

PAYYAP

The easiest way to get paid - via “APP”

**Business Plan
2017**

PAYYAP, LLC
<https://payyap.network>

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EXECUTIVE SUMMARY

Company Background & Product Offering

PAYYAP LLC (“PAYYAP”, “Company”) was originally founded in 2011 as a Wyoming LLC. PAYYAP was founded by Shea Writer, an expert in online security and remote identity verification. Shea and his partners have created a mobile application that incorporates a new method for accepting mobile payments which is both cheaper than Square™ and faster & easier than PayPal™.

Powered by “6th channel technology”, PAYYAP revolutionizes consumer payments w/ biometrically secured, voice-driven AMEX, VISA, MasterCard & Discover payments in real-time via “pure App” -- i.e., no additional plugins, “swipers” or hardware is required!

Target Markets

PAYYAP is a Business-to-Business financial technology “fin-tech” disruptor – the first and only company delivering 6th channel payment services to the following, key industry verticals:

- Mobile Payments (Direct to SMBs)
- E-Commerce (Direct to E-Businesses)
- Bank & Payment Gateway (to Government, Institutions & Enterprise)

Immediate Business Opportunity

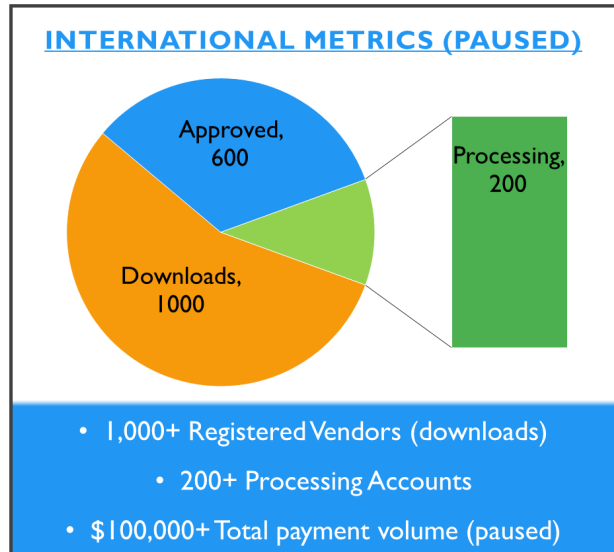
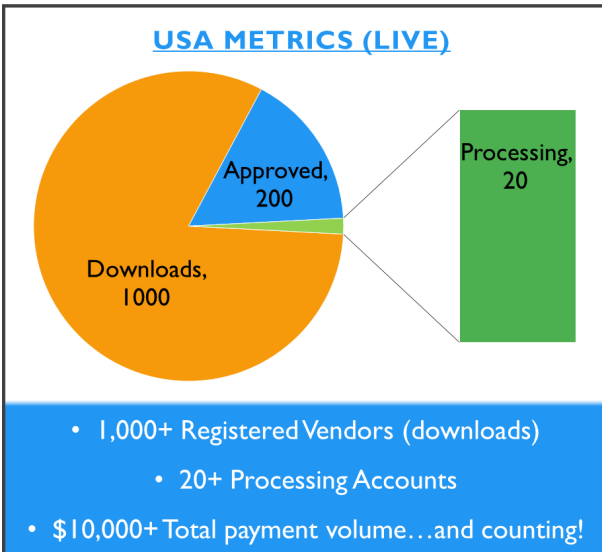
Mobile devices are increasingly used for payment processing, but current solutions still require the use of supplementary hardware before being able to take payments. To make the process easier, PAYYAP has created a revolutionary payment app that offers faster payments and safer e-commerce without the use of Squares, dongles, or hardware plugins of any kind. PAYYAP has solved the adoption and security issues that have (until now) prevented real-time bank card transaction processing via mobile APP. As a result of solving these issues, PAYYAP is first-to-market with merchant-initiated interactive voice response payment processing.

Pilot Metrics

The initial pilot program that PAYYAP rolled out internationally resulted in 1,000+ registered vendors (downloads), 200+ verified IDs, and \$200,000 in total payment volume. After partnering with TSYS/ProPay (top 10 merchant bank in North America), the international Pilot was paused, to focus specifically on penetrating the US market. Please refer to the charts on the following page for a side-by-side comparison and graphical representation of the PAYYAP pilot programs.

Please refer to the Go-To-Market Strategy for detailed information about why the International Pilot was paused and what the Company’s strategy is to becoming re-established Worldwide.

**- PAYYAP IS LIVE & CASH-FLOWING -
PILOT METRICS: STRONG & STRONGER DEMAND**



Funding Request & Financial Summary

We are seeking a \$500,000 equity investment in exchange for a 20% ownership stake in the Company. Investment funds will be used to hire personnel, increase advertising, pay for overhead expenses and provide contingency/working capital so PAYYAP can begin executing our growth strategy.

	<i><u>Year 1</u></i>	<i><u>Year 2</u></i>	<i><u>Year 3</u></i>
NET REVENUE	\$ 140,468	\$ 6,105,983	\$ 26,234,168
<i>Total Operating Expenses</i>	<i>\$ 1,701,665</i>	<i>\$ 5,103,360</i>	<i>\$ 5,103,360</i>
EBIT	\$ (1,561,197)	\$ 1,002,623	\$ 21,130,808

- Please refer to the FINANCIALS section of this business plan for a detailed description of Use of Funds, Financial Projections, and Investor Return Calculations -

PRODUCTS AND SERVICES

Overview

PAYYAP is currently available through a mobile application for use by entrepreneurs and small-to-medium sized businesses (SMBs). In addition to the current mobile application, the Company is developing two more versions of the application to better suit the needs of its target markets:

PAYYAP – The Payments App™ *(LIVE & cash flowing)*

- Business-to-Business (SMBs)
- Our flagship product
- The only “pure App” billing solution:
 - No additional hardware (swipers, Squares) required
 - Built-In PCI/DSS Security Compliances
- Breaks the “Payments Catch 22”
 - Merchant Driven (PAYYAP delivers high conveniences)
 - Super Customer Friendly (PAYYAP secures simple payments over any standard or mobile telephone line – there is nothing for the customer to download or install).
- Globally viable with minor adjustments and minimal regional logistics.

