MOOERS BRANTON & COMPANY | Merchant Banking Since 1991

EXECUTIVE SUMMARY

Mooers Branton & Company

Mooers Branton & Company ("MBC" or the "Company") has extensive and varied experience in merchant banking since 1991. We are a boutique firm with two US-based principals and one European partner.

While we have strong financial core competencies, our backgrounds originated from our CPA and private investor experience. Unlike most financial entities, we come at finance only from the underlying company's perspective and in its best interests. We do so by aligning our interests with those of the operator; and whereby our best results collectively are if the underlying companies perform well on a long-term basis. All too often, finance is done because a company "needs cash" and as such doesn't stay true to the principles we subscribe to.

Our principals have taken companies, where they owned majority equity interests, public in both the US and in Europe/London. And then back to the US again, as you'll see below. From this, we learned substantial reasons both in regard to how to pursue finance and also, and often more importantly, how not to accomplish a financing need.

After our experiences in the early 1990's on how finance in the US and specifically on Wall Street worked and where we humbly felt the incentives weren't right, we proceeded to raise capital, recruit directors, and look into taking our invested companies public in Europe. That worked quite well for 18 years until the market shifted in the financial crisis of '07 and '08.

Specifically, the US bailed out its banks (rather deservedly or not, it was necessary) in general more quickly than Europe which is only now getting back on track. Hence, we had to do a relisting from London back to the States. In short, while some things had changed, the market here in the US was still flawed and it was not a good experience, at least in our thinking and regarding the philosophies we follow.

We proceeded to study and look for alternatives to actually utilize the US markets (especially the listed national stock exchanges NYSE and NASDAQ, and specifically not OTC, pink sheets and such other alternative avenues). What we learned was that special purpose acquisition companies ("SPACs") were again quite relevant and had evolved since their early usage. Combined with backstops like equity lines of credit and other carefully selected and recommended finance sources we bring to the table, we learned that we can now do finance in a manner still in keeping with our philosophies—

while also keeping the European finance market opportunities available…the best of both worlds, so to speak.

SPACs can often be riddled with fees whereby brokers, sponsors, hedge funds are just arbitraging the fees and warrants, etc. But properly structured they are ideal for helping companies get public on listed exchanges while giving the company itself a boost and the best opportunity; and not just having backers take it public because of fees and often where the incentives were not properly aligned with the company (just our opinion and philosophy for us…other models can and do work sometimes, just rarely, in our opinion). Sometimes, in fact, financings were done just because they had the latest buzz word or phrase in their business models (think 'eyeballs' in the '90's or more presently 'cloud', 'IoT', 'big data', etc.).

We first and always have to believe in the business model itself, and be tied into the long-term as an advisor and shareholder on the same side of the table with the operators and managers—as well as the long-term oriented shareholders.

A present-day example of doing this and unrelated to us is how Spotify is currently considering doing what's called a "Direct Introduction IPO." In essence, it has sufficient cash, so it does not need to do a raise. There is a strong demand from bulge bracket banks for it (and other unicorns) to go public. The banks though largely get compensated from the raise. So, Spotify, in a position of strength, says they prefer just the listing, and they don't need the cash. It will likely play out that they raise some, just that they will be in better position to protect their shareholders and get the valuation they want from their underwriters. It is truly difficult to have such leverage with bankers; however, they do and that's why they are pursuing this strategy, in our opinion.

As you will have seen in press around Spotify's statements to this effect, the NYSE is trying to change its policies so it can do these direct deals and list companies like Spotify. NASDAQ already can and has done only a few though — they say six since '06. MBC did a direct introduction in London (a much more modest one but the market cap still went to over $2B) and that was back in '06. So, unlike most, we get exactly why they are doing this that way. And our new model, while not a direct intro, does essentially and analogously the same thing. Use a SPAC and equity lines to bypass the need for a raise at the IPO!

Regarding barriers to entry, we initially were concerned with how to build necessary ones. However, based on our experience, we have learned that those protections are inherent already in our model and philosophies. For instance, most financiers are looking at each "transaction or deal" (we don't like those words) as a one-off for fees. And they don't have anything riding on the backend and aren't really inclined to take those risks. In short, we are.