

DRYP WDER

AUGUST 2024

KEVIN EHINGER, Founder & CEO

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WITH DRYPOWDER,
*Buyers and Sellers can automate their
payments and collections functions and
access straightforward, in-app AR & AP
financing solutions*

VALUE PROP

- Drypowder's **mission (Phase One)** is to automate B2B trade financial transactions including:
 - AP/Payments
 - AR/Collections
 - Embedded Financing of the same
- Drypowder's **goal (Phase Two)** is to build an entirely new trade finance network by opening the Drypowder private network to partners for the purpose of creation, minting and, ultimately, settling NFPO transactions on the network
 - NFPO – Non-Fungible Payment Obligation
 - An NFPO is a non-fungible token (similar to an NFT) containing tokenized, validated payment transaction data

DRYPOWDER BEGINS
*as a platform with a private
network and becomes both
the mint and the
clearinghouse/ settlement
platform for partner
payments companies.*

PROBLEM

Suppliers demand cash flow certainty and predictability

These are opposing desires

Buyers demand cash flow preservation and control

however...

Suppliers crave optionality without complexity and pain

With Dry Powder, these are not opposing desires

Buyers crave optionality and external support of supplier programs without obligation

- Historically, sophisticated AR/AP platforms and tools have been built almost exclusively for enterprise companies
- <drypowder> enables enterprise-grade products but designed for the businesses who need it most:
 - Suppliers** of all sizes can simplify their collections, consolidate their AR data/reporting, AND have access to in-app early payments whenever needed and without long-term financing contracts or utilization fees
 - Buyers** of all sizes, but particularly targeting sub-enterprise), can automate their payments, similarly consolidate their AP data/reporting, AND both have access to AP financing solutions (i.e. extending payments) but also allowing reliable early payment options to suppliers
- <drypowder> bridges the gap between the two, acting as clearinghouse between the Buyer and Seller, allowing the financial terms they demand and the optionality they crave

Instead...

Seller <.....> <drypowder> <.....> Buyer

TEAM



Kevin Ehinger
Founder and CEO

- 19 years of experience across credit/risk, treasury, fintech, capital markets, operations, etc.
- Founder and President of private debt fund, WFC Fund
- Founder and President of C2FO Capital Finance
- Designed and launched multiple B2B lending products including factoring, asset-based lending and supply chain finance
- Raised and financed >\$2B across multiple funders and products
- Founder and exec responsible for launching fintech operations in US, UK, India & HK/China
- Global Treasurer for ~\$4B global hardware and building materials distributor – responsible for cash, investments, payables, payments, risk, hedging, bank relationships, etc.



Jeet Das,
Founding
Lead
Engineer

- Principal ML Researcher at Data Science and Analytics Innovation Center, leading research in large language models, computer vision, and time-series forecasting, collaborating with top institutions like Meta, Microsoft Research and US Government.
- Consulting Data Scientist at LightBulb AI, developed AI-driven products for healthcare, significantly boosting efficiency and revenue for clients.
- Technical Lead and Senior Software Engineer at C2FO, contributed to setting up and scaling lending products, with a focus on compliant payment infrastructure and scalable architecture.
- Co-founder and CTO of OddBall KC, developed board game applications for Android, incorporating AI for challenging gameplay.
- Education: Ph.D. (ABD) and M.S. in Computer Science and Data Science from the University of Missouri-Kansas City. Research focus on deep learning, large language models, and computer vision.

Team worked together at C2FO



John Taylor
Ops/Implementation



Olivia Cartwright
Product

MARKET

- This problem is not limited to narrow, niche market segments but we are focusing initially on the **blue collar B2B market**, targeting hardware and building materials dealers, contractors, plumbers, electricians, recycling and scrap companies, etc., due to:
 - Network and distribution opportunity (E.g. Do it Best Corp., Nations Best, AI)
 - A propensity for concentration in underdeveloped ERPs (Epicor, Infor, etc.)
 - Being generally lagards in adopting technology – which is an opportunity thanks to being presently concentrated in cash and check payments
- Phase two will be deploying Drypowder as working capital management middleware for AR and AP tech platforms, such as Vic.ai and WareHQ Labs, which have already signed LOIs