PAYYAP for E-Commerce *(under development; nearly complete)*

- Business-to-Business (e-Businesses and e-Government)
- Universal, java-based Plugin
 - Installs in less than one hour
 - Easy to skin / personalize
- Improved security & customer handling:
 - Current e-commerce solutions often require that customers are re-directed to 3rd-party “pay partners.”
 - PCI/DSS Security Compliance is seamlessly built into 6th Channel Payments -- enabling customers to remain on the merchant’s website (even if the merchant’s website is – itself – insecure) during the entire payment process.
 - All payments are voice authorized. Recorded audio records are available to the merchant for future reference in the event of a payment dispute.
 - Biometrically verified identity (uniquely IBM-partnered)

White label PAYYAP *(under development; nearly complete)*

- Business-to-Business (Government, Institutions & Enterprise)
- Delivers 6th Channel Payment Technology (SaaS)
 - Banks & gateways looking to deploy 6th Channel (pure App) merchant & payment services.
 - Government agencies looking to streamline monthly billings

Live Customers (USA):

- 1000+ Downloads; 10% Approval / Activation Rate
 - Locksmith (Apollo Beach, Florida)
 - Educational Development (New Castle, Delaware)
 - Office Cleaning (Los Angeles, California)
 - Etc.

Customers in the Pipeline

Lykke Corp. (Zurich, Switzerland)

Lykke Corp is a financial technology “fin-tech” company based in Zurich, Switzerland that has launched the first global marketplace for all asset classes and instruments, using the Colored Coin protocol on blockchain technology. The Lykke exchange operates similar to JAVA in the sense that it is compatible with any type of blockchain that may be used in digital currencies; the marketplace was first developed on the blockchain of Bitcoin, but is currently being expanded to Ethereum.

- Lykke identified PAYYAP’s voice-authorized payment process to be uniquely suited for “digital coin” payments, where digital signatures (i.e., voice authorizations) for final payments is highly preferred by the banks.
- PAYYAP is perfectly suited to support next generation financial services with voice-authorized and biometrically-authenticated transactions.
-

Pedregal Home Owners Association (Cabo San Lucas, Mexico)

The Pedregal Home Owners Association is the group that manages and maintains the quality and protection of 400 custom built homes in the premiere and private, residential community of Pedregal; located in Cabo San Lucas, Baja California Sur, Mexico.

- The Pedregal HOA facilitates high value monthly billing to 400 homeowners;
- As homeowners work to “juggle” card balances and timely payments, it is common for homeowners to request “last minute adjustments” to billing details;
- The last minute adjustments are time consuming and costly to facilitate (for both the HOA and the Homeowners);
- 6th channel payment services secure voice authorized payments in real time – naturally allowing the HOA and Homeowners to easily update billing details at the time of the payment.
- PAYYAP is better suited to support high value monthly billing than existing solutions.

In addition to formal engagement letters from both Lykke Corp and Pedregal Home Owners Association (PHOA), PAYYAP is receiving a continuous interest from potential customers: large and small – domestically and internationally.

PAYYAP Features

- ✓ Free to download and install;
- ✓ Easy to activate “live processing” account;
- ✓ No hardware (dongles, Squares, swipers) required to collect card data;
- ✓ Payments can be secured from face-to-face or remote customers;
- ✓ All payments are voice authorized and recorded for reference during billing disputes.

How it Works

PAYYAP breaks the “Payments Catch-22” by appealing specifically and intently to a fresh, high-demand niche of SMBs that are looking for a “100% APP-based” -- (i.e., no additional Squares, “swipers” or scanners) billing solution – a “6th payment channel”:

- 100% “built-in” PCI-DSS security compliance;
- Zero security obligations for the SMB (cuts account application time);
- Immediately intuitive for customers to receive a simple, automated telephone call;
- Attractive merchant interface displays real-time transaction status updates.

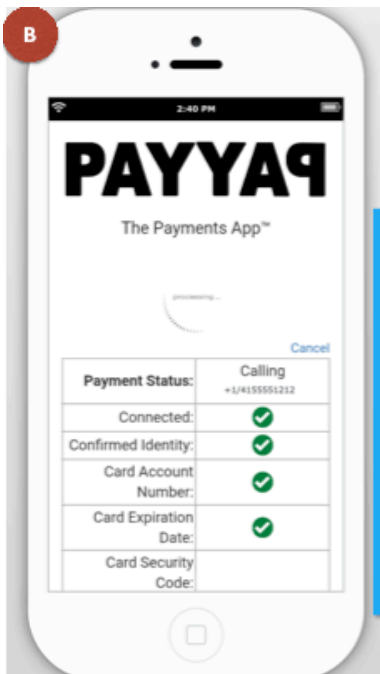
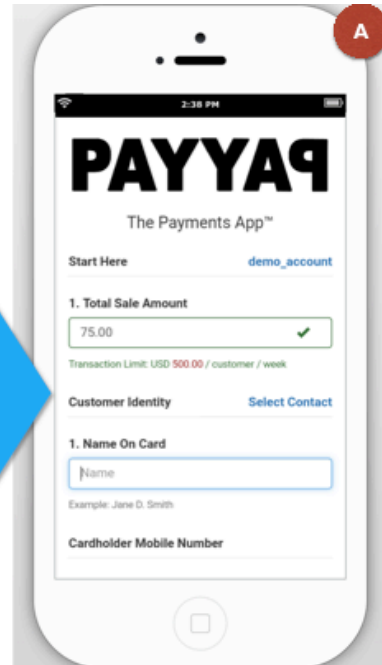
SIMPLY, MERCHANT-DRIVEN



STEP 1 / 3:

Merchant “opens” the PAYYAP mobile App and sets the Customer's information:

