Continuation Capital

OTC Roadmap for Success

An expedient 2-step process to help OTC companies remove debt and secure capital.

OTC Company Challenges

Publicly traded microcap issuers often struggle with a lack of assets, limited cash flow, and inability to service debt. This combination makes it difficult, if not impossible, for OTC companies to successfully underwrite capital offerings.

Exchange-listed issuers (NASDAQ, NSYE) enjoy several advantages that OTC companies aspire to.
For example:

1. Access to non-toxic capital such as a shelf offering and an S-3 registration statement.
2. Ability for shareholders to easily deposit, clear, and sell shares.
3. Use of stock as currency to conclude acquisitions.
4. Maintaining a stable market capitalization.
5. Prestige, respect, & visibility.

Even though many OTC companies are held back by corporate debt and lack of capital, it is possible to achieve similar success on OTC Markets.

If you find yourself in this position, Continuation Capital (CCAP) may be able to help you turn all of this around. CCAP's 2-step OTC Roadmap for Success provides a route for how OTC issuers can take the first steps to growth by removing debt and securing less dilutive capital.

CCAP's Roadmap takes advantage of two separate and distinct securities regulations—both of which are exemptions to full registration. The benefit to you is that these exemptions are less expensive and faster to execute, with less legal paperwork, relative to conventional securities offerings.

Importantly, CCAP uses its own capital, so you will know quickly if we can assist you or not. When we decide to proceed, we are ready to go.

Step 1—First Remove Debt

The first step with our Roadmap is to recapitalize your balance sheet by bringing current all overdue service provider payables, invoices, and notes. Examples include:

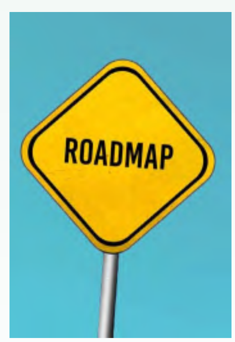
- CPAs
- PCAOB auditors
- Corporate & securities attorneys
- Rent/lease payments
- Non-affiliate loans
- Toxic debt financing
- PO & AR funding
- Operational expenses

Whatever the range of debts, CCAP has developed a reliable, tested process for recapitalizing your balance sheet to eliminate or significantly reduce debt. We utilize an exemption under Section 3(a)(10) of the 1933 Securities Act as the mechanism for debt removal. Essentially, after paying your vendors, we convert your debt to securities. Shares are then professionally sold into the market to preserve and protect your company's market cap. This process enables you to hit the 'debt reset' button on your balance sheet. Benefits to your company include:

- Reduce or eliminate debt
- Increase liquidity and cash flow
- Enhance shareholder equity and value
- Position company for growth
- Prepare company for a successful Regulation A+ capital raise

Throughout this process you will utilize the services of a FINRA-licensed broker dealer as placement agent to identify eligible debt, and to negotiate and structure vendor repayment terms.

Our general counsel and partner, who has successfully concluded over 300 Section 3(a)(10) transactions, will manage the entire process from start-to-finish. To get started simply submit all outstanding debt invoices and supporting documents. We will take it from there. While we work on eliminating the debt, you can focus on more important things, such as managing your business.



Step 2—Secure Investment Capital

After all eligible debt has been removed, a subsequent capital raise will have a significantly higher probability of success. If your company is domiciled in the US or Canada, you may be able to utilize Regulation A+[1] to structure a capital raising plan specifically tailored to fit your company's needs—enabling CCAP to capitalize your company for up to $50M.

With Tier 2 Regulation A+ you can raise up to $50M globally. It is an SEC-reviewed exemption to registration that offers distinct advantages:

- Fixed and flexible pricing – Reg A+ offerings allow issuers to raise working capital at a fixed price determined by you. However, Regulation A+ also enables you to control dilution—you may occasionally adjust the offer price as your market cap and share price changes, using amendments and supplements to the original offering as required by applicable SEC rules.[2]
- Continuous offering – When filing a Form 1-A offering statement with the SEC, you can opt for a 'continuous offering,' to raise capital on an ongoing basis for up to two years. If your current liquidity is too low to attract large investments, the 'continuous offering' option enables smaller, more frequent investments over a 2-year period. Any increase in your average trading volume will enable successive larger capital investments as well.

- Testing the Waters (TTW) – TTW allows you to advertise your offering in all 50 states, and globally, prior to and during the entire offering period. So, you can effectively market your Reg A+ offering to attract investors—even before you are declared 'qualified' by the SEC. A secondary and immediate result of ongoing marketing communications can be 'open market buying,' which creates an ongoing market for your security. CCAP can refer you to firms specializing in Reg A+ corporate communications. These OTC Markets-approved vendors can assist with testing-the-waters as well as ongoing corporate communications and investor relations to support the overall Reg A+ offering.