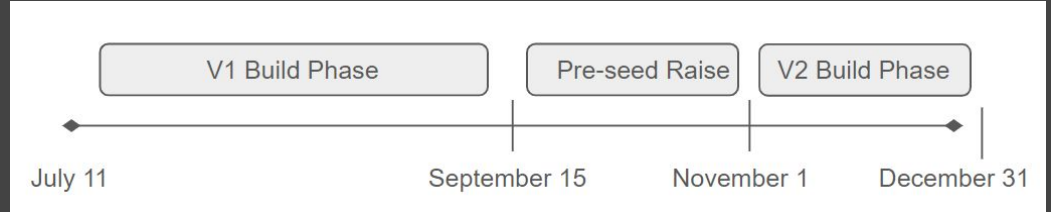
B2B MARKET IS HUGE

- *US B2B alone is ~\$14T*
- *Some US market sizes (not mutually exclusive):*
 - Construction - \$2T
 - Home improvement - \$566B
 - Plumbing/electrical - \$363B

TRACTION/REVENUE

Traction

- Product in development
- V1 in 4-6 weeks



Revenue Model

- Freemium basic functionality (for network growth):
 - Platform access
 - Payment receipt
- Optional SAAS modules:
 - AP Manager
 - Reconciler
- Transaction fees related to additional services:
 - Factoring/SCF
 - Delayed settlement
 - Guaranteed payment

GTM STRATEGY

- **Phase 1 - Network/Partners**

- Early adopters via warm network
- Distribute via partnership with friendly partners - e.g. Do it Best Corp., Nations Best, Allied Industrial, etc.
- Networked platform is designed to self-perpetuate by having paid product users automatically invite their customers and/or suppliers which then become onboarded, warm targets for similar paid product expansion

- **Phase 2 - Tech Platforms**

- 2-3 years ago, SAAS companies with the capital often built their own unrelated financial services divisions to offer payments and financing – but the market has changed.
- Companies have realized standalone financial services subs don't make sense for most when the functionality could be offered via partnership with Drypowder
- As such, two platforms, Vic.ai and WareHQ Labs, have signed LOIs

COMPETITION

- **Enterprise Fintech**

- C2FO, Taulia, Prime Revenue, Demica, etc.
- Exclusively built for very large companies
- Expensive and complex to install (i.e. months)

- **Bank Supply Chain Finance (SCF)**

- Exclusively available to enterprise businesses
- Sub-investment grade credit is typically ineligible
- Limited to a small group of the largest suppliers to maximize volume with as few suppliers as possible.
- Physical documentation and onboarding requirements
- Many banks still use ancient data transmission methods like EDI 820

- **AR Financing/Factoring**

- Onerous to apply and set up (i.e. months)
- Typically very expensive in terms of financing cost (APR) and fees
- Physical documentation and onboarding requirements
- Long-term agreements and can contain utilization fees for unused capacity

ASK

Drypowder is seeking investment and partnership from RevTech Labs and RevTech Capital with the goal of developing relationships with other Founders/experts and making connections, in our case in particular, with potential financial services partners.

Our inflection point is now.