- ☒ Amount to be Paid
- ☒ Name
- ☒ Telephone Number

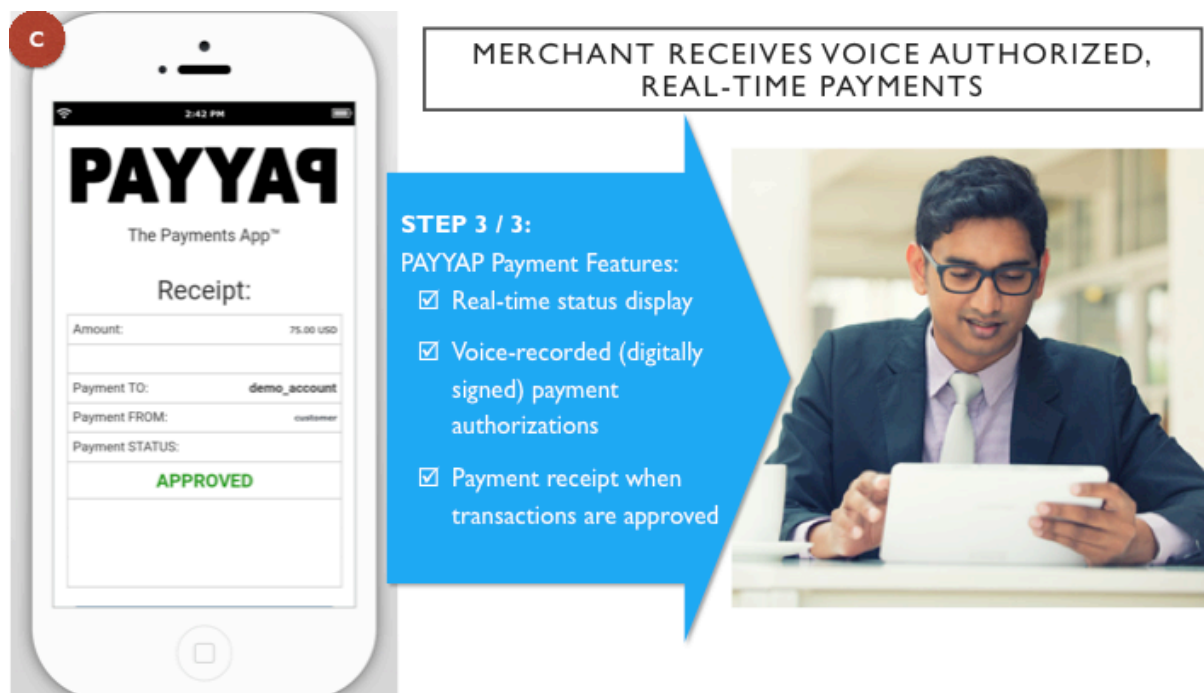


CUSTOMER RECEIVES A FRIENDLY, AUTOMATED TELEPHONE CALL...

STEP 2 / 3:

- ☒ PAYYAP voice servers place a call to the Customer's phone
- ☒ The automated PAYYAP operator secures the customer's card data in real-time...
- ☒ Customer uses any normal telephone, and is still within a fully PCI/DSS-Compliant security environment





Intellectual Property

PAYYAP has not applied for any patents, nor does it intend to anytime soon. Management believes that spending money to get to market is a better use of funds than trying to get patents issued. PAYYAP has a ‘first mover’ advantage in this industry, which, combined with the proprietary design and development of the application, more than sufficiently takes the place of a patent. PAYYAP is absolutely first to market with an entirely new payment channel that enables real-time, "swipeless", PCI-Compliant bank card payments via app. It's a 100% new channel -- not just a better interface. (i.e., real-time + swipeless + built-in PCI-compliance does NOT exist right now - anywhere.)

Even without any patents, PAYYAP has created, owns and maintains the following intellectual property:

1. Proprietary VOIP, SMS, and DTMF switches;
2. Proprietary interactive voice response (IVR) systems;
3. Proprietary automated voice recognition systems (ASR);
4. Proprietary speaker identity verification (SIV) systems, and;
5. Proprietary payment gateway switches (PCI-Compliant as a Third Party Payment Service).

In addition to the prohibitive cost of filing for a patent, the inability for any company to protect their software patents make it almost pointless to go through the exercise of getting one. The founder has extensively reviewed existing patents in the mobile payments industry, as well as what established competitors have done for their intellectual property protection.

Primary reasons why we have chosen not to file for process a/o software patents:

- Generally unrecognized internationally (where 60% - 70% of PAYYAP's market will be);
- Under constant legal threat of being abolished worldwide (including in the US);
- Incredibly expensive to secure;
- Even more expensive (often prohibitively) to defend in court, and;
- 99.9% of the time, a complete waste of limited & finite, start-up resources.

PAYYAP Defensibility:

- There are currently five (5) payment channels for bank cards (face-to-face swipe, web commerce, invoice via email, etc.) – where each channel facilitates billions of dollars in annual payment volume;
- PAYYAP LLC is the first to market with a 6th channel for bank card payments – a “pure app” environment:
 - Zero additional merchant hardware (dongles, “card swipers”, etc.) is required;
 - Built-in security compliance (exclusive to 6th channel payments) delivers streamlined account activations.
- There are many industry conglomerates (Apple, Alibaba, CHASE, Google, Morgan Stanley, PayPal, Samsung, TSYS, Verisign, Walmart, Wells Fargo, Western Union, etc.) that would prefer to buy proven successes – even for a hearty premium – if it means avoiding the risk of failure while attempting to re-invent the wheel.
- Our complete suite (for SMBs, Enterprise & ISOs) of 6th channel payment services makes PAYYAP LLC a quick, if not inevitable acquisition target – noting recent payment industry history:

Competitor IP Analysis

- STRIPE (now worth \$9 Billion) had zero patents when launched in 2010 (9 years after PayPal) with nothing (as in "NOTHING") new -- except an "easier interface." They didn't file a patent until 2011, and we would be shocked if they ever go to court to defend it. Additionally, if STRIPE did have to go to court, they probably wouldn't be successful because they don't have a defensible algorithm.
- Venmo launched in 2009 (bought by PayPal for \$800MM in 2013) and didn't file for a patent (a credit / risk mitigation algorithm) until 2011. The patent references an internal process (nothing that anyone else would publicize if they used the exact method), so - in practice - there is probably a 1% chance of Venmo ever going to court, and then a further 30% chance that it could even be defended in court. But more to the point: It's not a patent on a public-facing function or a service, so there is nothing stopping anyone from copying 100% the fundamental function / service of Venmo. Or STRIPE. Or most players in the financial services space, for that matter.

