MYCELIUM

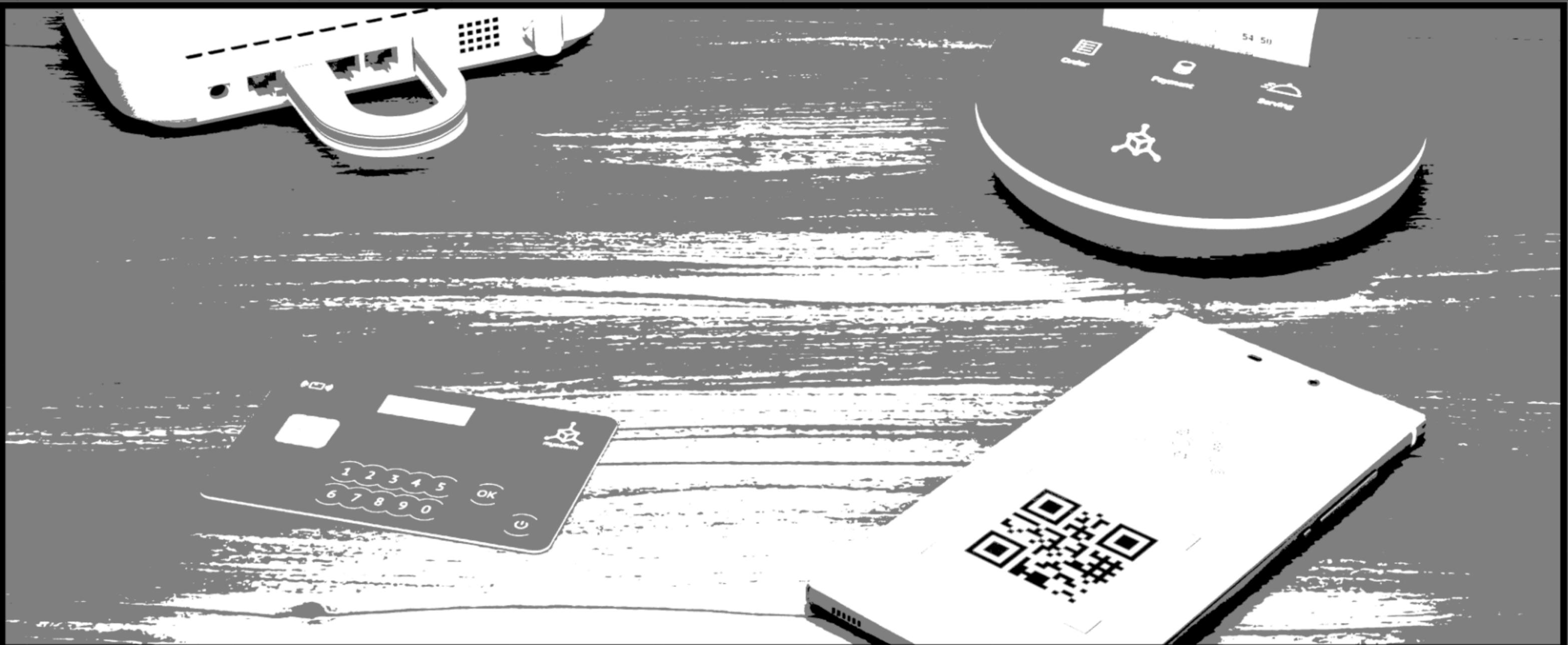**PAYMENT SYSTEM**
BASED ON DISTRIBUTED LEDGERS

Part 1. What is Mycelium
Part 2. Adoption Model
