

White paper

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Abstract

The goal of this stage of our project is to create an international crypto cooperative. With blockchain technology, our crypto community will be able to bring together members from different countries, giving them an opportunity to exchange shares regardless of borders and distances. The international cooperative movement has more than 1 billion people and more than 150 years of history, but the crypto industry is still at the very beginning of its journey, and is slightly behind in terms of attracting support. However, it is a rapidly growing sector of the world economy with a lot of potential. The philosophy of cooperation and the ideas behind the creation of crypto currencies have very similar goals and objectives:

- jointly owned and democratically controlled by and for their members to realize their common socio-economic needs and aspirations.
- financial and sovereign autonomy and independence
- free exchange of deposits

Cooperatives allow people to control their economic future and, since they are not owned by shareholders, the economic and social benefits of their activities remain in the communities where they are established.

Crowdfunding through the Internet and social networking sites has become another source of capital, especially for socially responsible and ethical businesses such as cooperatives.

Our team, as the initiator of this project, has decided to establish an international crypto cooperative, Polar Berry, based on the company of the same name, which has been operating since 2015 and is involved in the harvesting and processing of wild berries and mushrooms.

The consumer cooperative "Polar Berry" is registered in the Russian Federation, St. Petersburg. Anyone who is 16 years of age can become a member of the cooperative. This includes foreign citizens, also non-residents of the Russian Federation, as well as legal entities,

The unit trust, consisting of the shareholders' funds, is used as common working capital and allows the cooperative to carry out both commercial and non-commercial activities aimed at meeting the needs of the shareholders.

The unit trust is also used by the cooperative to carry out various programs. One of the first such programs is the creation of the infrastructure for harvesting wild berries in the Russian North. For the funds raised, it is planned to purchase a freezing warehouse with the area of 1350 m². This facility will allow us to use the existing infrastructure to collect wild berries in the amount of 300-500 tons per year. In this way we will be able to cover the existing berry deficit for our Customers. The main purchasers of our products will be

the food industry, both in Russia and abroad. Some of them have already expressed their desire to become members of the cooperative.

Introduction

The industry of wild fruit/berry preservation in Russia is currently untapped by large capital. Primary production is carried out by small and medium companies operating in a particular region. The absence of large entities is due to the need for substantial capital investments in the infrastructure and a relatively low rate of capital turnover. The turnover cycle varies from a year to three years (depending on the yield of the given year). However, profit margins in this sector are quite high.

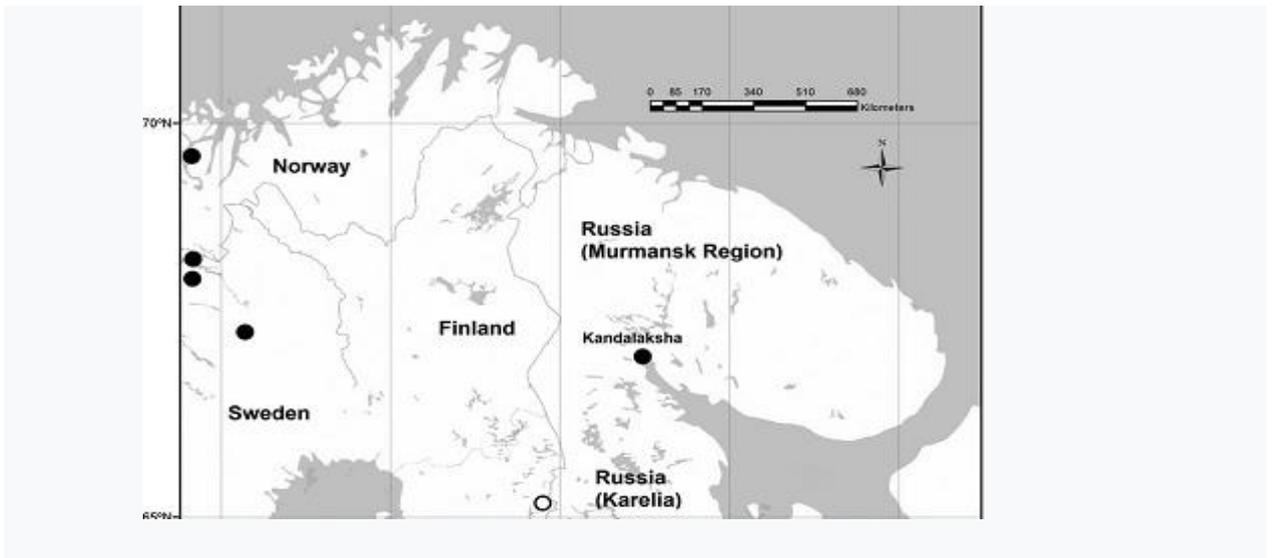
Historically, the industry has been dominated by cooperatives that can attract financing from multiple sources and have more flexible management systems. Cooperatives have a greater ability to build efficient systems of preservation, processing and production.