Pricing Strategy

To ensure continued adoption of PAYYAP by entrepreneurs and business owners, we felt it was important to have a simple pricing structure that costs our customers less than what they otherwise would pay for payment processing services. Additionally, adopting a new form of accepting payments may cause some companies to hesitate, so the reduced pricing - along with our other competitive advantages - should help encourage these companies to work with PAYYAP.

	"Over App"	"Card Swiped"
PAYYAP	3.35% (+ \$1.00 deposit fee)	2.60% (+ \$1.00 deposit fee)
Square	3.50% + \$0.15	2.75%
PayPal / Stripe	2.90% + \$0.30 (+ \$30.00 / month)	2.90% + \$0.30

Distribution

PAYYAP is available as a free mobile app which can be downloaded by anyone from Google Play, Apple App Store, or Amazon Apps. However, in addition to the free app, PAYYAP will also offer a white label version that organizations can have customized to fit their individual needs and wants.

R&D: Future Products

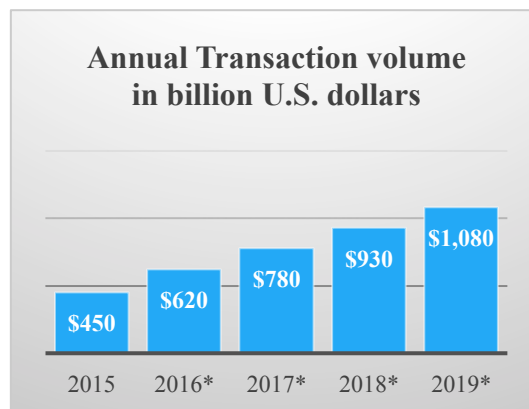
Management is incredibly focused on making PAYYAP the Payments App for everything, worldwide! In order to ensure the Company's continued growth both domestically and internationally, PAYYAP will concentrate on continually improving the current product, such as extending the payment ability of the software by enabling easier person-to-person payments, micro-lending, etc.

PAYYAP is currently focused on the merchant banking aspects of this technology. However, the potential applications are endless. PAYYAP already offers branded debit cards for its clients, so it is not a far stretch for the Company to branch into other banking services such as cash management, lending, and consumer banking. Additionally, PAYYAP's ability to provide financial services through its uniquely simple payments app, means we can greatly reduce the costs from these services as half the costs are typically a result of implementing and utilizing the financial technology.

INDUSTRY, COMPETITION & MARKET

Relevant Industry

PAYYAP operates within the Global Mobile Payments Industry. In 2015, this industry generated 450 billion US dollars and is expected to surpass 1 trillion US dollars in 2019. Similar to other emerging industries that experience rapid growth, the Global Mobile Payments industry is expected to grow at a CAGR of 36.36% through 2020.¹ The main drivers accelerating this growth are lower cost, quick transactions, expansive consumer reach, ease of payment, and rising smartphone penetration levels. This impressive growth is not limited to certain parts of the World either as is shown in the table below:

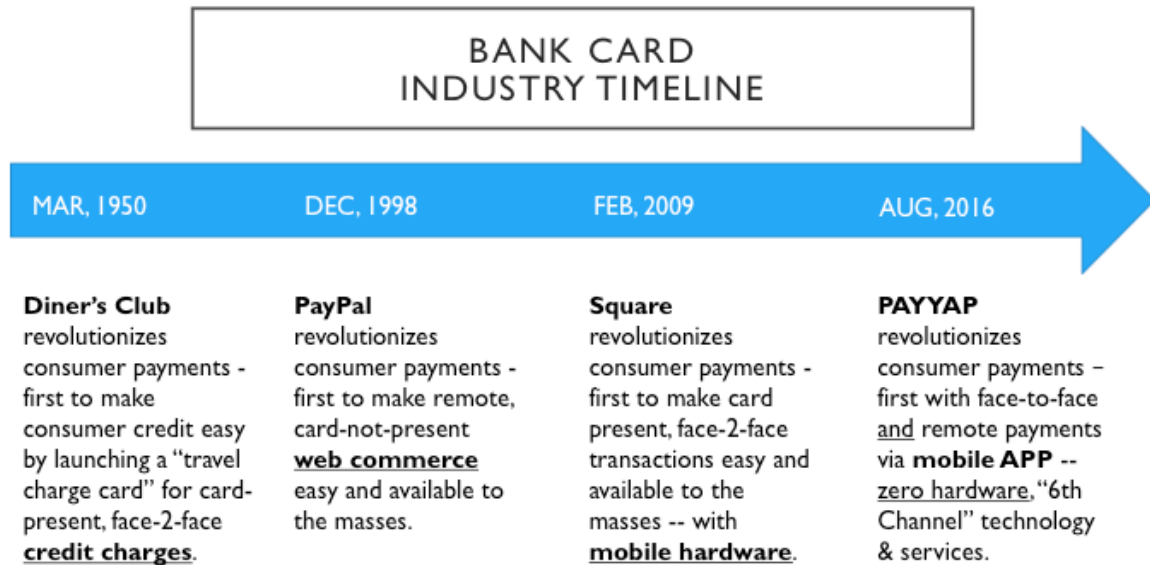


Technology advancements have enabled this Industry to emerge as one of the most diverse, competitive and technologically complex markets in recent years. Currently, the Global Mobile Payments market includes POS Devices Companies, Processor Companies, Network Companies, Issuer Companies, Applications Companies and Non-POS Devices Companies.