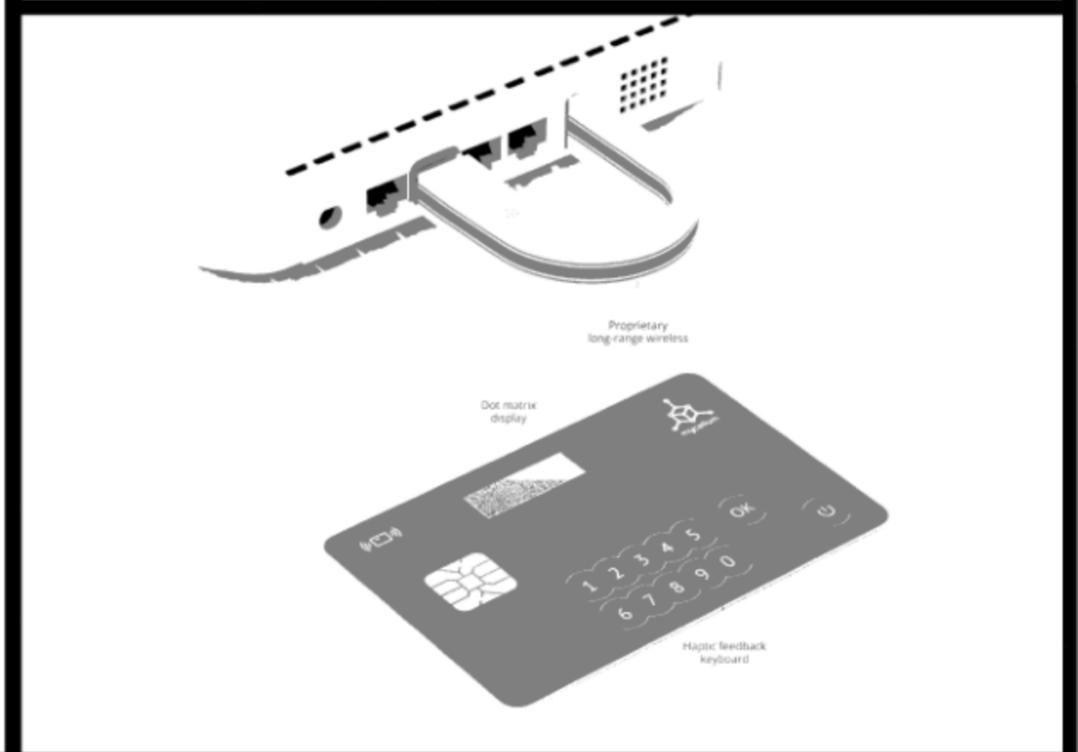Part 3. Financials
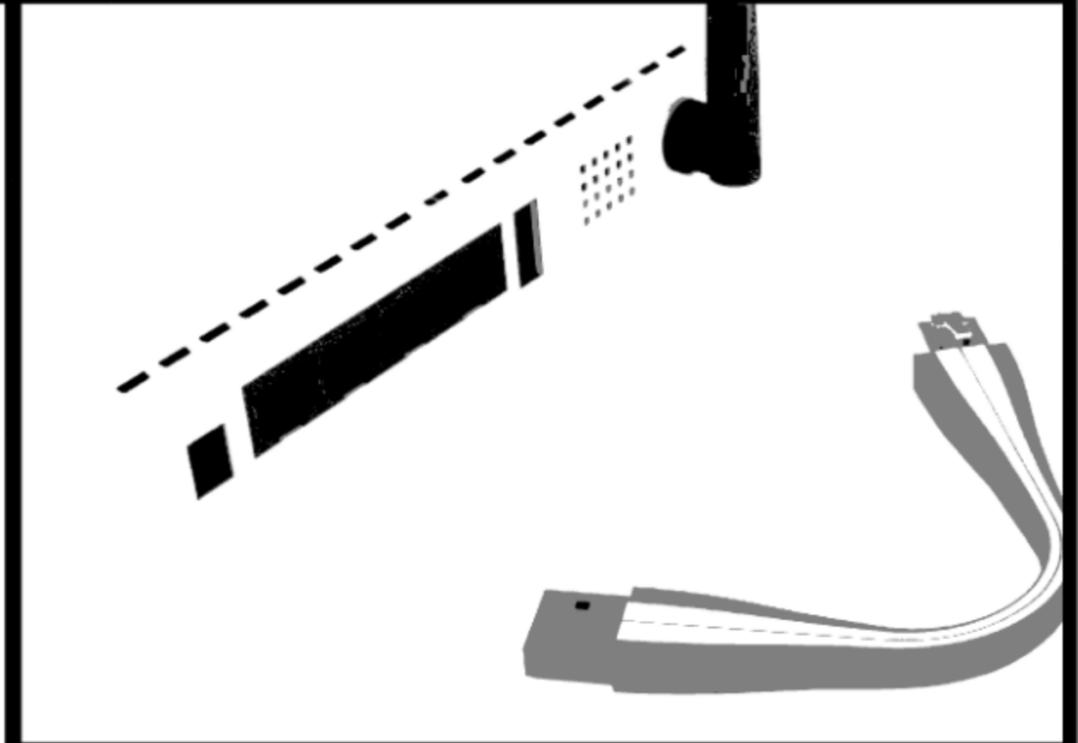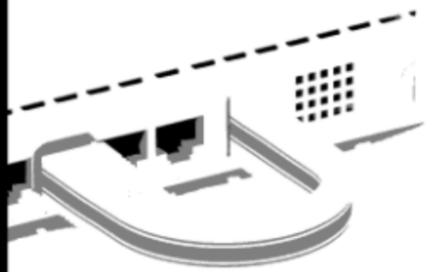
VERY LOW COSTS

