



RESTORATION ALPHA ANGELS



Shareholder Information

CEO's MESSAGE

KEITH BROWN



The company is at a very exciting stage in its growth and the accompanying pages chart our progress to date against the Landing Zone and Business Driver methodologies that we have been employing with Restoration Partners.

I have alluded in the accompanying email to our latest business wins and their impact is described on the following pages.

The target we are working to as a base model on the Landing Zone is a £100m valuation by the end of 2017. By the measure currently applied to our peer group in the market (Eagle Eye, Proxama) a revenue multiple of 20-25 would generate a valuation of between £50-£60m based on our current (conservative) plan.

However, an investment in Sales & Marketing of c£3m to accelerate the speed and deployment of our solutions would generate a £100m valuation based on the far more reliable indicator of EBITDA multiple, this representing c25x (and in line with our original forecast). When compared to current multiples for FinTech and Tech businesses we believe this is an achievable goal, especially as the great majority of our revenues are of a recurring and consistent nature.

To this end, the Company, with Restoration Partners, is in discussions with a number of potential funders. The size of the Bid pipeline (at £3m) achieved to date with minimal investment in marketing and sales suggests that a "land grab" in the mobile commerce space is feasible. We are the only company to offer and have deployed a "one-stop shop" m-commerce solution in the bricks-and-mortar space in the UK and we certainly believe we are in a market where being first is key. Aside from the earnings, we believe the company will also attract a high valuation from the understanding and monetisation of the data that flows from our solutions. The insights achievable from the granular and unique behavioural data that mobile can add to existing customer CRM systems (often called "Big Data") is now beginning to be recognised and this is an area which will exponentially grow in importance in the coming years. We aim to be at the centre of this development.

The other encouraging sign is the increasing number of retailers recognising and vocalising the view that more investment is required in technology and, in particular, the digital channel - so called "omni channel". Again, Paythru is at the heart of this and will benefit from this trend.

Against this we have to consider the impact of competition - ApplePay, Google Wallet and PayPal have all made high profile launches/acquisitions in the mobile payments/commerce space in recent weeks in the US. The market is vast and they want a bit of it, exploiting their balance sheets and brands as well the ponderous reaction of the incumbent players to the challenge. We firmly believe that retailers are seeking "white label" solutions where they control the key transactional interactions with their customers - historical intermediation in the payments (banks, schemes, PayPal) and marketing (Groupon, Facebook etc) space has had a huge impact on retailer margins and valuations and arguably the retailers control over future marketing strategies. Paythru remain committed to work with their retail clients to generate insights and value and share the rewards from driving more effective marketing and processing in the mobile channel.

As ever, please feel free to call me to discuss anything you read in this pack.

GUIDANCE NOTES

Restoration Partners merchant banking advisors work alongside visionary entrepreneurs in the dynamic, high-value, technology sector. Our team support entrepreneurs with strategy, execution and access to capital, and help to communicate their vision to those that matter most to them - investors, partners, employees, customers – to increase their success.

All of the investments presented to Alpha Angels are clients of Restoration Partners. This means that, by definition, investors can have confidence that the investee has great potential and an entrepreneurial culture. More importantly, the company's leaders will have signed up to apply the Restoration Partners frameworks to define, execute and govern their strategies. This reduces the risk of failure by establishing:

- A common objective in time and value – the Landing Zone; and
- A monitoring and reporting dashboard which helps management to remain focused on their operational priorities – the Business Driver Diagram.

This shareholder pack allows Alpha Angel investors insight and understanding into the destination of an investee company, in the Landing Zone, and highlights the challenges and opportunities to arrive there, in the Business Driver Diagram.

THE LANDING ZONE[©]

Strategy is like mapping a journey – if you know where you want to get to, you have a chance of getting there. If you don't know, you can never arrive at your destination.

Before any journey starts, you have to work out where you are trying to get to. Simply put, in business like on a car journey, the destination must communicate a common objective - everyone around you that needs to know what is expected of them and how they contribute to success!

