

PaperTrl, Inc.

AP Automation and Integrated Payables

Steve Weber
President & CEO



The Problem

- **Accounts Payable (AP) processes** are time-consuming, error prone, and increasingly leave middle-market companies exposed to fraud.
- **AP Automation software** introduces unnecessary 7-to-10-day pre-funding requirements that have a negative impact on cash flow and offer confusing payment options leaving businesses and their vendors frustrated.
- **No easy way exists** for customers to get the benefits of AP Automation, while using their own bank and paying their vendors directly, on the day the bill is due without payment delays, excessive fees, or giving up their float.

The Problem (continued)

80%

B2B payments
made by paper
check

447,525

Check fraud
reports in 2023
(up 201% since
2018)

7-10 days

Typical payment
turnaround for most AP
Automation vendors

\$225 Million+

Companies lost in
interest payments &
fees by pre-funding
payments
(Q3 2023 alone)

Sources:

*National Automated Clearinghouse Association
AP automation vendor marketing & support materials
AP automation vendor SEC filings*

Introducing PaperTrl

An AP Automation platform with embedded banking that allows companies to:

- Improves accounts payable efficiencies while improving internal control
- Take advantage of a suite of secure, digital, and instant payment options
- Keep control of how & when vendors are paid
- Reduce risk of fraud and phishing attacks
- Keep their bank, keep their float, keep their current accounting system



PaperTrl Solves the Problem



Procure-to-Pay

Accelerates transaction flow for POs, invoices, material receipts and expense reports



Automation

Automates approvals throughout the process, and provides granular control from PO to payment



Embedded Banking

Speeds up payments and reconciliation and embeds banking functions directly into the workflow



Instant Card Issuing

Issues digital commercial credit cards to any mobile wallet in seconds



Vendor Portal

Free portal to exchange purchase orders, invoices, and payments with vendors

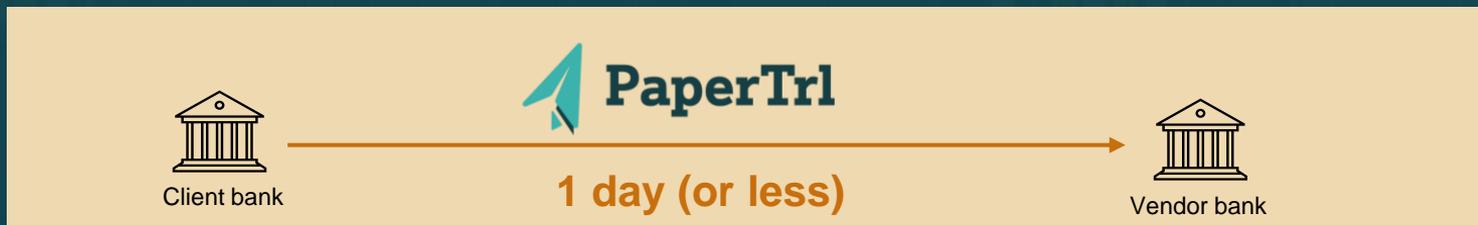
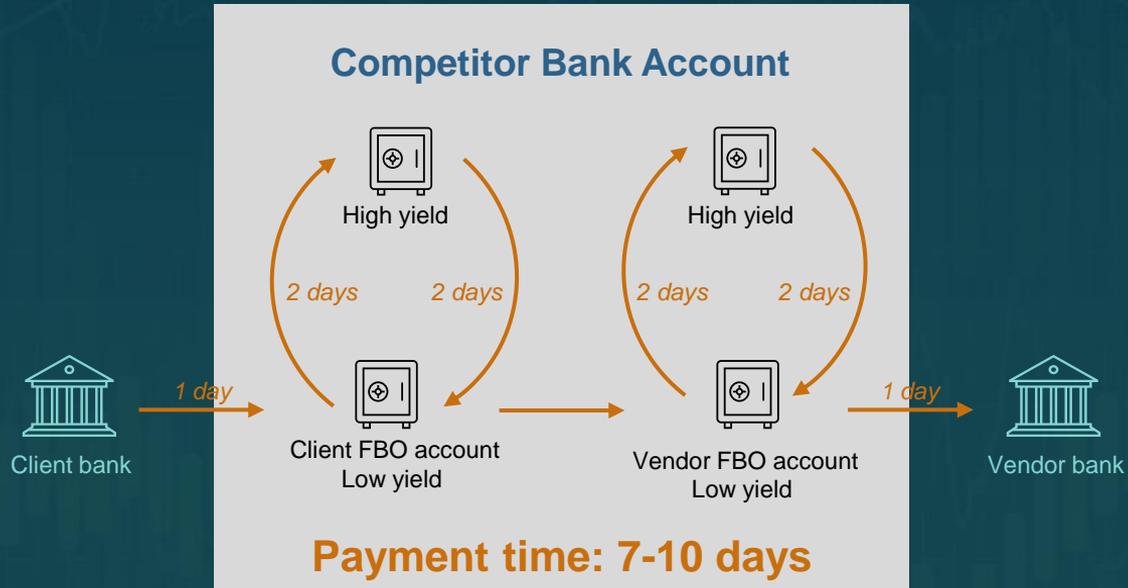