| 2 ULTRAMODERN | 3 RAPID DEPLOYMENT & SIMPLE MAINTENANCE |

SELF-SUFFICIENT

UNLIKE «APPLE/ANDROID/SAMSUNG/
ETC. PAY»

DOES NOT USE LARGE CARD
NETWORKS' «DIGITAL ENABLEMENT
PROGRAMS» AND POS NETWORKS

SELF-SUFFICIENT

UNLIKE VISA/MC, USES VERY COMPACT PROPRIETARY INFRASTRUCTURE

MYCELIUM VS CONVENTIONAL

Mycelium vs Conventional

Transactions by distributed ledgers	Expensive in-house proprietary transaction engine
Merchants' setup costs $10 (ten)	Merchants' infrastructure costs are high
Both cards and mobile app in-store	Single channel focus leads to dangerous weaknesses at a second channel
Online is equal to in-store	Conventional systems either offer online payments through a number of patches or have no physical offline channels
True peer-to-peer payments	Peer-to-peer options are illusory, executed through a central server
Micro payments enabled	*** n/a ***
Consumer fully controls her wallets	Mobile wallet or card are the keys to accounts kept beyond consumers' reach

Mycelium vs Conventional

Transaction Engine

Distributed	Centralized
Costs next to zero	Expensive
Outsourced	In-house
Self-sufficient	Requires intermediaries
No single points of failure	Can be hacked; can break
Requires zero maintenance	Has to be constantly taken care of

Mycelium vs Conventional

Light and Easy	Standard
Direct access to all tools	Requires intermediaries such as POS networks
One piece of proprietary hardware	Complicated and expensive setup
Ordinary Internet access is ok	Requires special network access
Fully wireless	Needs wires and stationary power
Modern UI over own tablet/phone	Previous generation displays and UI technology

All Channels

* Both physical channels (card and smartphone) are equally powerful

* Online and in-store payments work in exactly the same manner, with no compromise to security and other important aspect

