and using the Transaction Account, you enter into an agreement with Paid.inc, as outlined in this PDS and the Service Agreement. We strongly recommend that you carefully read and review this PDS, along with the Service Agreement and the Privacy Policy, to fully understand the applicable terms and conditions before making a decision about whether to use the Transaction Account.

Opening a Transaction Account

- Step 1:** Read this PDS
- Step 2:** Read, acknowledge and accept the Service Agreement on the Paid.inc online platform (“Platform”) by ticking the box.
- Step 3:** Set up a Transaction Account with us.
- Step 4:** Set up a contract with your customer
- Step 5:** Have the customer or their bank transfer funds into your Transaction Account when you complete work. It may take up to 3 business days for the funds to appear in your Transaction Account.

Transaction Account Features

A non-cash payment is made when a person makes a payment or causes a payment to be made otherwise than by the physical delivery of cash.

In order to participate in transactions on the Platform, users must establish a Transaction Account. A Transaction Account functions as the financial foundation of the Platform, providing a secure environment for users to store, reserve, send, and receive payments from other users. The account operates like a standard transaction account. The Transaction Account streamlines financial activities for users, offering a seamless and convenient experience when conducting transactions on the Platform.

Create contracts

The Platform also provides builders and homeowners with a convenient way to formalise their agreements through the use of industry-standard contracts. Users can easily sign these contracts using Paid.inc's online contract signing feature, ensuring a legally binding engagement.

Once both parties have executed the contract, the clauses within it become active, and the terms of the agreement are implemented on the Platform. This ensures that all parties involved have a clear understanding of their rights, obligations, and responsibilities as outlined in the contract.

It's important to note that any modifications or amendments to the contract can only be made using the Platform. This process is made possible through the Platform's contract variation feature, allowing users to easily update and adjust the terms of their agreement as needed. By leveraging this feature, users can maintain the integrity and consistency of their contracts while efficiently managing any changes that may arise during the course of their engagement.

Secure payments

Once a contract is established on the Platform, users gain the ability via the Transaction Account to "link" payments to upstream funds, thereby connecting payments to specific sources further up the payment chain. This functionality allows users to associate their payment with a designated portion of funds originating from a higher level in the payment hierarchy. For example, a subcontractor can link their

payment to the builder's progress claim, which the builder will receive from the homeowner.

By linking the payment in this manner, the subcontractor ensures that their funds are securely held in an account that remains inaccessible to the builder. This process adds an extra layer of protection, safeguarding the subcontractor's funds and guaranteeing that they are allocated and protected according to the predetermined payment terms agreed upon in the contract. This feature minimises the risk of unauthorised access or misuse by other parties involved in the transaction, providing users with increased financial security and peace of mind throughout the payment process.

Progress claims

On the Platform, users are required to upload their progress claims. This allows for streamlined and organised management of the payment process.

For example, when a subcontractor finishes their assigned tasks, they must provide evidence of their completed work. Paid.inc facilitates this by enabling users to capture geolocated and time-stamped photos and videos directly within the app. These visual records serve as verification of the work's completion. Once the progress claim is submitted, it is sent to the builder for approval. The builder has the option to either accept or reject the progress claim. If the progress claim is accepted, Paid.inc facilitates the payment to the subcontractor in accordance with the subcontract's terms and conditions.

Similarly, when a builder completes a specific building stage, they are required to upload proof of their work, including relevant certificates, as well as geolocated and time-stamped photos and videos for verification purposes. The progress claim is then sent to the homeowner for approval. The homeowner has the authority to accept or reject the progress claim. Once approved, Paid.inc submits all the necessary documents to the homeowner's bank for payment processing. Funds are transferred from the homeowner's bank to the builder typically via the New Payment Platform, with the builder gaining access to all unreserved funds. Other funds are disbursed in accordance with the contractual agreements established for the project.

By following this process, Paid.inc ensures that progress claims are accurately recorded and verified, and that payments are made securely and in accordance with the contractual obligations between the parties involved in the construction project.

Terms and Conditions – Service Agreement

Use of the Transaction Account is governed by the Service Agreement which is found on Paid.inc's website. You should read the Service Agreement carefully to determine whether or not you would like to use our services.