Region	Market Share	CAGR (2016 - 2020)
Asia Pacific	Largest	37.08%
North America	2 nd Largest	35.10%
Europe	3 rd Largest	34.18%
Middle East & Africa	Smallest	36.26%

¹ <http://www.prnewswire.com/news-releases/global-mobile-payments-market-2016---2020-300267381.html>

History of Consumer Payments



Bank Card Industry Niche

Prior to the introduction of PAYYAP, there were five channels (payment methods) that could be utilized by companies operating in the mobile payments industry. PAYYAP's unique feature set and innovative payment system has now added a 6th channel, giving international entrepreneurs an easier, cost-effective way to accept customer payments. The six payment channels are as follows:

1. Channel #1: Face-to-face transactions via SWIPE & SIGNATURE
2. Channel #2: Remote transactions via WEB
3. Channel #3: Remote transactions via EMAIL
4. Channel #4: Remote transactions via TELEPHONE
5. Channel #5: Remote transactions via SMS
6. **Channel #6: Remote (& Face-to-Face) transactions via "APP"**
 - PAYYAP is first to market w/ zero-hardware ("pure App"), 6th Channel Technology & Merchant Services.

Competition

Within the United States, PAYYAP faces competition primarily from four companies: PayPal, Square, Venmo, and Western Union. PayPal and Venmo both enable internet-based transactions, making them the most similar to PAYYAP. Square is unique in that it can be used with mobile devices, however, the payer must be present and have a "swipe-able" debit/credit card to make a payment. Western Union is only a competitor in the sense that enables consumers and businesses to send money to each other. However, Western Union still operates under an outdated business model that typically requires the users to physically go to a Western Union payment station to collect and/or send a payment.

Internationally, based on the composition of our target market, PayPal is the only real competitor we have. Neither Venmo nor Square are readily available to international entrepreneurs, and even though Western Union is an international company, their process is too cumbersome to be used effectively as a daily payments processor.

Initial Target Customers

International entrepreneurs who are looking for convenient ways to take payments from remote and in-person customers - immediately. An example of where this service is needed can be found throughout shopping malls in Asia where most vendors do not have an ability to take payments on-site. Instead, the process goes like this: Customer finds the product s/he wants to purchase; Customer hands card to cashier to ring up the order; The “cashier” then takes the card downstairs to a payment processor; After the payment is processed, the cashier has to come back to his/her store to return the customer’s card. PAYYAP will enable these entrepreneurs to take payments in-store and even pay a smaller processing fee!

Market: Worldwide (English speaking). Currently, our software is only available in English. However, we are currently working to release more versions in other languages in order to increase our potential target market. The next two languages that PAYYAP will pursue are Spanish and then Chinese, and then other languages (according to market opportunities).

MARKETING PLAN

Competitive Advantage/Analysis

	Pricing	Markets	“Payer” Considerations	Advantage
PayPal	3.1% + 0.30 (+ 30.00 / month)	Global	Must have access to the internet	Economy of scale; Ability to quickly buy innovators
PAYYAP	2.60% - 3.35% (+ \$1 bank deposit fee)	Global	Any telephone	Easiest way to get paid – via app; First mover
Square	2.75% - 3.75%	AU, JP, US, UK	Regionally limited; Must have access to the internet	It was a first mover in the mobile “card swipe” market
Venmo	3.0%	US	Must have Venmo App; Regionally limited	Free bank-to-bank transfers
Western Union	5% - 50%	Global	Time consuming; Expensive	Cash-In / Cash-Out

Value Proposition

The easiest way to get paid - via “APP”

Value to Business:

- The absolute easiest way to get paid – via APP
- Recorded voice authorizations (per payment) reduce fraud and disputes
- Real-time payment completion
- Auto-payment receipt (via email or SMS when available)
- Available worldwide

Value to Customers:

- No desktop / laptop / tablet required
- No internet required / no Apps to download
- Receiving an automated telephone call is familiar & free
- Payments are completed quickly, by speaking to an automated operator (or using the phone keypad)
- Voice biometric security enables fast, repeat use

Go-to-Market Strategy

Before a payment processing company can begin offering services, it must partner with a merchant bank so that it can handle customer transactions. There are three types of merchant banks: International (extremely conservative lending practices), U.S. Domestic (Conservative lending practices), and Off-shore / grey area (least conservative lending practices).

Phase 1 - Completed

PAYYAP's initial market launch was done through an off-shore bank because the Company did not have the necessary collateral or existing track record to partner with a more conservative bank. Even with interest rates between 7.9% - 9.9%, and terrible transaction approval rates, PAYYAP was still able to process a total payment volume of \$200,000 from international vendors during its pilot program.

Once PAYYAP began generating revenue and creating a customer base, a partnership with TSYS (a U.S. merchant bank), was established. Upon entering into an agreement with TSYS, PAYYAP paused its international pilot program to focus on the U.S. market. Even though the plan is to focus initially on the U.S. market, the real value in our business model comes from the international market where vendors are largely underserved and have limited to no access to payment processors!

Phase 2 - Next Step

After securing investment funds, PAYYAP will immediately begin developing PAYYAP - The Payments App™ in a second language, either Spanish or Chinese. This will speed up our international adoption rates, as vendors will be offered their choice of language to use. In order to penetrate international markets with competitive rates, PAYYAP will partner with an international bank so that interest rates on international transactions will be around 4% instead of 7.9% - 9.9%. PAYYAP will focus on penetrating the international markets because of the overwhelming lack of competition that exists. This was evidenced during our pilot program which showed that the international marketplace will be at least 10x more lucrative than the U.S. market.

Advertising / Marketing

PAYYAP understands that even though it is offering a first-to-market technology service that isn't even available to many small businesses throughout the world, advertising is still going to play a key role in the Organization's growth and on-boarding of SMBs. In all of our markets, starting domestically with the US, after partnering with a merchant bank, we will use three primary sources of advertising:

Online Advertising

PAYYAP has been gathering metrics through its live pilot to get a better understanding of the type of returns the Company can expect when investing in Google AdWords™. Thus far, spending \$1000/month, PAYYAP has achieved the following metrics:

For each \$1.00 we spend with Google AdWords:

- We cultivate one "live" (cash processing) merchant;
- Each cash processing merchant generates \$0.50 - \$0.75 per year in net revenue – and growing for the life of the merchant;
- This results in a 2-year return of 100% and growing... on AdWords-invested capital.