- Full Control – Importantly, you have full and complete control over the Reg A+ offering process: You can pause or end the offering at any time. You decide who invests and how much they invest. Or, you can stop any investor at any time.
- Accelerate Business Development Utilize Reg A+ capital to scale your company with accretive investments such as:
  - Purchasing inventory
  - Product development & prototyping
  - CAPEX
  - Manufacturing
  - R&D
  - Acquisitions
- Broker/Dealer Support – Seven states currently require the use of a broker dealer for Reg A+ offerings (TX, FL, AZ, WA, ND, NJ, NV). CCAP can introduce you to broker dealers capable of FINRA registration and Blue Sky compliance for your Reg A+ offering in these states. A broker dealer can also offer syndication services so that institutional investors like CCAP can co-invest—resulting in a more diverse capital raise for your company.
- All Stakeholders can Invest – A Reg A+ offering is not limited to accredited or institutional investors—non-accredited investors can invest as well.[3] When your offering is declared 'qualified' by the SEC, all non-affiliate shares are deemed free trading and are more readily accepted for deposit at clearing firms.

Continuation Capital's OTC Roadmap for Success offers you an expedient, tested, 2-step program to pay past due invoices, extinguish toxic debt, and raise capital—and to scale and position your company for possible up-listing onto a listed exchange.

Note that CCAP cannot invest in a Regulation A offering, either directly or indirectly, until the SEC declares the offering 'qualified.' Any funds invested in the company prior to qualification will be via a private offering such as a convertible note, equity, or combination thereof.

Next Steps

Call to learn more, or to schedule our online presentation which explains our complete process.

Contact

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1 Tier-2 Reg A+ is available to OTCMarkets, NASDAQ, NYSE fully-reporting companies in good standing.

2 Reg A+ offering prices cannot be "at the market." See SEC Rule 251(d)(3)(ii).

3 Reg A+ investments from non-accredited investors are limited to 10% their of income or net worth, whichever is greater.

Questions About Retiring Debt

Q: What does Continuation Capital need to start removing debt?

A: Send copies of all invoices, executed agreements, notes, contracts, etc. (We can only work with debt that is currently overdue.)

Q: How much time is required to remove my company's debt?

A: That depends on the amount of debt, number of vendors, and other issues that we need to review during our due diligence. After reviewing the debt documents that you send we will provide you with a term sheet outlining a vendor payment schedule. The best part of the program is that it can typically begin within 2-3 weeks of engagement.

Q: What does CCAP's debt removal process cost?

A: CCAP has no fees. Our compensation is based on a discount to the share price. After reviewing the debt documents that you send, we will provide you with a term sheet outlining proposed discounts and payment schedule.

Questions About Regulation A+ Capital

Q: How much time is required to file the Reg A+?

A: Estimate 30-days for your SEC attorney to prepare and file your Form 1-A offering statement. After your attorney files form 1-A with SEC, you can expect the first round of SEC questions in (almost exactly) 30-days. You will want to provide answers within 48-hours. That will start another 30-day cycle for the SEC to respond. So, all-in, you may need 60-120 days from starting with your SEC attorney until the SEC declares you as 'qualified.' Your mileage may vary.

Q: What does a Reg A+ capital raise cost?

A: There are several cost components related to raising capital via a Regulation A+ offering.

- 1-A Filing
  Legal preparatory work for a Reg A+ offering usually starts around $60k. However, the SEC attorneys that CCAP refers charge $25k—and will offer a payment plan. This is an all-inclusive fee that covers everything necessary until you are declared qualified by the SEC.
- Cost of Funding
  Continuation Capital never charges any fees. We are compensated by a discount to market when we acquire the securities from you. CCAP will provide you with an indication of interest that suggests discount rates based on our analysis of your offering.
- Corporate Communications / IR
  You will want to support your Reg A+ offering with ongoing corporate communications and investor relations. The companies that CCAP can refer to you start around $25k-$30k per quarter. They may offer a new client discount, and ongoing fees can be paid from the Reg A+ raise.
- Broker Dealer Costs
  The broker dealer that manages FINRA registration and Blue Sky compliance of your offerings will have a nominal up-front fee to cover hard costs, as well as a back-end fee based on a percentage of the capital raise (typically 3-6%).

Uplisting

Q: What if I want to up-list to Nasdaq or the NYSE? Can CCAP assist with that?

A: When your company is close to meeting one of the four financial standards for initial inclusion on one of the three Nasdaq Stock Market tiers (The Nasdaq Global Select Market®, The Nasdaq Global Market and The Nasdaq Capital Market®), or those of the New York Stock Exchange, CCAP can make appropriate introductions to up-listing service providers and/or investment banks capable of execution.[1]

Additional Questions?

Let us know if you have any additional questions. Or, call me to schedule an in-depth online presentation.

1 Nasdaq Initial Listing Guide: https://listingcenter.nasdaq.com/assets/initialguide.pdf

NYSE Market Initial Listing Standards: https://www.nyse.com/publicdocs/nyse/listing/NYSE_MKT_Listing_Standards.pdf