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PAR Technology Corporation (PAR)

Website www.partech.com

We believe PAR is an ideal buyout candidate for a Private Equity firm. It has multiple unrelated business segments and inefficiencies along with a couple of high-growth assets, including a market leading Point of Sale system hardware and cloud-based POS software that is enterprise ready for Tier 1 restaurant chains.

A PE buyer could unlock significant value by selling off disparate businesses and focusing energy and capital around the most promising growth assets, Brink and SureCheck. Brink Software alone could be worth $40-$50/share ($650mm - $830mm) or more if PAR's Payments initiative takes off with proper execution of the opportunity over next three years. Below is an overview of PAR's various segments and what private owner could change:

Division	**Recommended Action**	**2018 Revenue**
Brink	Invest $20 million capital to materially accelerate growth. Push into payment processing aggressively, get software up to speed for table service, launch internationally utilizing Pixel Point and SureCheck language resources, add several additional modules to the POS software. This should allow Brink to get near their target of 34,000 restaurants with an ARPU of $220 ($93 million of ARR), plus any incremental payments revenue.	~$20 million, including hardware and services
Hardware ex Brink/SureCheck	White label or License hardware sales to a larger hardware player, which should be attractive given large relationships PAR has. Unlock material working capital (Inventory) that could fund Brink above. Significant cost cutting to improve profitability.	$88 million
Hardware Maintenance	Can either continue to collect maintenance revenue or include as part of Hardware outsource deal	$34 million
Pixel Point	There is a large base of restaurants that could either be moved to Brink via SaaS, or implement additional revenue generation from the base (data analytics). Set long term plan to merge Pixel Point and Brink.	$6 million
SureCheck	Find a home for the company with more competent management (not the founder's son) and evaluate more realistic pricing to find correct price point to stoke demand. Leverage large relationships with Walmart, Google, Wegman's and others. The market here is gigantic if finding a focal point (which PAR has lacked, attacking anything and everything), can likely accelerate adoption.	$8 million
Government	Sell Government at 6-10x EBIT ($40-$70 million of proceeds)	$65 million

Data Analytics	Accelerate investment in Data and Marketing Analytics for both Pixel Point and SureCheck, goal being to take a cut of the large marketing pie of their large user base.	$0
Real Estate/Other	Sell owned Real Estate in upstate New York (we estimate $5-$10 million of value). Consolidate PAR to San Diego where Brink development team resides.	$0
Total 2018 Revenue		**$221 million**

Hypothetical Incremental EBITDA for Payment Processing

		Net Processing bps				
		20	**30**	**40**	**50**	**60**
Take Rate	**10%**	$ 6,300	$ 9,450	$ 12,600	$ 15,750	$ 18,900
	20%	$ 12,600	$ 18,900	$ 25,200	$ 31,500	$ 37,800
	30%	$ 18,900	$ 28,350	$ 37,800	$ 47,250	$ 56,700
	40%	$ 25,200	$ 37,800	$ 50,400	$ 63,000	$ 75,600
	50%	$ 31,500	$ 47,250	$ 63,000	$ 78,750	$ 94,500
	60%	$ 37,800	$ 56,700	$ 75,600	$ 94,500	$ 113,400

Key Assumptions:

1) 30,000 restaurants at the end of 2020
2) Average Sales Per Restaurant of $1.5mm
3) 70% Incremental EBITDA Margins

Note as we understand, Toast has 100% take rate at 50 bps net

Additional Notes:

- Strong shareholder base of fundamental investors outside of the Sammon family who would support/vote for a private equity transaction. We estimate the following ownership:
  - Adam Wyden (ADW): 10%
  - Adam Wyden Supporters: 4-5%
  - Voss Capital: 5%
  - Stone House: 5%
  - Howard Brous and Friends: 6%
  - Brasada: 1%
  - Broadview: 1.5%
  - **Total Supportive Shareholders: at least 33%**

- Key competitor Toast just raised over $100 million in funding with a valuation of $1.4 billion. While they are growing faster than Brink and likely have a higher revenue base, they have already fully penetrated their payments business (100% take) and are targeting a much higher churn section of the market (Tier 3 and 4 restaurants, generally 1-2 stores per concept).

- We believe there is material fat to cut in SG&A, as they are currently running at $40 million a year, and a lot of it (we believe) remains invested in their legacy hardware business.

- Current CEO Don Foley is very weak (comes from Government side and can't explain the business well) and, we believe, could be replaced with a more seasoned software operator.

- PAR's install base could provide synergies for First Data.

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