Mobile App

Automate, approve, and pay from anywhere

How PaperTrl is Different

7-10 Days More Float with PaperTrl



Case Studies



- **Federal Contractor: Tidewater**
 - More than 2,000 suppliers on the platform, invoice approval only
 - Current subscription \$800/mo
 - Adding payments capability in February: up to \$600/mo in add'l revenue



- **Green Energy Management Company: Exus Partners**
 - Small volume of very large payments
 - Current subscription: \$800/mo
 - Considering adding payments: \$3435/mo



- **Manufacturer/Retail: Ohio Mulch (prospect)**
 - Replacing SAP Concur – Competitive conversion for PaperTrl “ease of use”
 - Base subscription: \$1200/mo
 - Adding payments: up to \$1054/mo add'l revenue

How We Make Money – 4 Revenue Components

- **Monthly/Annual Subscriptions – Base Fee** Customers pay monthly/annual subscription fee based on their volume of business and payment transactions (ranges from \$480 - \$3000+/month). This fee entitles them to use the core AP Automation features of the platform (invoice and payments).
- **Implementation Fees** Customers pay a one-time fee for the implementation of the software. Fees are \$3,000 - \$15,000 depending on scope.
- **Add-on Modules** Customers can add features like e ERP integration, expense reports, credit card statement processing, and purchasing for an additional \$100 - \$250/month in subscription.
- **Payment Transaction Fees** PaperTrl receives transaction fees equal to \$1.75 per check, \$0.25 per ACH.

REFERRAL FEES

- **Card Referral Fee** Banking partners pay us up to 0.3% (3 basis points) on card volume processed through the platform.

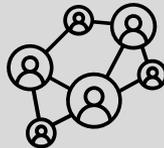
MID-SIZED CUSTOMER EXAMPLE		
	Volume	Fee
Subscription	1000 transactions	\$800
ERP Integration	Microsoft Dynamics	\$250
Expense Module		\$100
Check Payments	50 payments	\$87.50
ACH Payments	300 payments	\$75
Card Interchange fees	\$500k in transactions	\$1500
TOTAL MONTHLY		\$2,813.50

PaperTrl 2023 Volume At a Glance

16,383
Invoices
processed
valued at
\$373M

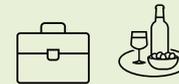
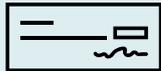


265
Purchase
Orders



11 Customers
25 Accounts
263 Users

8,710
Offline
Payments



41
Expense
Reports

Why Now?

Growing B2B Payments Market Opportunity

Market adoption for B2B electronic payments has been slow because banks aren't ready.*

