KarChing™

Protecting young drivers by incentivizing safe driving

EXECUTIVE TEAM

RAMSEY GOUDA

Founder of the KarChing concept and technology platform for incentivizing safe teen driving.

At SNAP launched the Pre- IPO program for the Spectacles camera glasses where he managed a fleet of 28 interactive Snap Bot machines in the field and back office in Venice, California. Developed Interactive Social Media platform FaceBooth.TV for Clear Channel Interactive for live event activations and marketing leverage from live concerts and activations.

SUMEET JOHAR

Thought leader in insurance strategy, analytics, digital and operations. Successfully led global engagements to drive growth via focused underwriting, improve claims outcomes by segmentation, fraud and vendor analysis and recreating Target Operating Models underpinned by customer experience.

MARK HAHS

30+ years experience as a successful leader and developer of 100's of technical projects world-wide for a variety of mobile, Internet and wide-area network platforms, client device interfaces and solutions for Bakkt, Motorola, Microsoft, Oral-B, AAA, American Red Cross, Cheyenne Mountain Zoo, Tribune Companies, Warner Brothers, NBC/Universal, United MilagePlus, Discover, Interscope Records, Coca Cola, Life Fitness, Takeda, Disney, Grey Advertising, Choice Hotels, Mi Hotels, and Agilent Technologies.

ADAM RIDDERBOS

Marine Corp Veteran of 4 years serving abroad with a tour in Bosnia. Rail transportation logistics manager for 12 years with Canadian National. Lifetime entrepreneur and manager of a tree removal and land clearing service business in Michigan. Provided FEMA services in Southwest Florida after hurricane Irma for the disaster relief efforts. A Western Michigan University grad with a degree in Aviation Science.

TEAM & ADVISORS

BRIAN ROGAN

Senior executive successful in leading and managing sales, operations, solutions and marketing teams in the digital and information technology space. Extensive experience in enterprise business, MSP and emerging technologies- Dell, Amazon, Google, IBM, Oracle, SAP, Microsoft, Cisco, Lenovo, Salesforce, Hubspot, Kronos, ServiceNow, Accenture, Deloitte, PWC and application development, design UX/UI, mobility and emerging technologies like AI, IoT, ML, RPA, NLP, AR, Automation, /BPO/HCM, and Agile manifesto.

STEVE VERNEY

Member of the board of directors at National Auto Care, an administrator of vehicle service contracts and related products. Experienced in board governance in both large, highly regulated public and private mid-market environments. Provides thought leadership in enterprise risk management as a former Fortune 100 EVP and CRO who built out an integrated ERM system including the formation and facilitation of a new ERM board committee.

CRAIG SHIPLEY

A sales and operations leader focused on strategic growth, developing people, goal execution and building a constructive culture. Has built high performance teams. Experience includes sales and operations leadership, P&L, marketing, contract negotiation, strategic planning, alliance partners and authoring compensation plans for organizations like Wintrust Specialty Finance, BMO Harris Bank, Cisco Systems Capital, CIT Leasing and CDW Leasing.

RICHARD CROSS

Extensive experience leading, designing and testing scalable real-time technology infrastructure for automotive services at Here Technologies. Leads teams in implementing ISO and Automotive SPICE® compliance release processes. At Bank of America, lead teams that integrated and implemented financial services technologies. Serves as a teaching aide for Chicago Booth's Executive MBA program.

STOPHER BARTOL

Founded and serves as Executive Chairman of Legacy.com. The Internet's leading online memorialization company, it hosts an online obituary for 2 of 3 people who die each day in the U.S. The Legacy.com domain is among the 100 most visited in the U.S., with its traffic distributed primarily among the company's 1,500+ newspaper partners.