TRUE PEER-TO-PEER
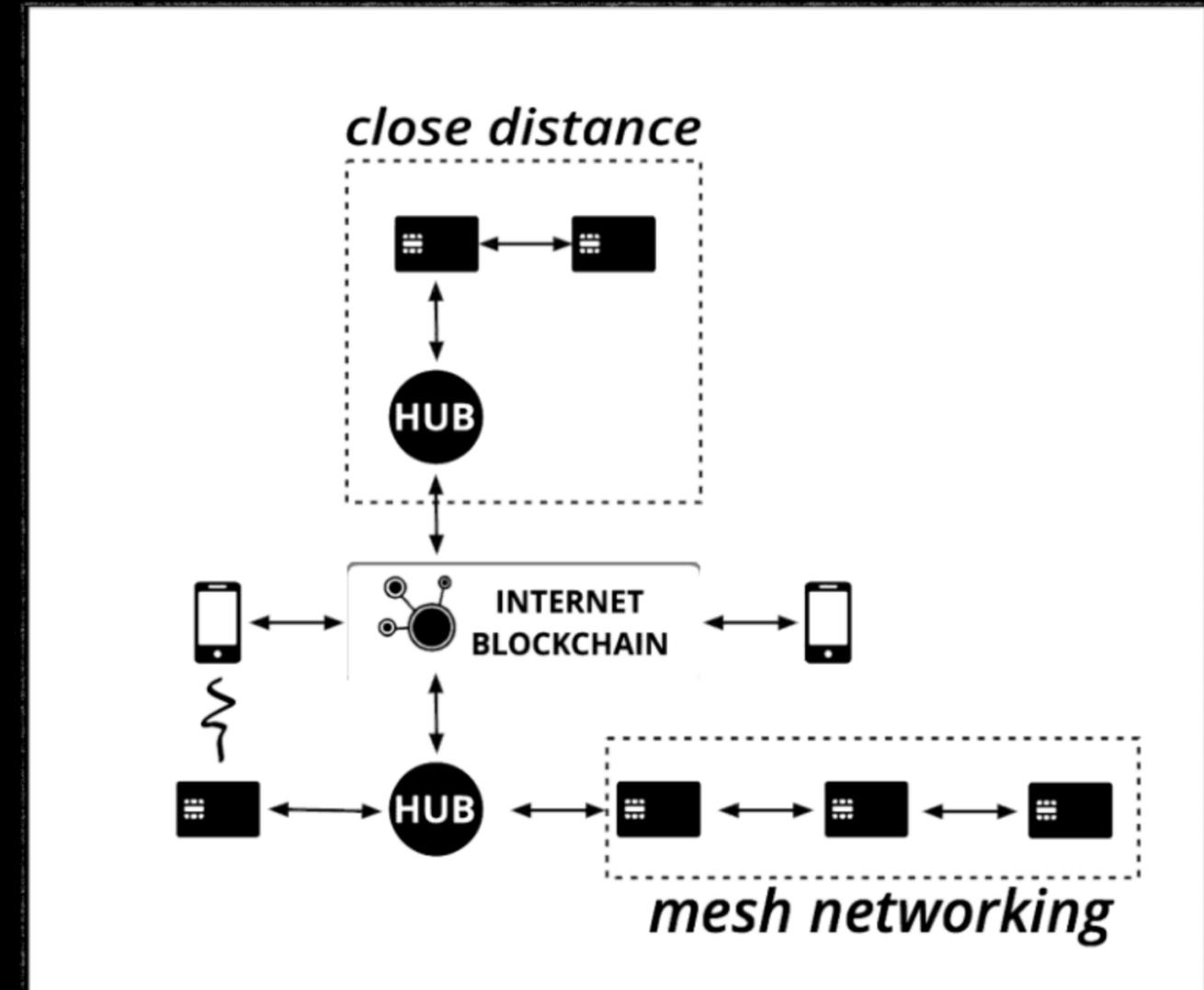
THE SYSTEM IS ACTUALLY BASED ON
P2P ARCHITECTURE.

BANKS CAN BE BYPASSED IN THE
FUTURE WHEN LEGAL FRAMEWORK
ALLOWS.

close distance

HUB

INTERNET
BLOCKCHAIN

HUB

mesh networking

Mycelium vs Conventional

Control by Consumer

Full	Situational
Funds actually kept on card or wallet	Funds are kept centrally; mobile app and card serve as conditional access keys
Modern coding: public + private keys	Many types of access keys: PINs, passwords, i-bank keyword, CCV, etc.
Codes can be changed by customer	Most access codes can only be changed by the issuer
Cards can be backup by cardholders	Takes a trip to a bank or snail mail order
Transaction history is at user's side	Takes Internet access and number of keys to access transaction history

SUMMARY OF BENEFITS

Payments are a form of transportation service

* Cost: Mycelium offers a definitive advantage

* Speed: Mycelium uses peer-to-peer channels, thus removing interbank dependency — the slowest component of the traditional payments process. In distributed ledger technology, there is no need to trade-off between speed, flexibility, and efficiency

* Security: distributed ledgers offer unprecedented security

* Comfort and connectivity: contextualized commerce

Contextualized Commerce

* Invisible payments: a platform level approach helps payments fade into the background.

* Deriving value from purchase journey: shifting focus away from the payment mechanism to the surrounding e-commerce experience.

* Resolving pre- and post-payment needs: this is where the real benefits of Mycelium payments will be unlocked. Removing consumer pain points both before and after payments occur will create the value needed to spur widespread adoption.