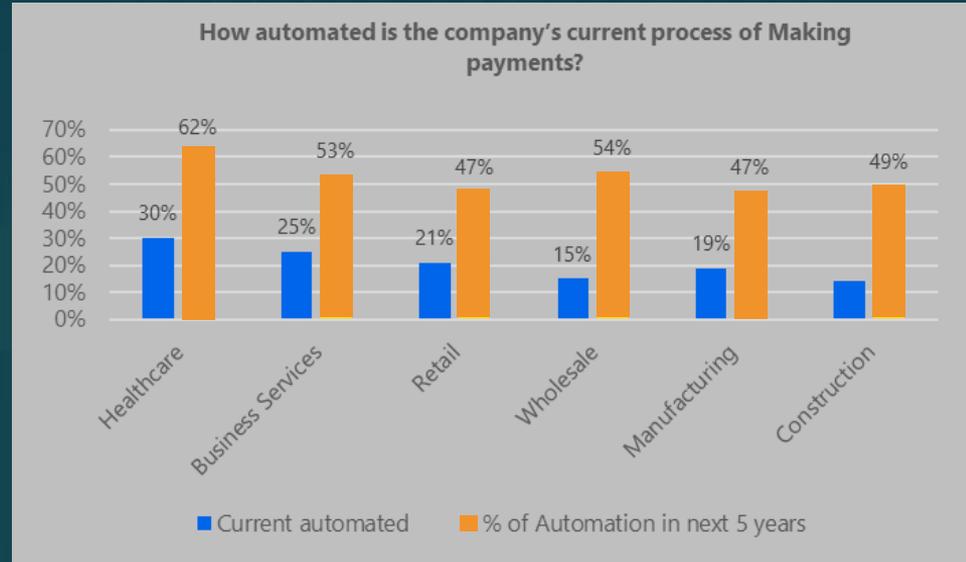
80%

B2B payments still made by paper check

Real-time payments in the US is an **emerging opportunity**

\$89B India
\$5.1B Nigeria
\$2.8B US

Year: 2022



Sources:

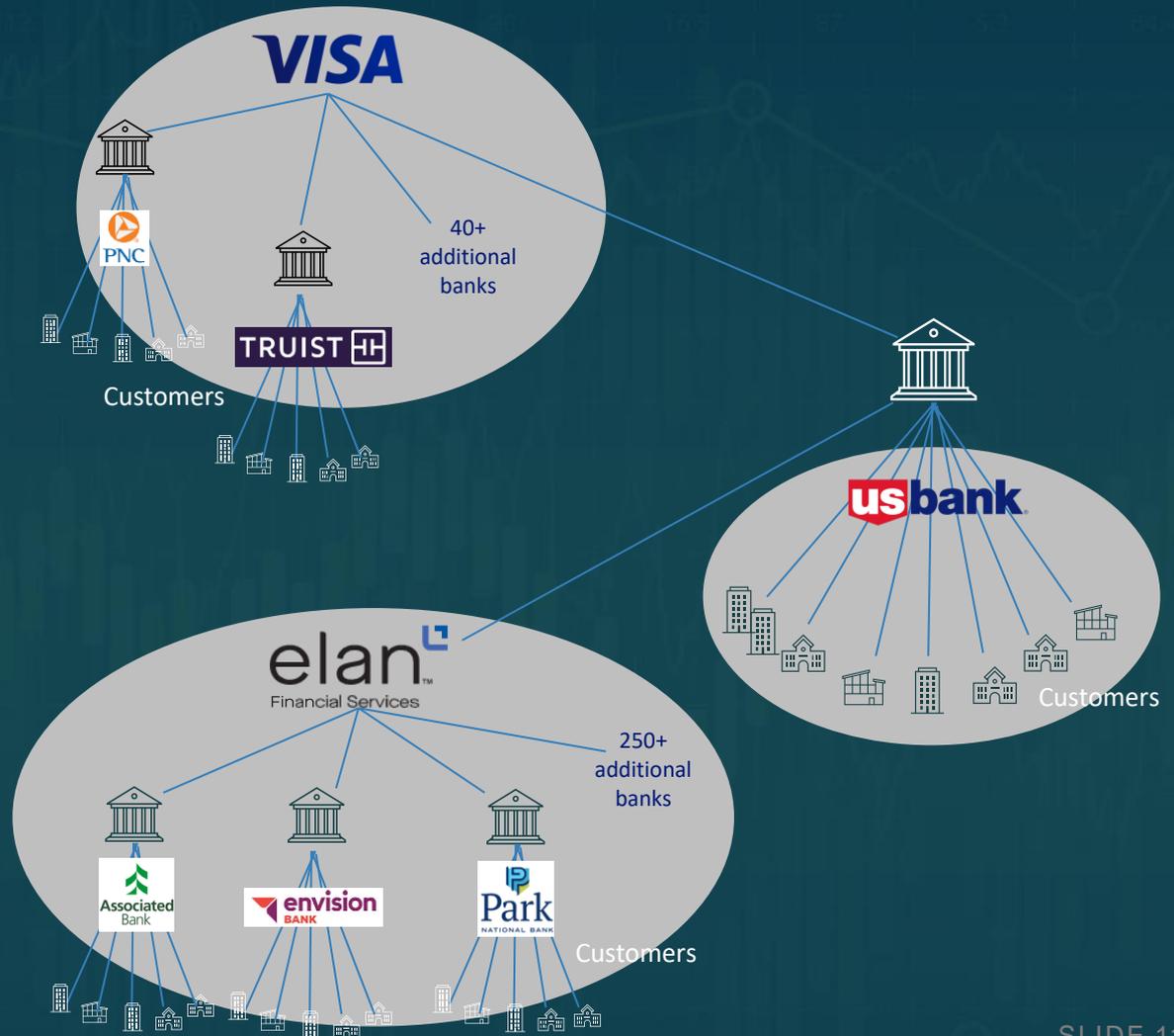
National Automated Clearinghouse Association

