

## 1. Executive summary (revised funding framing)

Canada Paywall will raise an **initial 2.5M CAD seed round** (within the 2–4M CAD range typical for Canadian seed deals) to fund 18–24 months of runway for the core AI identity, credential, and payments platform. Over 5 years, we plan to deploy roughly **5M CAD in total equity capital**, supplemented by services revenue and non-dilutive Canadian programs (e.g., AI and innovation funding), to reach strong product–market fit and Series A scale.

The platform vision and components (AI identity/credentials, wallets, intelligent gateway, operations console, and AI tooling) remain as previously described; what changes is the capital structure and explicit cost planning.

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## 2. Capital plan and hiring model

### Funding structure

- Seed Round (Year 1–2): 2.5M CAD (target)
- Follow-on Capital (Year 3–5): additional 2.5M CAD (mix of equity and non-dilutive), raising total planned capital to ~5M CAD.

This deliberately fits seed norms (2–3M CAD initial) while recognizing that a full-stack AI–fintech infra build will likely require staged capital.

### Team model (steady-state target)

Assume a modest but capable core team, ramping gradually:

- Product & Engineering: 6–10 people over time (mix of senior and mid-level).
- G&A/Operations/Compliance: 1–2 people (fractional or full-time).
- Go-to-Market (sales/BD/CS): 2–3 people by Years 3–5.

For salaries, recent Canadian data suggests:

- Mid-level software engineers: ~80K–120K CAD, average ~100K CAD.
- Senior software engineers: ~110K–150K CAD, common medians around 118K–146K CAD.
- Blended tech salary for planning: ~115K CAD base per engineer (mid + senior mix), before benefits and overhead.

Assuming 20–25% overhead for benefits, payroll costs, etc., one **fully loaded engineer** is roughly **140K CAD/year**.

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## 3. 5-year operating expense projection (high level)

All numbers below in CAD and rounded; this is a planning model, not a hard budget.

## Headcount plan

- Year 1: 4 FTE (3 engineers, 1 founder on minimal salary)
- Year 2: 6 FTE (5 engineers, 1 ops/compliance/PM)
- Year 3: 9 FTE (6 engineers, 1 ops/compliance, 2 GTM)
- Year 4: 11 FTE (7 engineers, 1 ops/compliance, 3 GTM)
- Year 5: 12 FTE (7 engineers, 1 data/ML specialist, 1 ops/compliance, 3 GTM)

### 3.1 Salary and benefits

Using 140K CAD/year fully loaded per technical or GTM FTE as a working average, and a bit lower for ops/admin, we get:

- Year 1
  - 3 engineers  $\times$  140K = 420K
  - 1 founder/CEO at 60K (below market early)
  - Total salaries  $\approx$  **480K**
- Year 2
  - 5 engineers  $\times$  140K = 700K
  - 1 ops/compliance/PM at 110K
  - Founder increases to 80K
  - Total salaries  $\approx$  **890K**
- Year 3
  - 6 engineers  $\times$  140K = 840K
  - 1 ops/compliance at 120K
  - 2 GTM roles (sales + CS) at  $\sim$ 130K each total comp: 260K
  - Founder at 100K
  - Total salaries  $\approx$  **1.32M**
- Year 4
  - 7 engineers  $\times$  145K (inflation/raises) = 1.015M
  - 1 ML specialist (senior) at 160K
  - 1 ops/compliance at 130K
  - 3 GTM roles at 140K each = 420K
  - Founder at 120K
  - Total salaries  $\approx$  **1.845M**

- Year 5
  - Same headcount as Year 4, modest raises (3–4%)
  - Engineers + ML  $\approx$  1.25M
  - Ops/compliance  $\approx$  135K
  - GTM  $\approx$  450K
  - Founder  $\approx$  130K
  - Total salaries  $\approx$  **1.97M**

These salary ranges are consistent with current Canadian software and senior engineer benchmarks.

## 3.2 Office space

Assume a small office (hybrid or hub) in BC or similar Canadian market, sized for the headcount:

- Approx 150 sq ft per person  $\times$  planned on-site headcount (use 50–70% of total FTE due to hybrid).
- Net asking rents in Vancouver vary by submarket from  $\sim$ 19–44 CAD/sq ft/year; we assume mid-tier 30 CAD/sq ft/year as a planning figure.

Estimate:

- Year 1–2: 600–800 sq ft at 30 CAD/sq ft/year  $\rightarrow$  18K–24K/year
- Year 3–5: 1,200–1,800 sq ft as team grows  $\rightarrow$  36K–54K/year

Add utilities, internet, cleaning, insurance: +30–40% overhead.

Approx office cost:

- Year 1:  $\sim$ 30K
- Year 2:  $\sim$ 35K
- Year 3:  $\sim$ 50K
- Year 4:  $\sim$ 60K
- Year 5:  $\sim$ 65K

These figures are conservative relative to downtown Vancouver top-end rents (up to 44 CAD/sq ft in the core).

## 3.3 Development tools and infrastructure

This includes:

- Cloud infra (compute, storage, networking) for dev, staging, production, and AI workloads.
- SaaS tools (Git hosting, CI/CD, monitoring, logging, security tools).
- Productivity tools (email, docs, project management).

A reasonable early-stage AI/fintech estimate:

- Year 1: 60K (5K/month) – early dev + small production footprint.
- Year 2: 90K (7.5K/month) – more customers, more environments.
- Year 3: 150K (12.5K/month) – more traffic, AI workloads, redundancy.
- Year 4: 220K (18.3K/month).
- Year 5: 260K (21.6K/month).

These numbers assume careful infra optimization; they are modest compared to some AI-heavy startups that can easily burn higher amounts on compute.

### **3.4 Regulatory, legal, and compliance**

You will incur:

- Legal for contracts, privacy policy, terms, data protection impact assessments.
- Compliance consulting for KYC/AML, PIPEDA, provincial privacy and any sectoral rules.
- Security certifications work (e.g., SOC 2 prep, penetration tests).

Estimates:

- Year 1: 40K (foundational legal and compliance frameworks).
- Year 2: 60K (certification preparations, audits, policy work).
- Year 3: 80K (ongoing, potential certifications).
- Year 4–5: 100K/year (continuous audits, recertifications, larger customer demands).

### **3.5 Sales, marketing, and customer success**

- Early years: focus on founder-led sales, inbound from networks, and low-cost channels.
- Later years: modest budget for conferences, content, and customer success.

Estimates:

- Year 1: 20K (brand, minimal marketing).
- Year 2: 40K.
- Year 3: 80K.
- Year 4: 120K.
- Year 5: 150K.

### **3.6 Miscellaneous and contingency**

This includes travel, equipment (laptops, dev machines), insurance, accounting, and a contingency buffer:

- Year 1: 50K.
- Year 2: 70K.

- Year 3: 90K.
- Year 4: 110K.
- Year 5: 120K.

## 4. 5-year P&L-style view (expense only, no revenue yet)

Approximate totals (CAD):

<u>Year</u>	<u>Salaries &amp; Benefits</u>	<u>Office</u>	<u>Tools &amp; Infra</u>	<u>Legal &amp; Compliance</u>	<u>Sales &amp; Marketing</u>	<u>Misc/Contingency</u>	<u>Total Opex</u>
1	480K	30K	60K	40K	20K	50K	~680K
2	890K	35K	90K	60K	40K	70K	~1.185M
3	1.32M	50K	150K	80K	80K	90K	~1.77M
4	1.845M	60K	220K	100K	120K	110K	~2.455M
5	1.97M	65K	260K	100K	150K	120K	~2.665M

Cumulative 5-year opex: roughly **8.75M CAD**.