You will be required to indemnify Paid.inc for any loss we incur as a result of us:

- (a) acting in good faith on your verbal or written instructions;
- (b) transferring funds to an incorrect beneficiary where the error was included in your instructions and you did not immediately tell us about the error;
- (c) transferring money to a third party because instructions that we relied upon were sent to us due to a fraud or cyber security incident or other breach that affected you or your business, your email address or your account details; or
- (d) having to terminate a transaction.

You will also be required to indemnify us for any loss that we incur as a result of you breaching any law or your agreement with us.

When you use our services, you will be bound by the Service Agreement as amended from time to time, along with any other terms you are required to sign or acknowledge.

However, in the event of inconsistency, the terms in the legal documents described below will rank according to the following priority, to the extent of any inconsistency:

- this PDS;
- any supplementary PDS;
- the Service Agreement as amended from time to time;
- any account opening form.

You must provide all information to us which we reasonably require of you to comply with any law in Australia or any other country. In particular, you must provide adequate identification before you can use our products or services.

We may disclose any information that you provide to a relevant authority where required by any law in Australia or any other country.

We may delay, block or refuse to enter, adjust or complete a transaction if we believe on reasonable grounds that making the payment may breach any law in Australia or any other country, and we will incur no liability if we do.

We are not liable for any loss that arises from incorrect identification information being provided by you.

Unless you have disclosed to us that you are acting in a trustee capacity or on behalf of another party, you warrant that you are acting on your own behalf when obtaining services from us.

When you use our services, you are promising that you will not breach any law in Australia or any other country.

Privacy and Confidentiality

Paid.inc will collect personal information about you in the course of providing the Transaction Account to you. The privacy of your information is important to us. We have practices which include the secure storage of personal information and safeguards against the accidental release of personal information.

Paid.inc handles all information provided to us in accordance with our Privacy Policy. Our Privacy Policy provides information about how we collect, hold and use any information you provide to us. A copy of our Privacy Policy is available on our website at <https://paid.inc/privacy-policy> or by contacting us to request a copy without charge.

Commissions, fees and charges

Processing fees for the use of the Product to make payments

A transaction fee will be payable by the payee each time a payment is successfully secured and then transferred via the Transaction Account. The transaction fees are listed in the table below and are charged as a percentage of the dollar amount of each transaction:

Contract Type	Transaction fee
Building contract	0.03%
Subcontract / Supply contract	0.30%

All transaction fees are exclusive of GST.

Transaction fees will be calculated and displayed to you, prior to you making a payment.

Paid.inc may also receive payments in the form of commissions from its banking and/or processing partners for processing a progress payment via the Transaction Account. These commissions are included in the fees or premiums you pay for the Transaction Account. They are not an additional cost to you.

Paid.inc may increase the amount of fees and charges or introduce new fees and charges. If the amount of fees and charges are changed or new fees and charges introduced, Paid.inc will provide you with written notice of the change through the Paid.inc website, the Platform or by email. Paid.inc may waive, in whole or in part, any fees or charges at its discretion.

How we handle your money

Your Transaction Account is an electronic payment facility. The funds shown in your Transaction Account will be held with Cuscal Limited (“Cuscal”) until you transfer

your funds to another person or withdraw your funds. Your funds are segregated from our money and held in a pooled account held by us with Cuscal, an Australian Deposit-Taking Institution in accordance with Australian law.

You have no right to any interest on funds deposited in our client money accounts. Individual Transaction Accounts are not separated from each other but are pooled together. The money is held for you until you transfer or withdraw the money or otherwise provide us with a legal right to that money because of outstanding fees owed to us or in such other circumstances as referred to in the Service Agreement, which is set out on our website.

Sometimes there may be a discrepancy in the balance shown to you via the Transaction Account, and the amount of client money we hold. That may be because of uncleared funds, software malfunction, or if we otherwise take action under the Service Agreement which may include freezing your account if you, say, breach the Service Agreement.

You can ask us for records about money we have received from you, on your behalf, or for your benefit, where that money was client money. We will provide you with the records within 5 business days or such longer period as we may agree to in writing with you.

Taxation Implications

There may be tax implications for you in relation to any payments you make or receive via the Transaction Account.

Taxation laws are very complex and vary depending on your personal circumstances. Accordingly, you should discuss any taxation questions you may have with your tax adviser before using our products or services.

Significant benefits of the Transaction Account

Access to your Transaction Account at any time

You can access your Transaction Account and our services 24 hours a day, 7 days a week.

Access to transaction history

You are able to access your complete Transaction Account transaction history at all times.