Prerequisites

The main task of wild berry harvesting companies is not so much the sale of products as the ability to collect and preserve them. The main problems in this business are the lack of financing and incorrect logistics schemes for collecting and fast delivery of raw materials to the warehouse. One of the important factors is the choice of a place for a central warehouse in the region with good transport accessibility. We have also faced the problem of insufficient freezing space for storage, which is why we have to pay unreasonably high storage fees. These circumstances prompted us to search for investments by uniting like-minded people and creating a cooperative using blockchain technology.

Project Description

Polar Berry was founded on the basis of years of research experience in a region with an optimal combination of biological, geographical, social and economic factors. The company's office is located in St. Petersburg, Russia. The main production facilities are in Kandalaksha, Murmansk region, Russia. This location allows us to accumulate berries from the nearest regions, located around Murmansk and Arkhangelsk and in The Republic of Karelia. The close (180 km.) location to the Russian-Finnish border is also important, as our biggest buyers are Scandinavian companies.



The moderate climate, average temperatures:

the coldest day of the year is January 25, with an average low of 2°F(-17°C) and high of 15°F(-9°C),

the hottest day of the year is July 22, with an average high of 65°F(18°C) and low of 52°F(11°C);

and also low rates on the electric power (\$ 0.05/kWh), allow us to make significant savings on warehouse expenses, provided we have our own warehouse. The main problems in the industry are underdeveloped infrastructure, lack of investment, and shortage of manpower. In the region where our company operates, we have good transport accessibility and relatively high population density. Therefore, if the financing problem is solved, our model can be very attractive.

Further development of the company is planned by creating a network of similar base warehouses in other locations, based on the model described above.

Marketing Analysis

The global berry market has seen constant growth powered by the increasing consumption of superfoods, popular in various places around the globe. According to the forecast, the market size of organic berries is expected to reach a market value of over \$ 81,000 million by the end of 2027. This includes fresh and processed berries, with the latter the clear leader in the market. The type of processed berries also includes the frozen form, which is predicted to become the dominating segment at over \$ 45,000 million by the end of 2027. The global berries market is expected to register a CAGR of 5.1% during the forecast period of 10 years.

Currently, a big part of the of Russian berry market is an import. It is shocking, as the country has a great potential in the harvesting of the most popular wild berries: the cloudberry, lingonberry, bilberry, or cranberry.

The availability of wild berries in Russia in 2018			
Berry	Biological yield Thousand tons	Production yield Thousand tons	Average yield kg/ha
Wild berries	7693	3843	
cranberry	1600	800	150-300
lingonberry	3020	1508	200-400
bilberry	2620	1309	150-300
cloudberry	453	226	40-200

As a part of the world berry industry, we are able to grow more than 200-500% during next 10 years (according to the data of Russian ministry of agriculture).

Berries are being used in pharmaceutical, cosmetic and personal care, dietary supplements, and food and beverages. Particularly in the cosmetics industry, manufacturers are constantly introducing new product lines, for example anti-aging products, that contain berry extracts.

Technical Specification

Necessary investments

A freezing warehouse (cost: \$ 475,200), built in 1992 by a Swedish company, a specialist in the berry industry. The complex includes a refrigerating warehouse (930 m²), a warehouse for secondary goods (429 m²) and the administrative level (200 m²).

The equipment of the warehouse comprises a berry cleaning machine, a 3.5 ton refrigerated truck, plastic boxes, scales for berries (cost: \$ 58,300)

Operating costs and staff salaries

Annual costs: Warehouse operating costs (electricity, water, gasoline, packaging materials, etc.): \$ 36,800

Salary fund (including taxes): \$ 36,636

Total: \$ 607,000

Working capital

Purchasing prices for forest berries \$1.3-1.8 per kilo. (blueberries, cowberries, cranberries, and cloudberrries). The capacity of the refrigerating chamber stands at 300 tons. The nominal amount of working capital required: \$ 513,000

TOTAL: \$ 1,120,000

Sales revenue	900 000
Costs	571 436
Annual costs	36 800
Salary fund	36 636
Berries purchasing costs	498 000
Profit	328 564

Tokenomic

For transactions within the cooperative as well as between members, such as the exchange of shares, etc., ERC-20 token "BerryX" based on Proof-of-stake, a consensus algorithm, is being introduced. The token has 18 decimal places. The initial token emission is 100 million BRX, and the final emission is 1 billion BRX. Eighty percent of the emission is put up for public sale through a smart contract, with 12 percent of the emission being allocated to the development team. The airdrop is 8 percent. Unrealized tokens are burned on completion of the crowdsale.