Visa

*Forbes – “There are Gaps in the US Real-Time Payment System. Who will fill them?” April, 2023

How we go to Market

- Visa Partnership
 - Bank referrals through Visa FastTrack Program
 - National and regional banks
- US Bank Partnerships
 - US Bank referring mid-market customers seeking AP Automation and Payments
- Elan Financial Services
 - Division of US Bank
 - Network of 250+ regional banks
 - Elan referring mid-market customers seeking AP Automation and Payments
- Through trusted advisors
 - CPA Firms, VARs



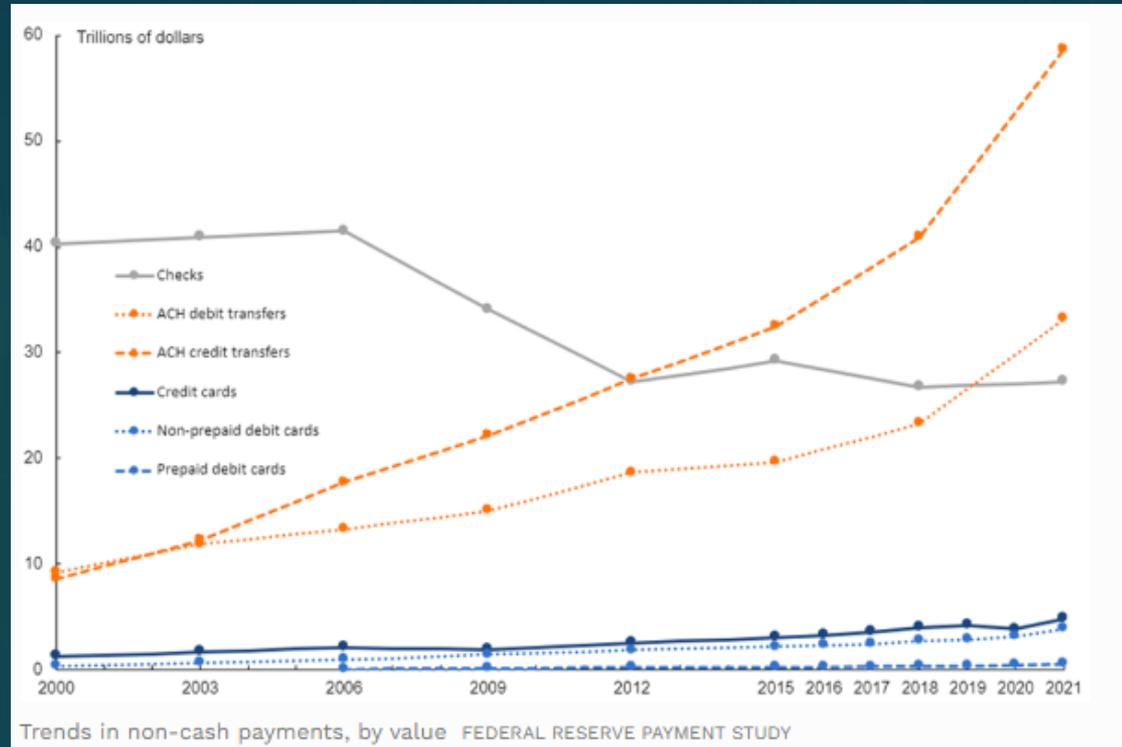
What's in it for the Banks?