DISTRACTED DRIVING:
A PERVASIVE CRISIS CAUSING ACCIDENTS

Significant cost to individuals, families and insurance companies

Auto accidents in the US continue to rise

Auto fatalities continue to rise as population increases
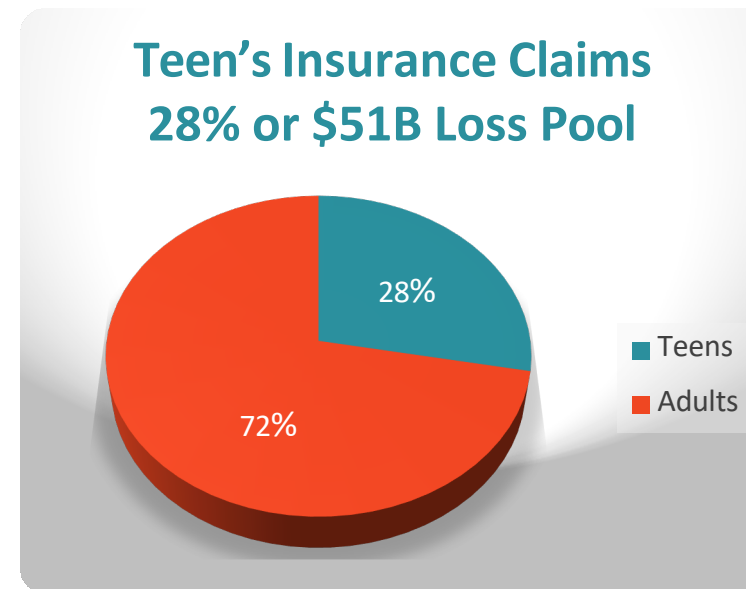
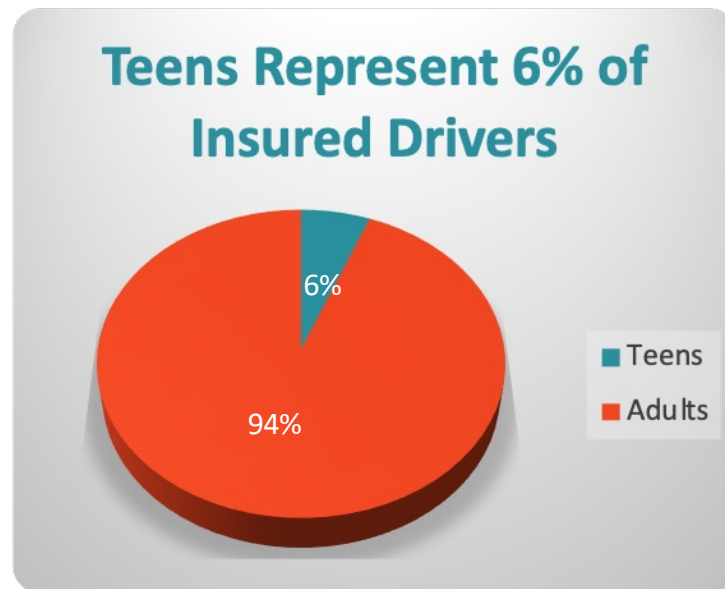**59% of all auto accidents involve a smartphone[1]**

Smartphone, teen auto fatalities: 9 deaths per day[2]

(1) NTSB Traffic Safety Audit bureau   (2) NHTSA

TEEN DRIVERS CAUSE 28% OF CLAIMS

- On average, teens cost insurance companies $25K in first year of driving

- Teens represent 28% or $51B of $183B total annual claims [1]

- Auto sector experiencing 8-10% losses annually

- Cell phone use represents 500,000+ auto related injuries/fatalities annually

- Texting and smartphone use are involved in 52-65% of all accidents today

Teens Represent 6% of Insured Drivers

- 6% Teens
- 94% Adults

Teen's Insurance Claims 28% or $51B Loss Pool

- 28% Teens
- 72% Adults

(1) Insurance Information Institute

3 - STAGE SOLUTION

| KarChing Driver Education App | → | Insurance Broker Leads Portal | → | KarChing Cash App |

Stage 1 – KarChing Driver Education App (Driver Education School Channel Partners)

- Contracted Driver Education Schools recommend app in curriculum and web site

- Teens drive with parents to log "supervised time" as required by most state DMV's

- Sales funnel which creates value for insurance brokers and insurance companies

Stage 2 – Insurance Broker Leads Portal (Teen & Family Insurance Acquisition)

- Driver Education App aggregates EARLIEST driving score/risk data for data-infused, "MUST-buy" leads

- Sales funnel for insurance brokers and insurance companies

**Stage 3 – KarChing Cash App** (Teen Licensed Driving, Allowance and Insurance Discounts)

- On-going insurance pricing value for teen and family with telematics safe-driving performance "credit" score

- Creates "stickiness" – retention and renewal opportunity for insurance cos.