Efficient.

Paid.inc streamlines and simplifies the manual tasks traditionally performed by construction professionals, providing a seamless experience in key areas such as digital contracts, contract administration, progress claims, and accounts payable. Our Platform eliminates the complexities involved in these processes, offering construction professionals a simplified and efficient solution. With Paid.inc, users can easily create and manage digital contracts, automate contract administration tasks, submit progress claims with supporting documentation, and via the Transaction Account handle accounts payable seamlessly. By simplifying these tasks, Paid.inc empowers construction professionals to save time, reduce administrative burdens, and focus on their core responsibilities.

Safe

Our Platform and Transaction Account streamline the payment process, minimising the number of parties involved and facilitating secure transfers, typically through the New Payment Platform (NPP) within our ecosystem. This reduces the risk of funds being mistakenly sent to incorrect destinations. Additionally, downstream payees benefit from enhanced payment security so that they receive their rightful compensation upon successful completion of work. By optimising these processes, Paid.inc prioritises the safety and efficiency of payments, promoting trust and confidence among all users.

Fast payments

Paid.inc's digitisation of the progress claim and payment process accelerates the speed at which progress payments are transferred into the ecosystem. Once funds

are within the ecosystem, our Platform's intelligent coding embedded in the construction contracts enables prompt and efficient payments. This allows construction professionals to receive their due payments in a timely manner. By leveraging technology and automated processes, Paid.inc optimises the payment workflow, enhancing the overall efficiency of financial transactions within the construction industry.

Significant risks of the Transaction Account

Some of the risks associated with the Transaction Account are outlined below. This is a summary of the significant risks only, and is not intended to be exhaustive. There may be other risks associated with your use of the product.

Upstream users' ability to make payments

By using the Transaction Account, you are relying on upstream payers to facilitate transactions into the Paid.inc ecosystem. Paid.inc's ability (and the ability of its banking partners) to meet various obligations is dependent on payers meeting their contractual obligations. There is a risk that upstream users may not pay money into the Paid.inc ecosystem making downstream payments unable to be fulfilled.

Contractual disputes

Contractual disputes may occasionally arise, leading to a party's decision to withhold payment within the Paid.inc ecosystem. However, it is important to note that such a decision does not absolve them of their obligations to other parties involved in the contract. While disputes can temporarily impact the flow of funds within the ecosystem, the contractual obligations, including payment responsibilities, remain intact. Paid.inc continues to encourage all parties to engage in open communication and seek resolution through appropriate legal channels to ensure that contractual obligations are met and that all parties involved are treated fairly.

Unavailability

While Paid.inc will make reasonable efforts to ensure continued availability of the Transaction Account, it is possible it may be rendered temporarily unavailable from

time to time. This may be caused by factors external to Paid.inc such as general internet connection issues, as well as system issues and outages associated with various mobile network operators. Paid.inc is not liable for any late payment fees.

Unauthorised transactions

There is a risk your Transaction Account may be compromised and subject to an unauthorised transaction or other types of fraudulent activity. While Paid.inc takes reasonable measures to ensure the security of its services, you are ultimately responsible for any unauthorised transactions and to keep your login credentials and mobile devices secure.

Regulatory Risk

There is a risk that the Licensee's Australian Financial Services Licence may be cancelled or that the Licensee ceases to authorise Paid.inc as an intermediary. In such circumstances, Paid.inc's ability to operate the Transaction Account may be temporarily withdrawn so that it is unable to be used by users.

Payment reversals

Paid.inc may, without notice, reverse a transaction or remove funds from your Transaction Account in certain circumstances including where fraud is suspected or where we reasonably believe that there is a risk associated with the transaction or your Transaction Account.

Delay or loss of funds

There is a risk that your money may be delayed or lost due to unforeseen circumstances. Paid.inc will not provide a refund in such circumstances. This includes catastrophic disasters, pandemics, terrorist attacks, and other events beyond our control that affect our services.

Operational risk

The Platform and website are operational 24 hours a day, 7 days a week. Paid.inc's telephone lines are open Monday to Friday between 9am-5pm, except for Australian public holidays.

We have obligations under Australian Anti-Money Laundering and Counter-Terrorism Financing laws. One of these obligations is to screen users and transactions for risks of money laundering, terrorist financing and other criminal activity. There is a risk that a transaction may be delayed or cancelled due to the processes or systems that we and third parties we rely on, including payment service providers and banks, have in place for these screening purposes. Our banking and other partners also use similar processes which may also delay or cancel a transaction without notice.