BerryX Token Distribution



A BRX token is created to evaluate the size of the shares, as well as to facilitate the exchange of shares through innovation. The token is used for any transactions made within the cooperative, joining fees, membership and share fees, as well as for remuneration. The token is introduced into free circulation with a further prospect of being listed on the crypto exchanges. In order to meet its obligations to its members, the cooperative will have to redeem the tokens on the exchange, thus providing an inflow of liquidity.

Thus raised funds will be used by the cooperative to purchase a freezing warehouse and other necessary equipment, as well as expenses related to the current operations of the company in the first year of operation: all at the cost of \$ 607,000. Other funds, \$513,000, are used as working capital (berry purchases).

The total amount of funds required: \$1,120,000.

Hard cap: ETH 6,750

Soft cap: ETH 3,570

When Hard Cap is reached, the crowdsale's goal is reached and the tokens are considered sold.

If only the Soft Cap is reached, the project is considered successful, and to purchase raw materials, capital will be borrowed.

If the Soft Cap is not reached, investors may withdraw their funds.

The planned profit at the end of the first year of work will be approximately \$ 300,000 (Profitability from the cooperative's commercial activities in the field of harvesting and processing wild berries is about 50% per year of the working capital).

Under the current legislation (Federal Law No. 3085-1), a cooperative may distribute no more than 20% of its profits from commercial activities as cooperative payments to its members. Thus, a shareholder receives a premium of about 10% per annum (up to 10.25% per annum based on POS algorithm) to his share, starting from the second year from the start of the project. To receive the reward, tokens must be kept on deposit for 180-365

days (Coin age). They have to create a block. All cooperative payments are made in "BRX" tokens.

In the cooperative business world, we talk of cooperatives making "a surplus" rather than "a profit"; "profit" being the total annual positive result of business trading, "surplus" being that part of profit derived from the economic relationship with members.

Every co-operative needs to make a surplus to be viable, to maintain the value of capital members have invested in the business and its indivisible reserves, and to enable a co-operative to achieve the objective of meeting its members' economic, social and cultural needs and aspirations. But this surplus belongs to the members and it is for the members to decide how it is used.

The rest of the profit is used by the cooperative to expand its activities, both commercial and non-commercial, thus leading to the growth of funds (increase in capitalization) of the cooperative.

Conclusion

By buying tokens, one becomes only an owner of the tokens and can own, send, receive or exchange only the tokens. A "BerryX" token is created as a crypto currency, allowing its owner to participate in the activities of the cooperative.

To become a member of the cooperative, one needs to fill out a form on the project website, pass the verification and pay the joining fee, which is a non-refundable one-time payment.

By becoming a full member of the cooperative, one will be able to participate in its activities and receive all tangible and intangible benefits available to its members. Our members get the right to participate in any cooperative projects, both commercial and non-commercial.

Participation in commercial programs of the cooperative is carried out through the stacking of "BRX" tokens and their freezing for the period of the program.

The main commercial activity of the cooperative today is the preparation and processing of wild berries, so the first available program is the "Berry Season" program. We invite our tokenholders to participate in this very program. To do so, you need to hold "BerryX" tokens for the stacking program in your personal wallet. The minimum and maximum amount of the Membership shares is not limited. The Membership share is refundable at the end of the Stacking Program or at any time as desired by the member.

Roadmap

- Q1-Q2 2019 ◇ White paper realized
- Q3-Q4 2019 ◇ Launching digital asset in testnet
- Q4 2019 ◇ Launching BerryX Token and crowdfunding platform
- Q1-Q3 2020 ◇ Crowdsale
- Q3 2020 ◇ Crowdsale end, Cooperative state registration,
Cooperative program “Berry Season” start,
Listing on crypto exchange
- Q4 2020 ◇ Unsold token burn
- Q1 2021 ◇ BerryX Token staking start time

- ◇ To be continued...

Our team



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Co-Founder, Head of EU
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