The telematics score is "Insurance underwriting gold" of the industry

Stage 1 KARCHING DRIVER EDUCATION APP

Scoring Trips

Begin Driving

670 score

VIEW DRIVER LOG
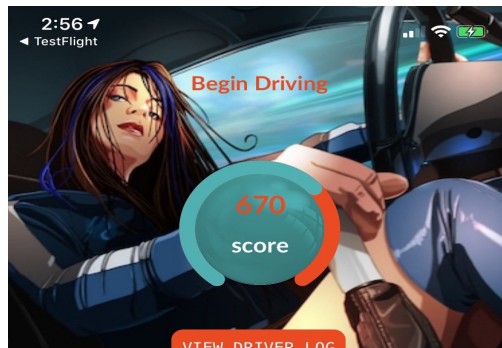
Total Hours Driven 22:39:42

10/07/19	11:20 PM	11:21 PM	0.09 mile	5 event	100
10/07/19	7:23 PM	7:32 PM	0.00 mile	1 event	-1
10/06/19	9:11 PM	9:11 PM	0.02 mile	3 event	100
10/06/19	6:15 PM	6:16 PM	0.08 mile	4 event	100
10/05/19	10:38 PM	11:12 PM	31.24 mile	114 event	53
10/05/19	6:24 PM	7:27 PM	32.72 mile	149 event	81
10/05/19	1:33 PM	1:36 PM	0.00 mile	1 event	-1

Dashboard   Settings   About

Driving Hours Log

KarChing
DRIVER'S ED

TEEN   ADULT

WEEK OF JUNE 2-8

ID NAME	DATE MM/DD/YY	START (HHMM)	STOP (HHMM)	MINUTES DAY/NIGHT*	SCORE
013647	06/02/19	12:30	14:01	91	840
Bobbie Smythe	06/04/19	09:24	10:04	40	302
Scott Jameson	06/05/19	20:15	21:29	74*	510

WEEKLY TOTALS

DAYTIME MINUTES: 131
NIGHTTIME MINUTES: 74

WEEKLY AVE. SCORE: 550

Dashboard   Money   Shop

Export PDF > DMV

KarChing

Sign Out
Settings

Teen logged in as **Scott Goodrich**
Total earned hours toward your license
Total Day: 3 hrs. 29 min.
Total Night: 0 hrs. 0 min.

Date (MM/DD/YYYY)	Start time (HH:MM)	Stop time (HH:MM)	KarChing Score	Minutes day	Minutes night	Supervisor Present
07/27/2019	00:20	00:23	77	0	3	
07/27/2019	12:24	12:30	87	6	0	
07/27/2019	12:53	12:56	75	4	0	
07/27/2019	13:52	14:01	51	8	0	
07/27/2019	14:34	14:40	65	6	0	
07/27/2019	19:49	19:58	37	9	0	
07/28/2019	11:42	11:44	100	2	0	
07/28/2019	13:27	13:30	75	3	0	
07/28/2019	14:46	14:56	57	9	0	
07/28/2019	15:16	15:22	66	6	0	
07/28/2019	20:08	20:09	100	1	0	
07/28/2019	20:19	20:28	62	10	0	
07/29/2019	06:58	07:04	68	6	0	
07/29/2019	08:26	08:35	75	9	0	
07/29/2019	09:16	09:22	79	5	0	
07/29/2019	12:08	12:14	75	6	0	
07/29/2019	14:11	14:38	59	27	0	
07/29/2019	15:44	15:51	77	7	0	
07/29/2019	17:20	17:32	80	12	0	
07/30/2019	06:40	06:59	48	18	0	
07/30/2019	12:21	12:31	100	9	0	
07/30/2019	13:30	13:37	75	7	0	
07/30/2019	14:27	14:28	100	1	0	
07/30/2019	16:18	16:44	40	27	0	
07/30/2019	20:08	20:16	100	8	0	
07/30/2019	20:24	20:26	100	3	0	
07/31/2019	08:52	08:53	75	2	0	
07/31/2019	11:59	12:13	81	14	0	
07/31/2019	12:24	12:42	75	17	0	
07/31/2019	15:20	15:42	53	22	0	
07/31/2019	17:24	17:38	63	14	0	
07/31/2019	19:29	19:30	100	1	0	
07/31/2019	19:43	19:52	82	9	0	
07/31/2019	23:03	23:07	100	0	4	
08/01/2019	07:15	07:29	65	14	0	
08/01/2019	11:03	11:10	36	6	0	
08/01/2019	11:27	11:34	68	7	0	
08/01/2019	12:18	12:23	60	5	0	