\$30 Trillion in Check Payments to Convert to Digital

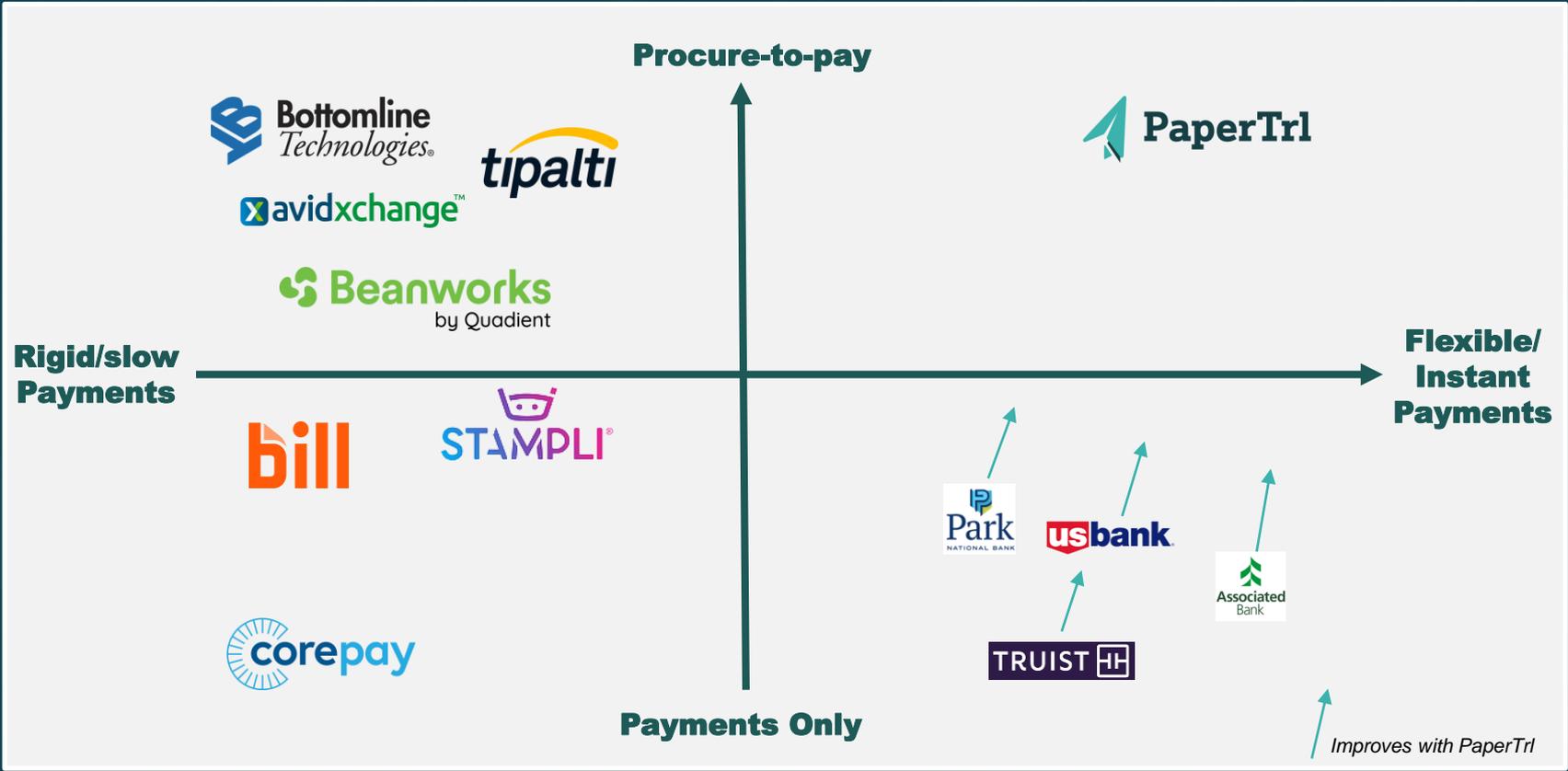
Banks need PaperTrl to enable digital B2B payments and convert checks to more lucrative digital payments:

- ACH: \$0.50 per transaction
- Real-Time (RTP): \$25 - \$50 per transaction
- Credit Card: Up to 2% of transaction value

