HEDGING INTRODUCTION

Top producing unconventional plays in the US are highly hedged

Permian Oil
- 63% Hedged
- 3.73 mm bbls / d
  (38% of Total US Production)

Marcellus Gas
- 49% Hedged
- 31.1 Mcf / d
  (31% of Total US Production)

$45.6bn hedged

$19.2bn hedged

Hedging is crucial to financial outcomes in the energy industry but is conducted today by phone and email

(1) IHS Markit Comparative Peer Group Analysis of North American E&Ps Jan 2018, (2) Drilling Productivity Report, Dec 2018
MARKET OPPORTUNITY

Direct Swap saw an opportunity to optimize commodities hedging

Historic

Corporate 1
Bank 1

Corporate 2
Bank 2

Corporate n
Bank n

Market Structure = Fragmented
Paper-based with Manual Processes

Direct Swap

Corporate 1
Bank 1

Corporate 2
Corporate 3

Corporate n
Bank n

Market Structure = Unified
End-to-end Electronic Processes
COMPANY OVERVIEW

Direct Swap is an electronic marketplace for commodities hedging

- **FinTech** startup with the dedicated focus on energy markets
- End-to-end workflow **automates and digitizes** paper-based processes, making CFOs and traders more efficient
- **Marketplace connects** numerous commodities firms with leading dealers
- Web based tool with **evolving functionality**:
  - Current = Financially settled
  - Future = Physically settled, market data, and other new functionality
- **No** upfront or monthly recurring costs
Electronic network connects commodities firms into a unified marketplace

**Illustrative Transactions**
Native support for multiple transaction types between all market participants

- Producers
- Dealers (Banks, Non-Banks)
- Consumers

**Key**
- Phase 1: Financial Hedging
- Phase 2: Physical Trading

**Partnership Model**
Direct Swap has developed partnerships and APIs with some of the largest commodity management platforms.
PRODUCT

Tailored functionality addresses client pain points

Enhancing the Commodities Workflow

- End-to-end paperless workflow centralizes and automates manual processes
- System integrations enable straight-through-processing
- Marketplace structure drives competition resulting in better priced deals
- System generated trade documentation eliminates human errors
- High performance platform hosted on AWS
### Direct Swap sources clients from two distinct sales channels

- Client-base is exclusively energy producer and consumers, both large and small
- Clients bringing existing relationships with major dealers onto the platform
- Client strategy will expand over time into other verticals, including power & utilities

<table>
<thead>
<tr>
<th>Sales Channel</th>
<th>Description</th>
<th>Client Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Sales</td>
<td>Smaller, PE-backed operators</td>
<td>Digitization; Time efficiency</td>
</tr>
<tr>
<td>Channel Partners</td>
<td>Larger; Multi-stage; Public</td>
<td>Digitization; Time efficiency + Extension of existing workflows; Straight-through-Processing</td>
</tr>
</tbody>
</table>
DEALERS

Direct Swap has relationships with major liquidity providers
- First wave of dealers on-boarding in 3Q 2019, with many more in successive waves
- Platform digitizes and centralizes existing relationships with energy producers and consumers
- Tools enable dealers to identify and develop relationships with new counterparties

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Banks</strong></td>
<td>5 Global Investment Banks</td>
<td>Client Service Scalability</td>
</tr>
<tr>
<td></td>
<td>6 US / Canada Middle Market Banks</td>
<td>Process Efficiency</td>
</tr>
<tr>
<td><strong>Non-Banks</strong></td>
<td>Oil Major</td>
<td>New Counterparties</td>
</tr>
<tr>
<td></td>
<td>Trading House</td>
<td>System Integrations</td>
</tr>
</tbody>
</table>
## LEADERSHIP

### Management

<table>
<thead>
<tr>
<th><strong>Chip Horton – CEO</strong></th>
<th><strong>Peter Jackson – CTO</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>o Seasoned startup founder of 3 companies</td>
<td></td>
</tr>
<tr>
<td>o Co-Founder of USBX - early online financial services marketplace backed by Carlyle</td>
<td></td>
</tr>
<tr>
<td>o Venture investor and finance lawyer</td>
<td></td>
</tr>
<tr>
<td>o BA Wesleyan University, JD U Michigan Law</td>
<td></td>
</tr>
<tr>
<td>o Experienced startup CTO of 5 companies</td>
<td></td>
</tr>
<tr>
<td>o Decisive leader and creative problem solver</td>
<td></td>
</tr>
<tr>
<td>o Proven track record of outstanding performance</td>
<td></td>
</tr>
<tr>
<td>o BS U Maryland, MBA Loyola</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Jarret Johnson – VP &amp; Gen. Counsel</strong></th>
<th><strong>Nathan Burbank – Director, Business Development</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>o Senior lawyer with experience spanning private practice and in-house settings at private and public companies</td>
<td></td>
</tr>
<tr>
<td>o Former General Counsel at USBX (with Horton)</td>
<td></td>
</tr>
<tr>
<td>o BS Oklahoma State, JD Loyola Law School</td>
<td>o Experienced capital markets professional</td>
</tr>
<tr>
<td>o Business development at BlackRock for risk and trading platform Aladdin</td>
<td></td>
</tr>
<tr>
<td>o Consultant with Capco</td>
<td></td>
</tr>
<tr>
<td>o BA Hamilton College</td>
<td></td>
</tr>
</tbody>
</table>

### Advisory Board

<table>
<thead>
<tr>
<th><strong>Douglas Harris</strong></th>
<th><strong>Andrew Endicott</strong></th>
<th><strong>Peter Humphrey</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>o Derivatives industry leader</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Senior Deputy Comptroller for Capital Markets at the OCC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o General counsel of a futures commission merchant, a designated-contract-market and a derivatives clearing organization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o AB Harvard College, JD Harvard Law School</td>
<td>o Financial technology leader</td>
<td></td>
</tr>
<tr>
<td>o Facilitated &gt; $100m of early-stage capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Co-Founder and President of Petal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Investment banker at Lazard</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Corporate lawyer at Willkie Farr</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o BSBA U Arkansas, JD Harvard Law School</td>
<td>o Financial technology sales leader</td>
<td></td>
</tr>
<tr>
<td>o First decade in sales and trading at large financial institutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Second decade as top salesman for FXall, a major electronic foreign exchange platform, from early days through its sale</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o BA Duke, MBA NYU</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
THANK YOU

We would like to talk if you are…

**Energy Company**

Your organization would like to modernize its hedging practices

**Investor**

You actively invest in young energy tech companies
For more information:

Please Contact

Chip Horton, CEO
Direct Swap Inc.
+1 855 525 2500, Ext 200
Chip.Horton@DirectSwap.com

Nate Burbank
Director, Business Development
Direct Swap Inc.
+1 855 525 2500, Ext 250
Nathan.Burbank@DirectSwap.com

www.directswap.com
DIRECT SWAP
PRODUCT HIGHLIGHTS
HEDGING AND NEGOTIATION

Using Direct Swap, corporate hedgers begin by defining terms for their desired hedging instruments.

Once created, users activate offers enabling price discovery and negotiation between market participants.
HEDGING AND NEGOTIATION

Direct Swap uses a status driven workflow to help drive a hedging transaction through the negotiation process.
COMMUNITY AND RELATIONSHIP DEVELOPMENT

Direct Swap is building a community of energy users that have the ability to create new counterparty relationships fully electronically.