Other Marketing Efforts

Once we secure financing, PAYYAP will look to further its marketing efforts through affiliate programs for members and Independent Sales Organizations. These types of marketing require little ongoing investment but are great ways to dramatically increase brand awareness. Additionally, PAYYAP will attend B2B trade shows to not only drum up business with potential customers, but also to get on the radar of potential acquirers and other strategic partners.

SWOT Analysis

Strengths

- First-to-market with a revolutionary, 6th channel payment technology – “pure App”;
- Live, public and cash flowing “proof of concept”;
- Strong management team with successful entrepreneurial records;
- Our service relies on lowest common denominating technologies for “last mile” service delivery;
- Globally viable – quickly.

Weaknesses

- Limited cash could continue to hamper the Company’s expected growth projections;
- With 2000+ downloads, PAYYAP currently has minimally quantified data, and;
- The management team are currently the only employees of the Company. Any delay in acquiring the proper talent for product development and sales functions could result in continued, slowed growth.

Opportunities

- Potential to monopolize a global, multi-billion dollar “pure app” payment channel;
 - *NORTH AMERICA*: Even in the competitive landscape of North America, there is notably strong demand for PAYYAP -- an extremely convenient, Pure-App-based billing solution.
 - *INTERNATIONAL*: Built-in PCI/DSS-compliance coupled with seamless voice authorizations enable PAYYAP to secure (and therefore accommodate) international and cross-border payments where others are stumbling in this gigantic, under-served market – we estimate this market to be 10x bigger than North America’s.
- PAYYAP is likely to be recognized by industry conglomerates for early take-over / buy-out (will result in opportunities for strong and diligent investor exit).

Threats

- The inability to partner with an international merchant bank could severely hamper PAYYAP’s potential to achieve its revenue goals;
- A breach of PAYYAP’s database servers could severely impede our ability to attract new customers as public trust in our service might be negatively affected, and;
- Existing industry goliaths may attempt to duplicate PAYYAP services, and aggressively compete for market share.

OPERATIONS PLAN

Location

Currently located in Austin, TX, PAYYAP will soon move its headquarters to Manhattan, NY once we receive funding. Strategically, New York City is the best location for PAYYAP as that puts the Company in close proximity to countless domestic and international banks with whom PAYYAP will look to partner. Additionally, the talent pool in New York is immense and will enable PAYYAP to recruit the best personnel possible.

Facility & Equipment

PAYYAP does not anticipate the need for any large equipment or facility purchases. As a mobile software application, our primary equipment needs are a plethora of server space on which to host our application. Rather than purchasing and maintaining our own server, PAYYAP leases server space from CARO.NET so we can focus on our core competency of providing a revolutionary payments app. Even though we do not require any large equipment purchases, the Company does anticipate the need for laptops and general hardware that personnel will use on a daily basis.

Personnel Growth Plan

PAYYAP currently has three employees. After receiving investment funds, the Company will bring on a couple junior developers to strengthen our software and remove any bugs prior to a large marketing launch. As the table indicates below, PAYYAP plans on being fully staffed by the end of the first year of operations, post-funding to ensure we can execute our growth strategy properly.

Executive Personnel	<u>Current</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
CEO	1	1	1	1
CFO	-	1	1	1
HR director	-	1	1	1
CTO	-	1	1	1
Compliance director	-	1	1	1
Marketing director	-	1	1	1
Technical Personnel				
Senior Developers	1	5	5	5
Junior Developers	-	10	10	10
Customer Support Personnel				
Senior Customer Support Manager	1	1	1	1
Junior Customer Support Staff	-	4	4	4
TOTAL PERSONNEL	3	26	26	26

MANAGEMENT, ORGANIZATION & OWNERSHIP

Management & Founders

Shea Writer ► *Founder & CEO*

Shea is a visionary and accomplished entrepreneur. Upon graduating from the United World College - USA, Shea's entrepreneurial career began as the co-founder of Manhattan Multi Media, Inc. where he gathered a broad range of financing, marketing and management skills. After 6 years at Manhattan Multi Media, Shea moved to Sydney, Australia and founded a new company, NSDB PTY LTD. NSDB is a boutique, internet technologies incubator. The company specializes in network security, remote identity authentication, remote identity verification, and remote data management. By finding creative solutions to root-level "weak links", NSDB targets the global, online marketplace to improve the everyday, e-business and e-social experience.

Along with his entrepreneurial accomplishments, Shea has also been awarded a multinational patent in the field of remote identity verification (and the securing of online financial transactions). During the process of filing patents and based on his experience working with clients through NSDB, Shea realized that his expertise in network security and identity verification could be leveraged to create a new business opportunity that would solve many problems associated with collecting merchant payments. This business opportunity is PAYYAP – The Payments App™, which is changing the way payments are being collected throughout the world.

Mohammad Shahid Ulla ► *Senior Software Engineer*

Mohammad is a software engineer who is passionate about software design and development. Ever since he was first introduced to the C programming language, Mohammad fell in love with software engineering and continued to learn more and more programming languages. He is now proficient in C#, ASP.NET, MVC, PHP, Java, Objective C, MS SQL Server, MySql, HTML, CSS, JS, jQuery, UML, and many more.

Mohammad has six years of experience in the full software development lifecycle – from system conception through delivery of applications and customizable solutions. He started with BrainVerb in 2008 as a software developer. After 2 years, Mohammad was promoted to software engineer, a position he held for two-and-a-half years. During that time, he helped build websites for Right Brain Media (RBM), Shift Digital Media (SDM), 3five, and Sonoma.

