

# Messenger with benefits

## Aim of the transaction

- Sale of **20 % stake** in a company with the project, established for this purpose.
- To find an investment partner able to support last stage of development and expansion to **US market** financially and with an experienced management team.

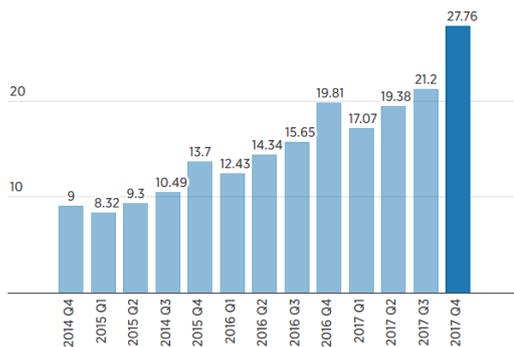
## Messenger description

- Idea is 3 years old with **15 months spent on development**.
- Free **chat app**, provides messaging and calls for free and combines it with **targeted advertisement**.
- **Rewards** the user for watching ads.
- Target age group is **15-25 years old**.
- Project has been **tested in a CEE market** for 9 months in 2017.
- Acquisition of new users due to strong **viral effect**.

### Facebook average revenue per user

As of Q4 2017

Worldwide US and Canada



Source: Facebook investor relations

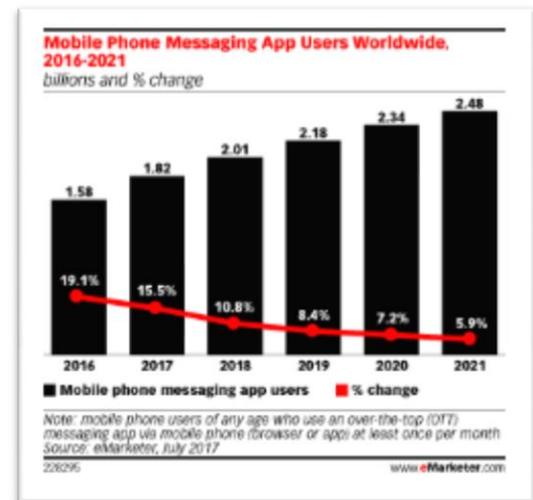
CNBC

## Messenger business model

- **Interest in ads** is stimulated via money, vouchers and special offers to users.
- Motivation to watch commercials, banners and collect **credits**, which can be **exchanged** later for a reward of user's own desire.
- Information about location, interests, activities, friends, e-mail and phone number allows advertising agencies or direct clients to **precisely target** their ads and **tailor campaigns** for each user.
- Companies achieve higher sales thanks to special offers.
- General and credit history of users provide an opportunity to send a particular offer to a **selected group of users**.

## Market environment

- At the end of 2018 there is predicted to be more than **2 billion** mobile phone messaging apps users. And the number will grow further.



- Research shows that people spend **4+ hours** on their phones daily and social media plus messaging apps take up **33 %** of the time spent.
- Safety and user's trust play an important role, that is why **latest technology** is implemented along with detector of fraudulent operation.
- Current doubts on Facebook's reliability could contribute to good **timing**. Because Messenger and WhatsApp are first and second in the number of active users monthly.
- Profit per customer in the CEE market was up to **6 EUR** per month, for west Europe (particularly the United Kingdom) it is expected to be up to **19.5 GBP** per month.

### Current condition

- 80 % of the project is done, Android, iOS and desktop version.
- After the investment is complete, programmers are prepared to finish the project in **3 months**.
- Test run conducted on **3 228** users. Profitability in western countries is thanks to more expensive ads and cheaper telecommunication services expected to be **2 times higher**.
- **Opportunity** in current bad publicity of Facebook.

### Test run- hard data

- In 8 weeks **3 228** users were acquired.
- After a month from installation **95 %** of users continued in using the app on daily basis.
- Acquisition costs of new users were **0,3 EUR per user**, thanks to viral effect. One paid user brought in six weeks **30 new users** for free.

### Messenger profit and revenue projection

- In Western Europe is average monthly revenue per customer expected to be up to **6 EUR**.
- Half of total costs consist of benefits for users, another 15 % are for acquisition of new users.
- Projected operating margin is around **34 %**.

| Users (M) | Revenue (M EUR) | Total expenses (M EUR) | Earnings (M EUR) |
|-----------|-----------------|------------------------|------------------|
| 1         | 131             | 87                     | 44               |
| 5         | 662             | 435                    | 227              |
| 10        | 1 382           | 908                    | 475              |

### Messenger 2018 Goals

- **Expansion** to US and Western Europe which offer far better margins.
- At least **10 million** users.
- App improvements, add **new functions**, ability to send a picture, sticker, shoot a video, add filters, VR.
- Global user **address book**, look up for any user possible.
- Development of the reward system, **optimization** and precise calculation of credit benefits including new ways to obtain it.
- **Broadening** reward portfolio, cooperation with companies attractive for our target audience.
- We are primarily interested in **renowned consumer companies** like Amazon, Netflix, Spotify, McDonald's, Starbucks, H&M, Steam, Coca Cola, Uber, Airbnb...
- Improve customer care via implementation of **ChatBots**.

### Contact for investors

**Radim Dohnal**

[radim.dohnal@capitalinked.com](mailto:radim.dohnal@capitalinked.com)

Tel: +420 604 523 429