INVESTMENT OPPORTUNITY

CURRENT STATE OF THE PROJECT

OVER 100,000 OF ACTIVE USERS

CUSTOMERS' FUNDS:
OVER $100 MILLION (BITCOIN NOMINATED),
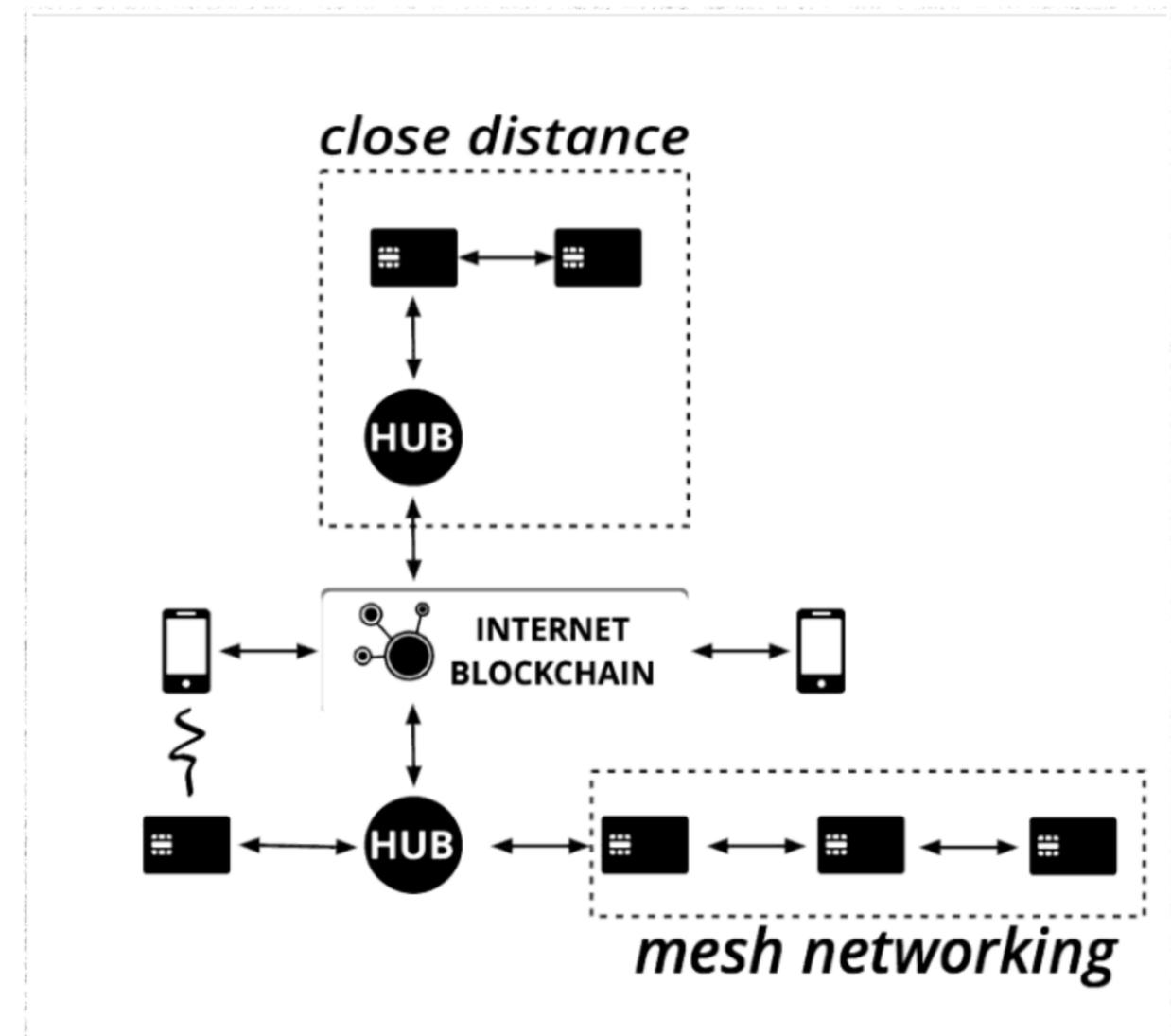OVER $4 MILLION (FIAT NOMINATED)
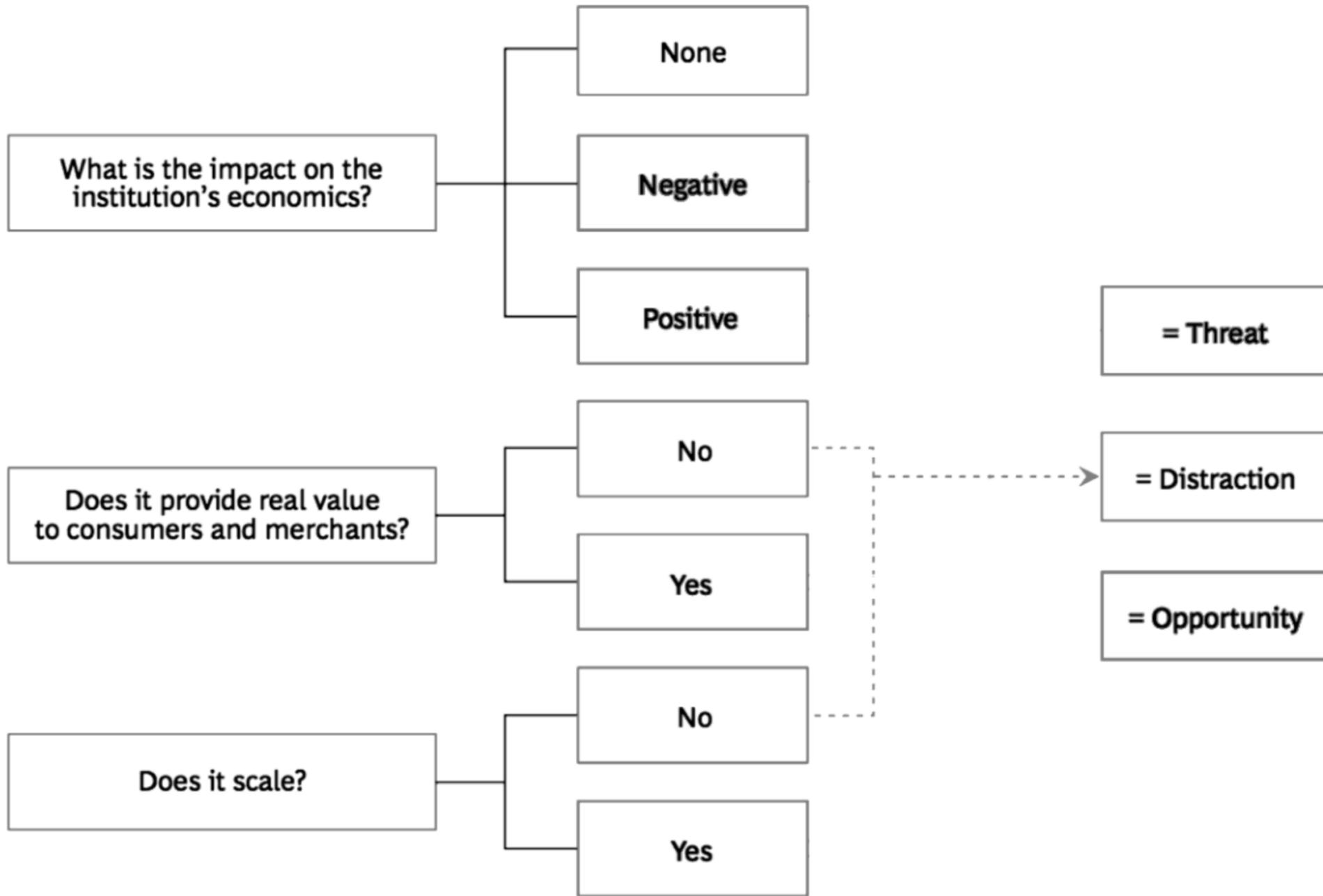
MYCELIUM CARDS ARE PRODUCTION READY