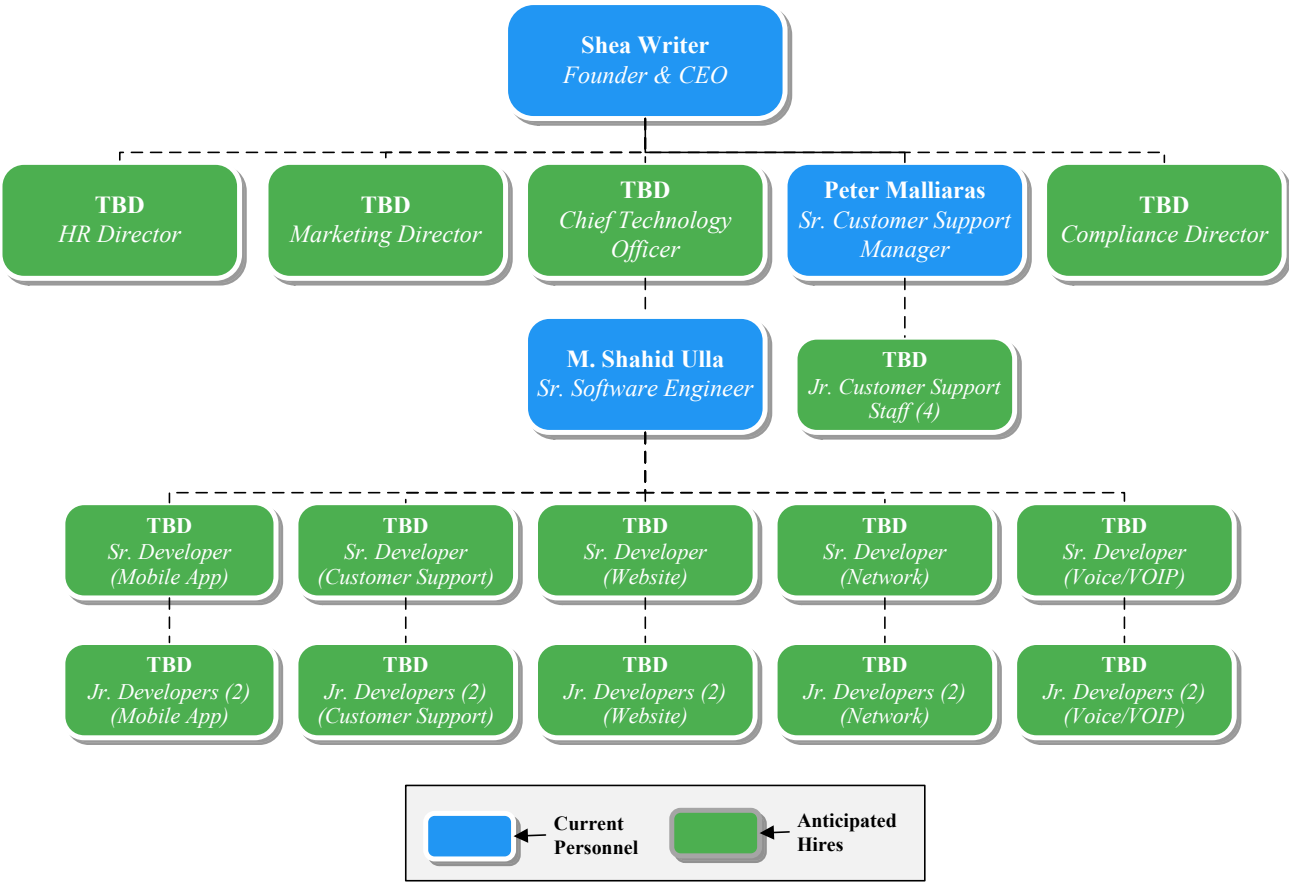
Mohammad left BrainVerb in 2013 to join Shea at NSDB. Since joining NSDB (and PAYYAP LLC), Mohammad has been the primary engineer behind all of the software applications released by the Company.

Peter Malliaras ► *Senior Customer Support Manager*

Peter’s career began with the Victoria Police Force in Australia where he worked for 9 years, initially as a uniformed officer and ultimately as a Senior Constable and analyst at the Criminal Intelligence Unit. After almost a decade working in law enforcement, Peter wanted to try something new. So, for the next 8 years, Peter owned and operated four retail hairdressing businesses. However, it soon became evident to Peter that he was passionate about the security industry and wanted to get back into it.

In 2011, Peter began working for Myer as a Profit Protection Advisor. He was predominantly involved in setting up a system for detecting fraud in the online space. After 4 years with Myer, Peter left the company to join forces with Shea and Mohammad at NSDB. Peter’s experience with fraud and security, both online and in other forms, gives him a unique and valuable perspective on how best to solve problems in the payment processing space while ensuring the integrity of transactions.

Organizational Structure



Capitalization Table

Current Ownership	Post-Funding Ownership Round 1	Post-Funding Ownership Round 2

NSDB PTY LTD	90.00%	72.00%	50.40%
Mallipot PTY LDD	10.00%	8.00%	5.60%
<i>Current Round Investor</i>	<i>0.00%</i>	<i>20.00%</i>	<i>14.00%</i>
Future Round Investor	0.00%	0.00%	30.00%
TOTAL	100%	100%	100%

Professional Support

Roger Cohen ► *Attorney*

Snell & Wilmer LLP

Tabor Center

1200 Seventeenth Street, Suite 1900

Denver, Colorado 80202

Strategic Support and Partnerships

- TSYS is a global payment solutions provider. PAYYAP has partnered with TSYS for regulated, bank card acquiring (and revenue remittance).



- TWILIO is a cloud communications platform that enables Voice & Video, Messaging, and Authentication APIs for every application. PAYYAP is utilizing Twilio specifically for their wholesale SMS service.



- FLOWROUTE provides communication solutions for developers that deliver unprecedented control and performance over the customer experience. PAYYAP has partnered with Flowroute for wholesale VOIP & DID services.



- IBM offers software security solutions through their business unit, IBM Security. PAYYAP has partnered with IBM for core voice biometric analyses.