Self Evaluation

KarChing
DRIVER'S ED

REFLECTION & SELF EVALUATION

WEEK OF JUNE 2-8

How many driving errors did you make? (0 = No errors)

|	
Center car in alley past sidewalk	
Back left body even with curb (far lane)	
Back right body even with sidewalk (near lane)	
Check for roadway users	
Look left while turning left	
Look right while turning right	
Recover the wheel when the car is straight	
Signal and pull to the curb (3-point & BAC)	
Turn wheels left and SMOG (3-point)	
Recover wheel all the way to the right (3-point)	
Back only as far as needed (3-point)	
Recover wheel all the way to the left (3-point)	
Follow curb when backing (BAC)	
Back straight for 100 feet	
TOTAL PERCEIVED ERRORS	

Dashboard   Money   Shop

App-Base Drive-Time Log For Schools & Families

Stage 2 BROKER LEAD PORTAL

Driver Education App	Telematics Data Aggregation	Auto Insurance Lead	$$$ Distribution

- **Collects**
  - **Teen Email**
  - **Parent Email**
  - **Mobile Phone**
  - **Address**
  - **Telematics Driving Data**
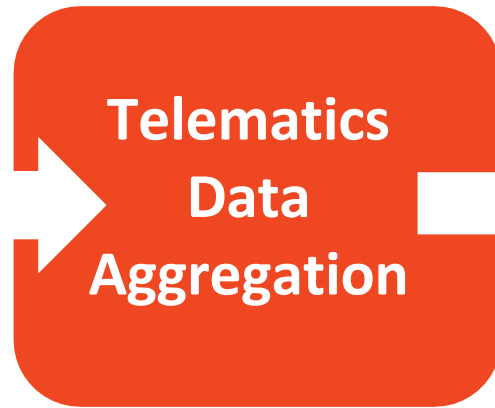
- **Exclusive Information Transferred to Broker**
- **Earliest Driving Data possible**

- **Auto Insurance Broker Closes Teen / Parent Lead**
- **Market beating model**

- **Insurance Company**
- **Broker**
- **KarChing**

KarChing captures data / behavior at the very beginning of the consumer driving journey.
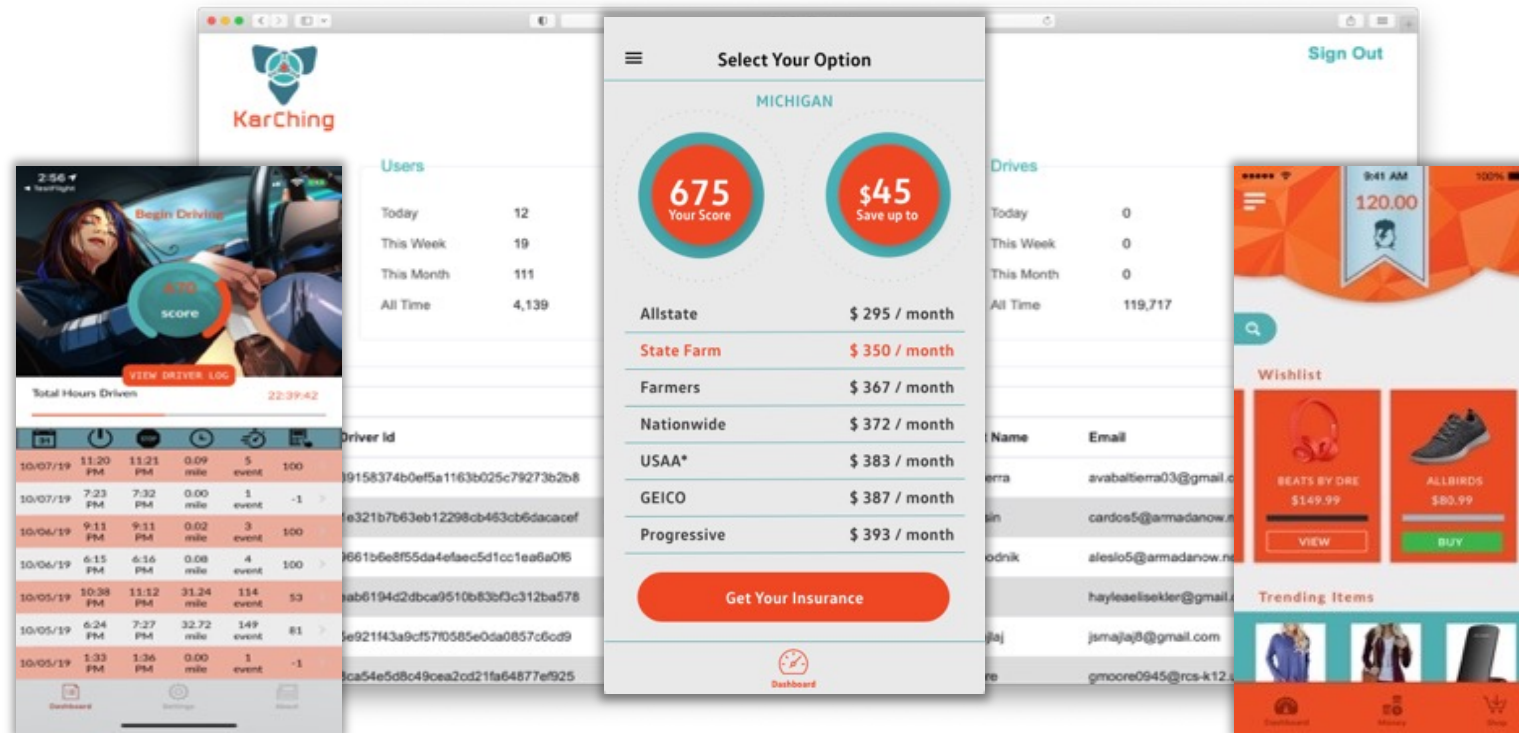
100% of Teen Target Must Purchase Insurance