Reasons to Invest

* 1. The blockchain technology is altering the incumbent payments industry landscape.

* 2. Mycelium is one of the most recognized brands in the field of blockchain based payments.
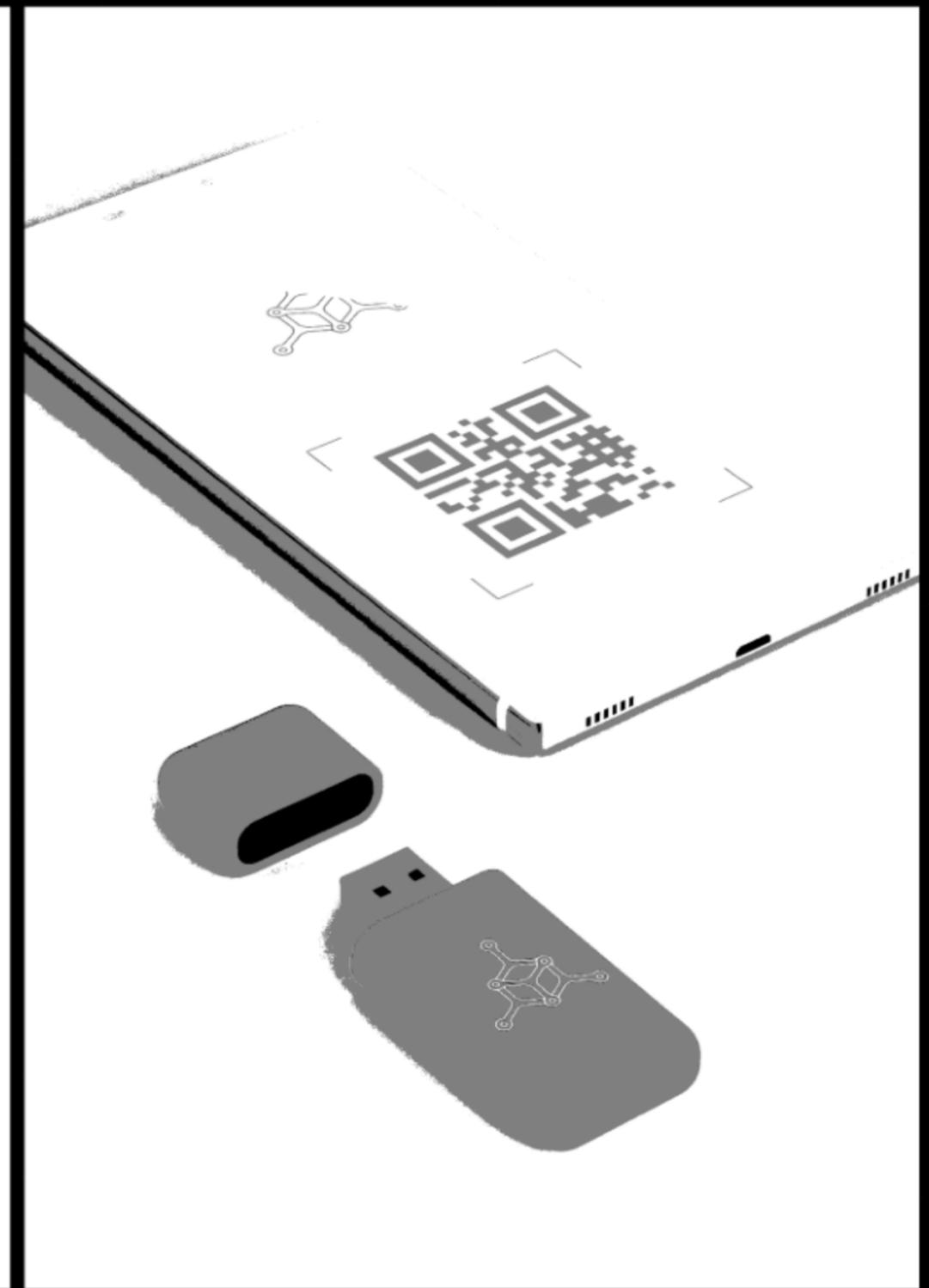
Few Amazing Facts About Mycelium

* Merchants can add lists of goods with tags and photos right into the merchant's console. Consumers can interact with merchants by scanning QR codes: works great for restaurants and merchants who are ready for the trending «buy online pick up in store» concept.

* A card can pay another card at a distance of up to 300 feet; no infrastructure needed at all, cards use the proprietary wireless protocol.

* Cardholders can change their PIN code using the card keypad, no connection needed.

* Any merchant can act as an ATM or a cash accepting top up machine and earn fees.

* Mycelium does not need a server infrastructure to perform transactions; moreover, its merchants need no POS providers. Mycelium hub costs only 10 dollars and can be used with an ordinary web-router.

close distance

INTERNET BLOCKCHAIN

mesh networking

Investment Choices Involve Three Key Questions

```
What is the impact on the          ┌─ None
institution's economics?  ─────────┼─ Negative
                                   └─ Positive
                                                        = Threat

Does it provide real value   ┌─ No ┄┄┄┄┄┄┄┄┄┄┄┄┄▶      = Distraction
to consumers and merchants? ─┤
                             └─ Yes
                                                        = Opportunity
Does it scale?  ─┬─ No ┄┄┄┄┄┄┄┄┄┄
                 └─ Yes
```

Source: BCG analysis.

HIGH PROBABILITY OF IGNITION

DUE TO SRTONG FUNDAMENTALS OF THE PROJECTS

mycelium.com

_2016_

End of Part 1. Other parts:
Part 2. Adoption Model
Part 3. Financials