THE COMPANY'S LANDING ZONE[©]

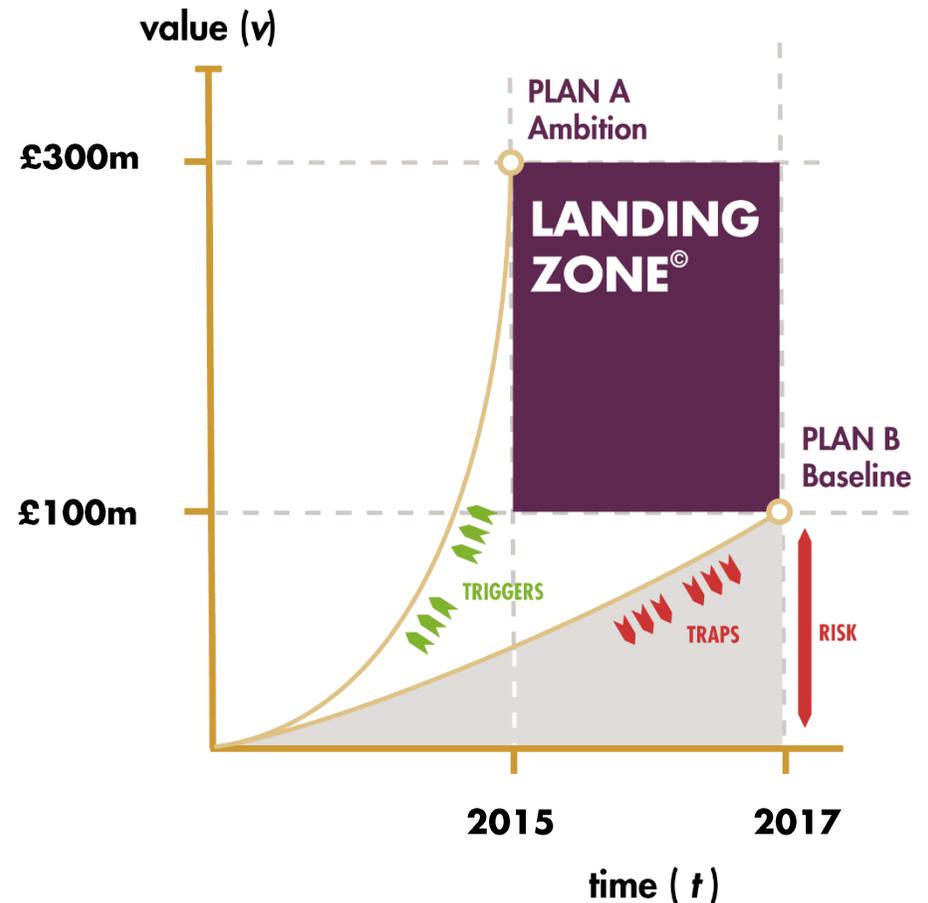
The Landing Zone is an attainable strategic destination identified by value and time. There are two extreme but compatible routes to the Landing Zone, Plan A - the High Potential Exit - and Plan B - the Baseline, attainable through careful management of risk.