DATA-INFUSED BROKER LEAD FUNNEL

KarChing Driver Education App → **Insurance Broker Leads Portal** → **KarChing Cash App**
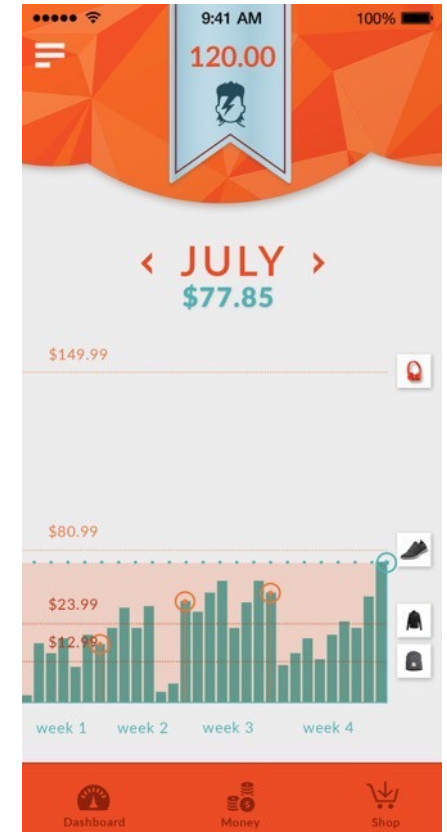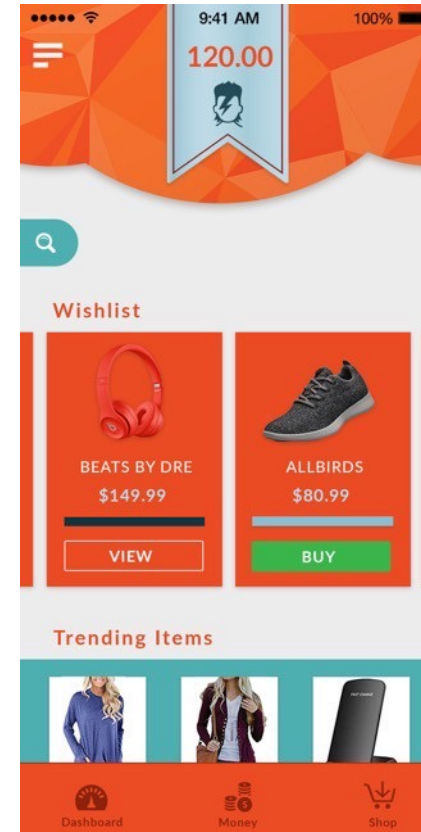

