



October 15, 2018  
Members of the Board of Directors of PAR Technology Corporation  
8383 Seneca Turnpike  
New Hartford, NY 13413

Dear Members of the Board,

Voss Capital, LLC (“Voss Capital” or “we”) has been a stockholder of PAR Technology Corporation (“PAR” or the “Company”) since early 2016. On October 11, 2018, Adam Wyden of ADW Capital Management, LLC (“ADW”) published a letter directed to both the Board of Directors (the “Board”) and management of PAR, indicating ADW’s belief that PAR should pursue an outright sale of the Company to maximize shareholder value. We are writing today in support of ADW’s proposal as we have independently come to similar conclusions. We will not belabor all of Mr. Wyden’s points, but can summarize our thinking in two ways:

- 1) PAR will likely never achieve fair market value for its potentially valuable assets without splitting those assets up, thereby removing the sum-of-the-parts discount.
- 2) Accordingly, the time to act is now since the market is generously valuing both of the industries in which PAR operates.

### **The Current Market Environment**

The market is currently recognizing the vast potential of the restaurant point of sale (“POS”)/technology space as it accelerates a transition towards full cloud adoption. In addition to public comps like Square, Inc. that trade at well over 10x forward revenues, a few private transactions have garnered our attention and suggest that PAR is materially undervalued compared to its peers.

Transaction	Date	Comment
<a href="#">Grubhub acquires Level Up</a>	July 25, 2018	Purchased for \$390 million in cash, with annual revenues of approximately \$8 million dollars and burning cash.
<a href="#">Toast Raises Capital</a>	July 10, 2018	Raised \$115 million in Series D funding, implying a valuation of \$1.4 billion dollars.
<a href="#">Global Payments acquires SICOM</a>	September 27, 2018	Purchased for \$415 million in cash. As we understand it, the actual software revenues are quite small here and Global Payments was primarily interested in the relationships SICOM has with Burger King, Popeyes, Tim Hortons, and others.

From our vantage point, applying any reasonable multiple to PAR’s restaurant technology assets, given its relationships with McDonald’s, Subway, Yum! Brands, Arby’s, Dairy Queen, and many other companies highlights the discrepancy between PAR’s market value and recent private market transaction comps.

Additionally, PAR’s Government business comps are still trading at historically high multiples, in the 13x to 14x forward EBIT range, making now a good time to capitalize on the market’s enthusiasm for such businesses.

### **Sum-Of-The-Parts Discount**

We believe PAR will continue to receive a sum-of-the-parts discount and, thus, the only way to maximize shareholder value is to find one or more buyers who can sharpen PAR’s focus and enhance the resources necessary to capitalize upon its tremendous potential. While we agree with ADW that Brink Software, Inc. (“Brink”) is the core value and asset to a potential acquirer, we would like to also point out three other assets that receive almost zero attention due to PAR’s limited resources:

- **SureCheck:** Despite having incredible reference customers (e.g., Walmart, Wegmans and Target) and allegedly large field tests ongoing, SureCheck has failed to scale revenue as quickly as management previously signaled. Moreover, PAR has recently deemphasized any further investment in SureCheck. SureCheck has a large addressable market and can take advantage of the longer term secular trend (i.e., food safety). We believe that with proper management and investment, SureCheck will prove to be a valuable asset that many firms would be interested in acquiring.
- **PixelPoint:** PAR's legacy POS software is installed in several thousand units around the world yet still only generates, by our estimates, approximately \$4 million to \$5 million in revenue annually. We believe with some small investments and/or an active campaign to move PixelPoint users to Brink, PixelPoint assets have the potential to be quite valuable. As is, we do not believe management thinks they have the time or resources to focus on this asset and we believe management plans to continue to use it as a cash cow rather than invest in its future.
- **Hardware:** PAR is entrenched and has deep relationships with the world's largest restaurant chains, in some cases going back decades. We estimate PAR's QSR hardware market share in the US to be approximately 30%. We believe other larger hardware manufacturers might be interested in either partnering with PAR or acquiring these assets, which would free up material working capital. Alternatively, there might be interest from payment processors or other strategic acquirers who may be interested in the relationships PAR's hardware customers could provide.

A private equity buyer or strategic acquirer could unlock significant value by selling off disparate businesses and focusing energy and capital around the most promising growth assets—Brink and SureCheck. Brink alone could be worth \$40 to \$50 per share (\$650 million to \$830 million) or more if PAR's Payments initiative takes off with proper execution over next three years. Below is an overview of PAR's various segments and what a strategic acquirer could change:

Business Segment	Recommended Action	2018 Revenue
Brink	Invest over \$20 million of capital to materially accelerate growth; push into payment processing aggressively. Get software up to speed for table service; launch internationally utilizing PixelPoint and SureCheck language resources. Add several additional modules to the POS software. This should allow Brink to get near its target of 34,000 restaurants with an ARPU of \$220 (\$93 million of ARR), plus any incremental and highly profitable payments revenue.	Approximately \$20 million, including hardware and services
Hardware excluding Brink/SureCheck	White label or license hardware sales to a larger hardware player, which should be attractive given the extensive relationships PAR has. Unlock material working capital (inventory) that could fund Brink. Implement significant cost cutting to improve profitability.	\$88 million
Hardware Maintenance	Continue to collect maintenance revenue or include as part of Hardware outsource deal	\$34 million
PixelPoint	Move large base of restaurants to Brink via software-as-a-service or implement additional revenue generation from the base (data analytics). Set long term plan to merge PixelPoint and Brink.	\$5 million
SureCheck	Find a home for the Company with more competent management (i.e., 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 is vast and finding a focal point (which PAR has lacked, attacking anything and everything) can likely improve uptake.	\$8 million

Government	Sell Government at 10x EBIT generating approximately \$90 million of gross proceeds. Assumes 15% EBIT margins to a strategic acquirer that can eliminate redundant corporate overhead.	\$65 million
Data Analytics	Accelerate investment in data and marketing analytics for both PixelPoint and SureCheck,	\$0
Real Estate/Other	Sell owned real estate in upstate New York, which we estimate is worth \$5 million to \$10 million. Consolidate PAR to San Diego where the Brink development team resides.	\$0
<b>Total 2018 Revenue</b>		<b>\$220 million</b>

If the Board commits to selling PAR, we believe the Company would be able to field offers from both strategic and financial (e.g., private equity) acquirers. From our discussions with well-known private equity firms it is clear that PAR has several strong strategic assets that other companies would find valuable. Furthermore, certain private equity firms believe they could better maximize PAR's collection of assets by plugging them into their existing portfolio companies. We encourage the Board to seek strategic alternatives by pursuing a sale of the Company. If PAR has already hired investment bankers to evaluate strategic alternatives, we highly recommend PAR disclose that to the public for transparency and to maximize the potential value achieved for all stockholders.

Sincerely,

Voss Capital Team