Neither we, nor our banking and other partners, are required to tell you the reason for the delay or cancellation if there is a suspicion of money laundering, terrorism financing or other criminal activity.

Account suspension and/or termination

We may hold, suspend or cancel your Transaction Account in certain circumstances including where fraud is suspected, where we reasonably believe there is a risk associated with your Transaction Account or where you have breached the Service Agreement.

Cyber-security and systems risks

You are responsible for providing and maintaining the means by which you access the website and Platform. Technical problems or other conditions (including a disruption to the system of a third party provider which is beyond our control) may delay or prevent you from accessing our website or Platform and you may suffer a loss if you are unable to transact on your Transaction Account when you want. We also reserve the right to suspend the operation of our Platform and website or any part or section of them.

There is a risk that your Transaction Account or contact details may become compromised and we receive an instruction that appears to be from you, to pay money on your behalf. If we send money in these circumstances, you will be solely

responsible for any loss if it is as a result of an unauthorised data breach or data disclosure or cyber-attack against you, your business, your Transaction Account or your email account.

Discretionary powers

Under the Service Agreement, Paid.inc has a number of discretionary powers which may affect you. You should ensure you understand these discretionary powers by reading the Service Agreement carefully.

No cooling off

There are no cooling off rights in relation to our products or services.

Counterparty risk

You are reliant on our ability to meet our obligations to you under the Service Agreement. This risk is often described as “counterparty risk”. We are also reliant on agreements that we have entered into with third party service providers and the actions of these third parties may impact on our ability to fulfil our obligations to you.

If our business becomes insolvent, you will become an unsecured creditor to the extent that you have money in your Transaction Account. The extent to which you may recover these funds will be determined by applicable insolvency laws.

Our roles

Paid.inc is the product issuer of the non-cash payment product described in this PDS. This means we provide the facility you use to receive and transfer money and do not act on behalf of anyone else.

Paid Promotions can give you general advice and help you use our services. This role is undertaken by Paid Promotions on your behalf.

Complaints and Dispute Resolution

Paid.inc is committed to dealing with user complaints fairly and resolving issues in a timely manner in accordance with our procedures for the handling of complaints. If you have any questions, problems or complaints, please contact us in one of the following ways:

Paid.inc contact details

Email: contact@paid.inc

Mail: 104 Maribyrnong Street, Footscray VIC 3011

Online: www.paid.inc

ABN: 14 642 944 278

You can lodge complaints by submitting an email directly from the website. This form can be accessed by clicking the contact section on the Paid.inc website. We endeavour to acknowledge a complaint within one business day, and provide a full response within a maximum time frame of 30 days.

If we require further time to conduct our investigation, we may not be able to resolve your complaint within 30 days. If we are unable to resolve your complaint within 30 days, or you are dissatisfied with how your complaint was handled or its outcome, you can refer your complaint, free of charge, to the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

AFCA contact details

Online: www.afca.org.au

Email: info@afca.org.au

Phone: [1800 931 678 \(free call\)](tel:1800931678)

Fax: (03) 9631 6399

Mail: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

For further details on dispute resolution, please read the appropriate section in the Paid.inc Service Agreement.

Definitions

In this PDS, these words have the following meanings:

“Paid Promotions” The company known as Paid Promotions Pty Ltd ACN 670 052 856

“Service Agreement”: The Paid.inc Service Agreement document outlining all the terms and conditions a User must abide by when using the Paid.inc service. The document is regularly updated and is available online at www.paid.inc

“Paid.inc” The company known as Paid Dot Pty Ltd ACN 642 944 278 and all subsidiaries associated with this company.

“Paid.inc Website”: The website found at www.paid.inc

“Privacy Policy”: The Paid.inc Privacy Policy document sets out the manner in which we will collect, store and use your personal information. The document is regularly updated and is available online at www.paid.inc

“Retail Client”: a customer or potential customer of Paid.inc who is not a Wholesale Client.

“User”: A user of the products and services made available by Paid.inc as described in this PDS..

“Wholesale Client”: has the same meaning as in section 761G of the Corporations Act 2001 (Cth).

“You” or “your”: Each person who uses the Product in accordance with the Service Agreement.

Last updated: 30th September 2023.