**Leverage today's "technologies and mentalities"
to create value for auto insurance, Families and to save lives**

Stage 3 KarChing™ Cash App

ONLY TEEN-CENTRIC PLATFORM
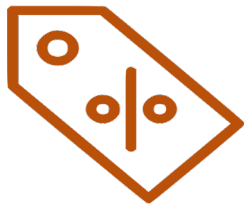## THAT PAYS TEENS CASH FOR PHONE-FREE DRIVING
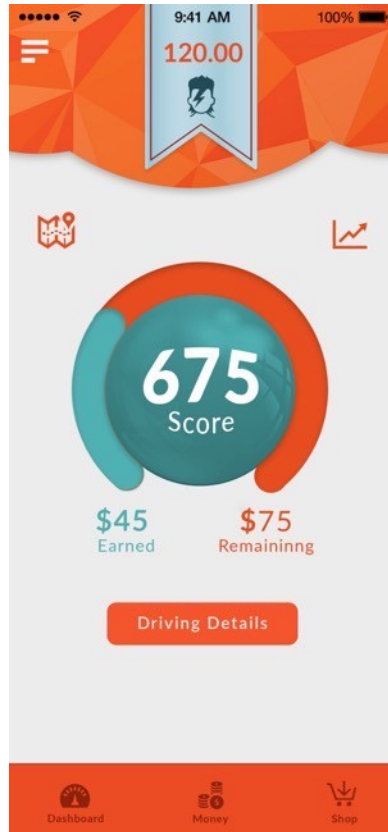
BROKERAGE - FOCUSED REVENUE MODEL

**Insurance
Brokerage
Revenue**

**Insurance Incentive
Program Fees**

Revenue Basis is avg.
18% of annual premiums
= $5-700 per policy

**Cash-app
Subscription
Revenue**

CREATES VALUE FOR...

Carriers

- No marketing cost (Progressive customer acquisition/marketing Cost = $2500)

- Pre-driving history to better rate/price

- Top line GWP

- Bottom Line claims savings (KarChing makes drivers safer)

- Strong potential to acquire family

- Ability to acquire additional LOB's (home, business, etc.)

Brokers

- Qualified Lead

- Seamless quoting / binding platform

- High driver conversion rate (they have to buy insurance - By Law PERIOD)

- KarChing becomes an extended distribution channel

- KarChing Cash becomes a sticky policy renewal channel

Parents

- Safe Kids

- Ability to incentivize

- Lower Rates

- Peace of Mind

Young Drivers

- Get Rewards directly for safe driving

- Ability to compete on driving outcomes with peers

- Gamification = something they relate to

- Social recognition- Waze / SNAP / TikTok

- Cashification ™

- Keep parents happy

- Stay Safe

HOW EVERYBODY MAKES MONEY

Insurance Brokers

- 20% of GWP (year 1)

- Enables brokers a unique, market-advantage at beating competitors pricing

- Recurring revenue stream for renewals

- Zero Acquisition Cost

- Year-over-year growth in customer base

- Saves carriers Billion$ in advertising costs

Driving School

- 2 New "free money" revenue streams:
- $2 per driver/per month per KarChing user
- "5%" share of KarChing commission share for every driver that buys insurance
- They become a marketing arm/channel partner for insurance sales –direct to families
- Utility for in-class behind the wheel hours as required by DMVs

Carrier

- Top Line UW Profit
- Creates competitive price advantage off "street pricing" >>> higher closing ratio
- Lower Claim Costs
- Lower risk/better pricing on bad drivers, by filtering out high risk drivers
- Zero Acquisition Cost
- Ability to cross-sell
- 68% of families will choose new carrier upon teen entering driving market.
- Can drive "bundled home policy growth also

KarChing

- Percentage of Broker Revenue
- Ability to add additional targeted products
- Sell Telematics Data

KARCHING + "GTM" PILOT OPPORTUNITY

Time Frame	Q4 2022
# of Drivers	50,000 Annually
Channel Partner School	Courtesy Driving School

Start In Michigan
- Total Michigan Premium Base : $225M = (50,000 drivers x $4,500)
- Top 33% of drivers = $75M in new premium to choose from