PLAN A - Ambition

£300m by 2015

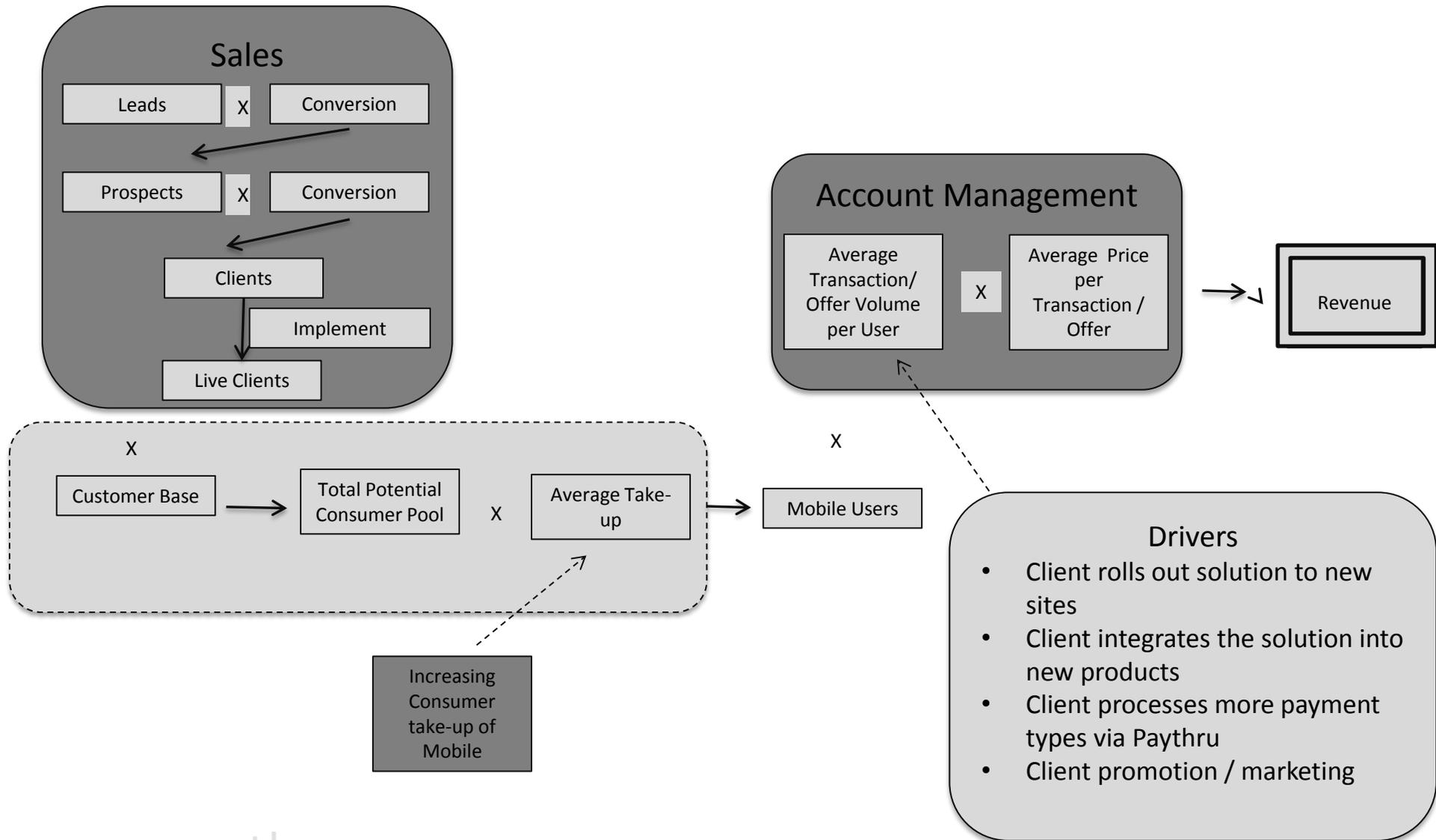
PLAN B - Baseline

£100m by 2017



BUSINESS DRIVER DIAGRAM

Revenue Drivers – Sales to Revenue Lag



BUSINESS DRIVER DIAGRAM

COMMENTS

SALES

- The BID pipeline stands at just under £3m. Bid pipeline is defined as proposals issued at the request of a potential client after a fact-find, needs analysis and requirements overview has been undertaken.
- The value of the contract is calculated on the Business Plan model assumptions over the financial period to April 2018. The assumptions are based on a conservative projection of the target audience and take-up rate and the development, licence and transactional fees this will generate.
- As a consequence, the actual value of proposals in issue is substantially higher at £3.7m
- We are also seeing increasing demand for our payments platform and this will be the subject of more aggressive marketing in the new Business plan. We believe this is being fuelled by merchants seeking more adaptable and flexible payment gateways as mobile commerce moves from the tablet to the mobile phone, particularly in the bricks-and-mortar environment.

INCREASING CONSUMER TAKE-UP OF MOBILE

- The FT commented this week on 2015 being the breakthrough year for mobile commerce based on a report from KPMG. This prediction was predicated on the launch of ApplePay last Autumn.
- Deloitte have also been forecasting a similar scenario in their "Digital Influence in UK Retail" - however they subscribe to the view that it is the consumer who is fuelling market growth through the extensive use of mobile in the shopping journey - reviews, pricing comparison, deals, social sharing etc
- Whichever view is taken, the conclusive outcome is a significant increase in the take-up of mobile based commerce.

ACCOUNT MANAGEMENT

- Our work at HS1/St Pancras is illustrative of how we drive transaction volume and revenues through Account Management.
- On the back of the Ignite deployment in the station we have the following initiatives in place to increase ARPU (average revenue per user);
 - Engagement with the 30+ retailers using the platform to develop mobile payment-based solutions to enhance the deals and offers and in-store customer experience e.g. Pre-order solutions to beat the queues, pay-at-table solutions for faster check out.
 - Engagement with non-station based merchants (so called "virtual tenants") to broaden the retail offer and drive affiliate -type commissions on sales.
 - Constant feedback programme through newsletters and forums (we are also developing video-based animations and talking heads) to share best practices and ideas to optimise the use of the platform to drive higher conversion and basket size.
 - Working with HS1's data analytics partner, Javelin Group, to exploit asset level consumer data and behavioural profiles to optimise the retail mix and inventory.

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