And retain billions in deposits



Competition



5-Year Financial Model

	2024	2025	2026	2027	2028
Ordinary Income/Expense					
Income					
Total 4100 · Recurring	\$ 506,748	\$ 6,608,529	\$ 24,074,555	\$ 53,538,305	\$ 112,098,670
Total 4500 · One-time Fees	\$ 591,813	\$ 4,432,875	\$ 9,021,750	\$ 10,639,125	\$ 21,362,875
Total 4000 · Income	<u>\$ 1,098,560</u>	<u>\$ 11,041,404</u>	<u>\$ 33,096,305</u>	<u>\$ 56,996,382</u>	<u>\$ 133,461,545</u>
Total Income	\$ 1,098,560	\$ 11,041,404	\$ 33,096,305	\$ 67,150,055	\$ 133,461,545
Total COGS	\$ 334,542	\$ 1,850,190	\$ 3,717,044	\$ 5,912,819	\$ 9,809,910
Gross Profit	\$ 764,019	\$ 9,191,214	\$ 29,379,261	\$ 61,237,236	\$ 123,651,635
Expense	\$ -	\$ -	\$ -	\$ -	\$ -
Total 6100 · Sales	\$ 347,193	\$ 2,085,173	\$ 5,028,615	\$ 6,290,246	\$ 8,808,711
Total 6200 · Marketing	\$ 228,896	\$ 561,883	\$ 1,055,781	\$ 1,376,046	\$ 1,735,423
Total 6300 · Product Developmen	\$ 181,704	\$ 592,246	\$ 634,196	\$ 634,274	\$ 740,158
Total 6400 · General & Administra	<u>\$ 352,324</u>	<u>\$ 723,445</u>	<u>\$ 812,324</u>	<u>\$ 806,332</u>	<u>\$ 935,649</u>
Total Expense	\$ 1,291,275	\$ 4,084,825	\$ 7,727,743	\$ 9,346,950	\$ 12,811,148
Net Ordinary Income	\$ (527,257)	\$ 5,106,389	\$ 21,651,519	\$ 51,890,286	\$ 110,840,487

	2024	2025	2026	2027	2028
Banking Relationships	19	55	91	127	163
New Customers	203	1,332	2,681	4,031	5,381
Total Customers	214	1,545	4,227	8,258	13,639
EOY Annualized Run Rate	\$ 1,649,168	\$ 12,628,207	\$ 35,592,973	\$ 70,555,863	\$ 194,399,625
Gross Margin	70%	83%	89%	91%	93%
Net Margin	-48%	46%	65%	77%	83%

PaperTrl is Seeking \$500k in Bridge Funding

- Drive company towards growth stage and potential Series A in mid 2025
- 55% Marketing and business development
 - Hire sales and onboarding resources to develop banking relationships, close customers, and implement them
- 25% Product development
 - Enhance QA and DevOps development teams
- 20% Operations and support
 - Build out support and implementation teams

Term Sheet Summary

Total Raise	\$500k
Instrument	Convertible Debt
Interest	8%
Discount	25%
Valuation Cap	\$8M
Minimum	\$25,000
Note Maturity	12/31/2025
Automatic conversion	On maturity at valuation cap

Exit Strategy

- **Planned exit in Q2 2027**
 - EOY ARR more than \$35M
 - Typical multiple between 5 – 8x
- **Financial Institutions**
 - PaperTrl is a turnkey solution to enable embedded banking
 - PaperTrl makes banking products stickier as our typical customer averages 24 users
 - US Bank, PNC, Commerce Bank are all candidates
- **Fintech software companies or PE firms**
 - Competitors seeking tech refresh, line extension, or product roll-up
 - Vertical ERP software providers seeking to add payments capabilities
 - FIS, GFP Software, FPS Gold

Thank you

Steve Weber
President & CEO
760-289-9913
steve@papertrl.com

Appendix

“For businesses, integration with ERP systems and instant reconciliation by linking transactions to invoices would be the key to adopting real-time payments.

To manage their treasury better, businesses want something that mirrors their debit or credit card transactions, identifies when “pay by bank” transactions are made, and settles in the timeframe and currency they want. A horizontal solution provider will be best-placed to fill this gap.”

“There are gaps in the US Real-time Payment System. Who will fill them?”
Forbes, September 2023

PaperTrl Competitive Advantages

Instant Payments

99% of companies surveyed want faster payments

Revenue Model

Over 70% from subscription, transition to embedded banking requires cannibalization of most of their revenue

Banking Relationships

Much lower customer acquisition cost, more feet on the street, strongly aligned goals

Visa Relationship

Visa is hungry, Nearly all our competitors are aligned with MasterCard

Tech Stack

Developed over last 4 years, more nimble – less technical debt

Ease of implementation

No long-term consulting engagements required

Bank Agnostic

Customers can keep their bank & their card issuer

Pricing

Transaction based, easier to predict, encourages larger deployments

PaperTrl Instant Issue Digital Commercial Card

Card Creation

- Create card in PaperTrl
- Text sent to recipient
- Card appears in PaperTrl mobile app
- User adds card to mobile wallet
- Available to use in seconds

Card Management

- Cancel card
- Change credit limit
- Change valid thru date