Pilot Broker Leads Portal Program Benefits
- Delivers pools of "perfectly-captive, data-qualified, MUST-BUY" customers
- Empowers Brokers to "cherry-pick" the top-score-tier drivers
- Captures the earliest possible data from new pools of drivers
- Enables Brokers to beat the "street price" – 95% of insurance sales are based on price
- Minimizes underwriting risk factors
- Delivers a very high closing ratio of "fish-in-a-barrel" customers

Cost Justification
- Standard "Cost of Customer Acquisition" = $33M for 2,000 Insureds
- KarChing "Cost of Acquisition" = $250K cost year 1 for Broker Leads Portal
- Savings on marketing = $32.75 M

BROKER PARTNER PROJECTIONS

$ Dollars

300,000,000
250,000,000
200,000,000
150,000,000
100,000,000
50,000,000
0

35,500

395,000

580,000

820,000

Month 1

Month 12
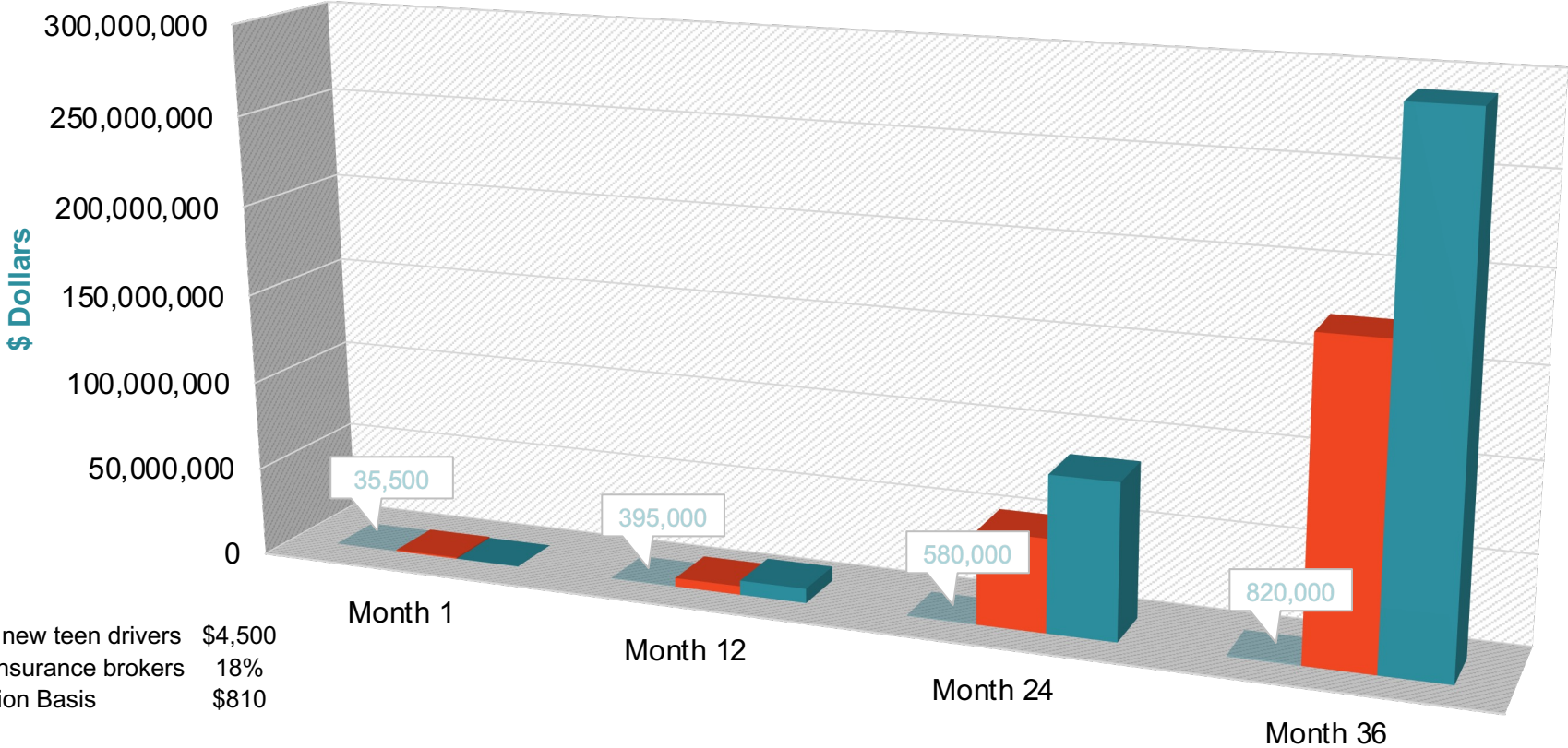
Month 24

Month 36

Assumptions

Average annual policy cost for new teen drivers $4,500
Avg commission standard for insurance brokers   18%
Broker (HUB) Gross Commission Basis $810

	Month 1	Month 12	Month 24	Month 36
■ Drivers	35,500	395,000	580,000	820,000
■ 3% Capture Rate	741,150	4,819,023	52,030,350	174,218,373
■ 5% Capture Rate	123,525	8,052,179	86,717,250	290,384,429

CURRENT INSURE-TECH EXIT TRENDS

- 2 Insure-Tech "Unicorns" were sold for $1Billion in 2022, based on $100m premium generation

- KarChing Drivers Ed program customer access was at 300,000+ drivers pre-Covid

- KarChing can close 5% of a 500k customer base and achieve similar premium generation volume

[500,000 drivers x 5% close rate = $112 mil in new premiums]

- Relaunching drivers-ed app in 4 weeks (summer 2022 - still getting downloads from app store)

- KarChing drivers ed program has proven "organic demand" and is ready for relaunch

- Initial Investor/partner in Michigan = Courtesy Driving School has agreed to a 50k test pilot