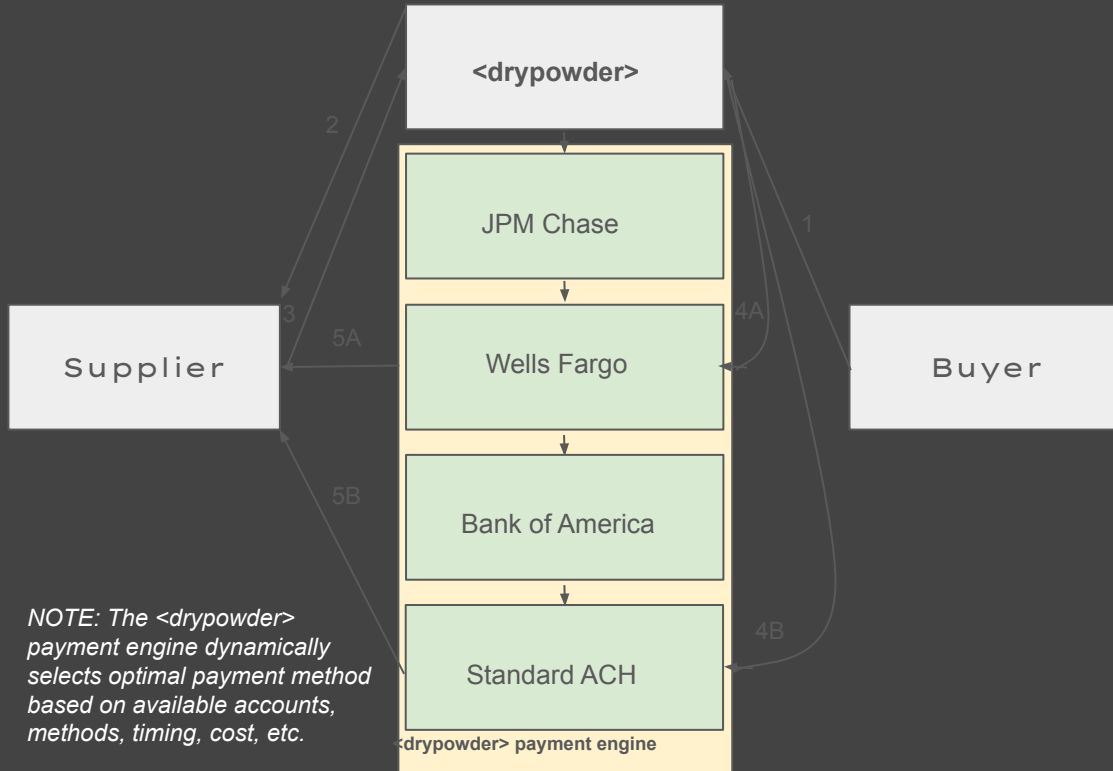
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CORE PROCESS FLOW



1. Buyer transmits AP data to <drypowder>
2. <drypowder> payment engine (DPE) algorithm identifies optimal (for speed, cost, etc.) payment method(s) and displays options to Supplier
3. Supplier onboards and instructs <drypowder> how and where to be paid
4. On invoice due date, DPE submits payment instructions to optimal payment method
5. (5A) if both users have accounts at a DPE-integrated bank, or decides to open one via <drypowder>, DPE sends an immediate internal book transfer request via API and the funds are transferred near-instantly and at zero cost
 - o IF the Supplier opened a DPE-eligible account through <drypowder>, the account becomes an FDIC insured digital wallet but with the optionality to manually or automatically transfer money to a primary operating account
6. (5B) if the Supplier does not have or wish to open an account at a DPE bank, DPE debits the Buyer on the due date via ACH, settles in a DPE FBO account, and the proceeds are passed to the Supplier/s bank once cleared (can take 3-4 days and would incur an ACH fee of 50 bps)

NFPO PROCESS FLOW

NOTE: The <drypowder> payment engine dynamically selects optimal payment method based on available accounts, methods, timing, cost, etc.

1. Suppliers onboard digitally to Drypowder by verifying identity, risk and bank account details
2. Buyer transmits transactional AP data to Drypowder
3. Drypowder mints and stores NFPO
4. For standard payments:
 - On the due date contained within the NFPO, the token is automatically self-liquidated by the Drypowder platform by securely delivering the NFPO token to the Drypowder payment engine
5. For invoice financing/factoring:
 - Request for early payment sent to initial funding partners and, if matched to funder and accepted by the seller, the NFPO token is delivered to the partner to process the early payment
6. For supply chain finance:
 - Program terms/pricing and acceptance are known in advance to seller (since the program is largely contracted via online terms and conditions with the buyer) so, upon request to accelerate an invoice under the program
7. For delayed AP settlement:
 - Seller is paid normally and per terms but the buyer is using Drypowder to finance additional time to pay invoices. Given this splits the transaction in two (normal payment to the seller and delayed settlement to the buyer), the simplicity and security of the NFPO allows for the token to be delivered separately to both the payment partner and the delayed settlement financing partner