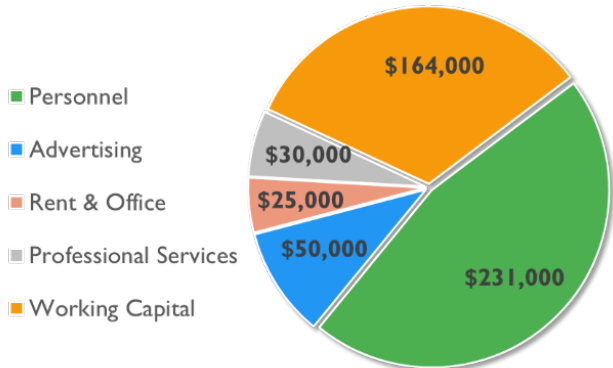


FINANCIALS

Capital Funding

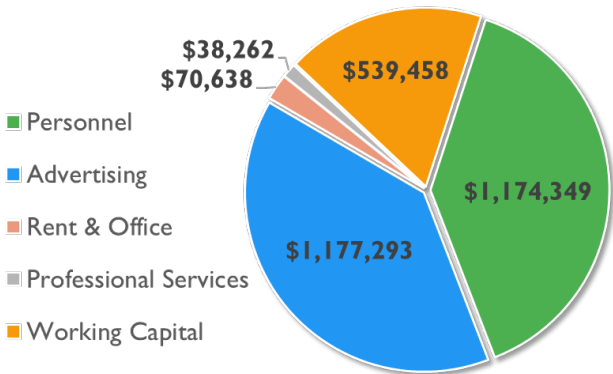
Current Round

PAYYAP is currently seeking a \$500,000 equity investment in exchange for a 20% ownership stake in the Company. The primary purpose of this raise is to bring on technical staff to complete back-end preparation to launch into international markets (Spanish or Chinese). To do this, funds will be used as is shown in the chart to the right.



Anticipated Round

Our next round is estimated to be for \$3,000,000 at a \$10,000,000 valuation. This round's primary purpose is to bring on more technical & support staff and to aggressively ramp-up marketing & advertising efforts domestically and abroad.



Investor ROI

Equity Investor Valuation	Year 1	Year 2	Year 3
Investment Amount	\$ 500,000		
Equity Offering Percentage*	20.0%	14.0%	14.0%
Revenue	\$ 140,468	\$ 6,105,983	\$ 26,234,168
EBIT	\$ (1,561,197)	\$ 1,002,623	\$ 21,130,808
EBIT Acquisition Multiple	10.0	10.0	10.0
Market Value of PAYYAP	\$ 2,500,000	\$ 10,026,231	\$ 211,308,081
Investor's Market Value	\$ 500,000	\$ 1,403,672	\$ 29,583,131
Investor ROI (year 3 exit)			58X

**Takes into account the second round of financing with an anticipated investment of \$3,000,000 at a \$10,000,000 post-money valuation.*

Exit Strategy

PAYYAP anticipates that management and founders will both exit the Company through an acquisition from a larger competitor or other financial institution that wants to make mobile payments part of their product offerings. Industry consolidation is a common theme in the payments market, as is evidenced by the recent M&A activity that has taken place, with just a few examples shown below:

- December 2016: *Altpoint Capital exits from payments holding ANARAQ*²
- January 2017: *TA Associates' Bluepay acquires VersaPay's (TSX-V: VPY) POS assets*³
- January 2017: *CivicPlus acquires Rec1*⁴
- February 2017: *TA Associates invests in Retriever Medical/Dental Payments*⁵

Financial Projections: Assumptions

% of transactions as net revenue to PAYYAP:	0.6750%
\$1.00 ad spend = how many registered users:	0.500
% of registered users converted to approved accounts:	5.0%
% of approved accounts converted to active accounts:	25.0%
avg. active account processing volume / month:	\$ 500.00
Avg. # of new accounts through word-of-mouth (per existing user):	1.0
Batch-out fee (net):	\$ 0.50
Avg. transaction dollar amount:	\$ 50.00
Avg. number of batch-outs / month (per customer):	7

² www.businesswire.com/news/home/20170110005493/en/Clarus-Merchant-Services-Acquires-Payment-Processing-Assets

³ www.pehub.com/canada/2017/2/ta-associates/

⁴ www.prweb.com/releases/2017/01/prweb13986722.htm

⁵ www.themiddlemarket.com/news/healthcare/ta-associates-backs-payments-retriever-medical-tech-deals-262646-1.html

Financial Projections: 3-year P&L Statement

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Gross Processing Volume (\$)	\$10,215,875	\$444,071,500	\$1,907,939,500
Customer Batch-outs (#)	143,022	6,217,001	26,711,153
REVENUES			
Transaction Processing Fees	68,957	2,997,483	12,878,592
Batch-out Fees	71,511	3,108,501	13,355,577
NET REVENUES	\$ 140,468	\$ 6,105,983	\$ 26,234,168
GROSS PROFIT	\$ 140,468	\$ 6,105,983	\$ 26,234,168
EXPENSES			
Rent Expense	50,800	120,000	120,000
Misc. Office Expenses	11,200	24,000	24,000
Executive Personnel	246,500	684,000	684,000
Technical Personnel	437,000	1,284,000	1,284,000
Customer Support Personnel	214,000	426,000	426,000
ISP & Network Services	36,000	36,000	36,000
Legal	20,000	30,000	30,000
Accounting	5,500	12,000	12,000
Capital & Finance Consulting	4,825	-	-
EWD (food for staff)	21,840	87,360	87,360
Online Advertising	654,000	2,400,000	2,400,000
TOTAL EXPENSES	\$ 1,701,665	\$ 5,103,360	\$ 5,103,360
EBIT	\$ (1,561,197)	\$ 1,002,623	\$ 21,130,808

Financial Projections: 3-year Cash Flow Statement

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Cash Received			
Revenue	140,468	6,105,983	26,234,168
Cash Investments	3,600,000	-	-
Net Cash Received	\$ 3,740,468	\$ 6,105,983	\$ 26,234,168
Cash Used			
Operating Expenses, Personnel	(897,500)	(2,394,000)	(2,394,000)
Operating Expenses, Non-Personnel	(804,165)	(2,709,360)	(2,709,360)
Net Cash Used	\$ (1,701,665)	\$ (5,103,360)	\$ (5,103,360)
Change in cash during the period	\$ 2,038,803	\$ 1,002,623	\$ 21,130,808
Cash at beginning of the period	\$0	\$2,038,803	\$3,041,426
Cash at end of the period	\$ 2,038,803	\$ 3,041,426	\$ 24,172,235