- HUB International (largest US insurance broker) dialogue currently in motion

JOURNEY TIMELINE

Friend's daughter gets in texting accident

Seed Funding

KarChing Cash Prototype Created

Built + Release of KarChing DE MVP Product

Exploratory Campaign for DE App Into DE market

Access to 300,000+ Drivers via Contracted Partner Program

KarChing DE Partner Program Starts

VW Innovation Award Program Begins Dresden, Germany

Insurance Brokerage Model introduced

Launch KarChing Broker Portal

Brokerage + Cash App Programs to achieve revenue

High App Demand – downloads growing organically

MOMENTUM

2016   2017   2018   2019   2020   2021   2022   2023

March 2020 - "COVID Pause"

Ask $1M for 15% Equity

USE OF FUNDS

	Q1	Q2	Q3	Q4	Q5	Q6	Summary
SG&A							
Sales Pipeline Activities							
Drivers Education	60,000	60,000	60,000	60,000	60,000	60,000	360,000
Brokers	20,000	20,000	20,000	20,000	20,000	20,000	120,000
Technology Updates							
App	5,000	5,000	-	-	-	-	10,000
Cloud Platform	5,000	5,000	-	-	-	-	10,000
Marketing & Promotion							
Field & Marketing Support	10,000	10,000	10,000	10,000	10,000	10,000	60,000
Event Marketing	7,500	7,500	7,500	10,000	15,000	20,000	67,500
Media (PR, Campus, Social)	-	-	-	35,000	45,000	45,000	125,000
Product Development							
KarChing Broker Lead Portal	35,000	15,000	15,000	15,000	15,000	15,000	110,000
KarChing Cash	35,000	35,000	15,000	15,000	15,000	15,000	130,000
Capital Used	177,500	157,500	127,500	165,000	180,000	185,000	992,500
Capital Raised	1,000,000	-	-	-	-	-	**1,000,000**
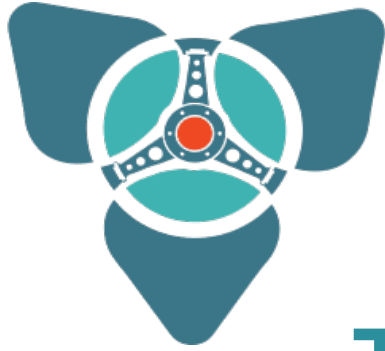
THE RAISE:

- 10% company equity
- $500K PHASE 1 – Pilot and Brokerage development stage
- $500k 12-month option fixed at pre-pilot valuation
- 15% for $1m raised on round1

For further information contact

Ramsey Gouda
ramsey@karching.com
312-493-4998

"YOUR SOCIAL-IMPACT INVESTMENT"