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MOMENTUM REPORTS – ATMANCO

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AtmanCo, is on the fast track to become a Canadian leader in interactive solutions



CEO Michel Guay (left) and CFO Simon Bédard (right)

Montreal-May 25, 2017. Montreal-based AtmanCo has embarked on ambitious internal and acquisition growth strategy for the years to come.

As of May 25, 2017, AtmanCo, TSX-V: ATW, had a market cap of \$15.23 million 63,478,092 shares issued and a 52 week range of \$0.04-\$0.29. For the year ending December 31, 2016 the company posted revenues of \$3.4 million against revenues of \$0.8 million for 2015, a staggering 298% increase. We can conservatively expect similar revenue growth in 2017 considering that 2016 only included 3 months of results from VoxTel which has total budgeted revenues of \$11.0M for 2017.

Over the last year AtmanCo has seized the bull by the horns and is currently positioning itself to profit from the continuous research it has devoted itself to in developing and validating its psychometric testing. AtmanCo is nearing its long-term goal when it will be able to monetize the results of millions of completed tests as the kind of “*smart data*,” that marketing and advertising agencies pay through the teeth for.

AtmanCo was founded by Michel Guay in 2003 to provide psychometric personality testing and applicant tracking for human resource (“HR”) departments. The psychometric tests can also be used to test for compatibility in both personal and professional

AtmanCo. 

Business Happiness

TSX-V: ATW

Share Structure:

Issued: 63,478,092
Market Cap: 15,234,724



Highlights

In Q1 2017 AtmanCo posted revenues of \$2,727k compared to \$246k in Q1 quarter of 2016, a YoY increase of \$2,481k.

2016 revenues jump 298% YoY with similar predicted YoY growth for 2017.

Carrier-billing market predicted to hit US\$24.7 billion in 2019, nearly doubling over 5 years.

Board of Directors include Quebec Inc. Heavyweights.

capacities. CFO Simon Bedard describes the added value the AtmanCo test brings to the market like this: *"What differentiates our test from the competition is twofold: one is the fact that the predictive cross-referring data with algorithms we built can match two people which is a very significant differentiator and the second is its user friendliness. When you compare it to other scientifically validated tests it doesn't take very much time to do and it's fun."*

Matching personalities, Bedard notes, is as important in the corporate world than just finding true love in the general public. It provides executives with the ability to be more efficient because they know what to expect from their colleagues. *"The tests will tell us where we fit in with another person's personality and how we should behave and that improves our efficiency."* As an example, after he took the test, Bedard said that he learned that while he was more analytical, AtmanCo founder Michel Guay was more spontaneous with entrepreneurial spirit and that he could expect Guay to come to him with last minute changes. Forewarned is forearmed.

AtmanCo sells the tests on a license basis to large users and on an individual or block basis (with volume discounts) to smaller companies as well as through Salesforce, the global leader in CRM solutions. *"Salesforce is a very good benchmark for our application program interface ("API")",* said Bedard. *"It took a year to integrate it. They were very rigid and meticulous in making sure it worked. For us it is a strong validation of our API."*

Michel Guay graduated from the University of Montreal in psychology in 1984. He then spent seven years developing the Atman test, scientifically validating it and developing the web-based technology to support it. Wanting to reach the broadest market possible, the test has been designed so that it doesn't need a psychologist to interpret it and this factor makes it a slam dunk for small and medium sized companies that don't have a large human resource departments or a staff psychologist. While the company has developed a good market with small and medium sized companies it also has national client companies like Desjardins, Laurentian Bank, Air Transat and City of Montreal as clients.



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The company name, Atman, derives from Hindu philosophy and can be translated as inner self. Until recently, AtmanCo faced the same problem that usually strikes devel-

opment stage companies: it was burning through more cash on research and development than it was generating in revenues. Then an almost improbable development took place. As part of its strategy to penetrate the mass market with its personality test, AtmanCo was approached by Quebec Rencontres a Quebec-based dating service that thought that AtmanCo's personality test would be a good fit for its clients. *"We signed a three year agreement with them,"* says Bedard, *"but by the end of the first year we were not controlling the development or the marketing. They were not going as fast as we wanted. We thought about buying them because it would provide us with our own laboratory to test and replicate on a broader market afterwards."*

In October of last year, the company closed the purchase of RNIS Telecommunications the parent company of VoxTel, owner of the Quebec Rencontres website and Information Telecharge.com for \$2.4 million with \$1.5 million paid in cash at closing, a move which has taken it out of the red and into the black. Usually known as VoxTel, the company is mainly engaged in direct carrier billing. It collects a fee when land line long distance costs are charged and when organizations use it to hold phone-in votes. For example, when television shows like the Voice or the Voice Junior hold telephone votes for the best voice VoxTel collects a fee and when the Parti Quebecois held their leadership vote over the telephone, VoxTel collected a fee.

THE ACQUISITION

Opportunity

- ✓ **Fast growing markets**
- ✓ **Strategic and financial synergies**
- ✓ **Benefits the AtmanCo Brand**
Visibility, profitability
- ✓ **Significant sales growth opportunities**
- ✓ **Timing & Valuation**
2.5x forecasted EBITDA
Telecom companies trading at 6-12x EBITDA

Synergies

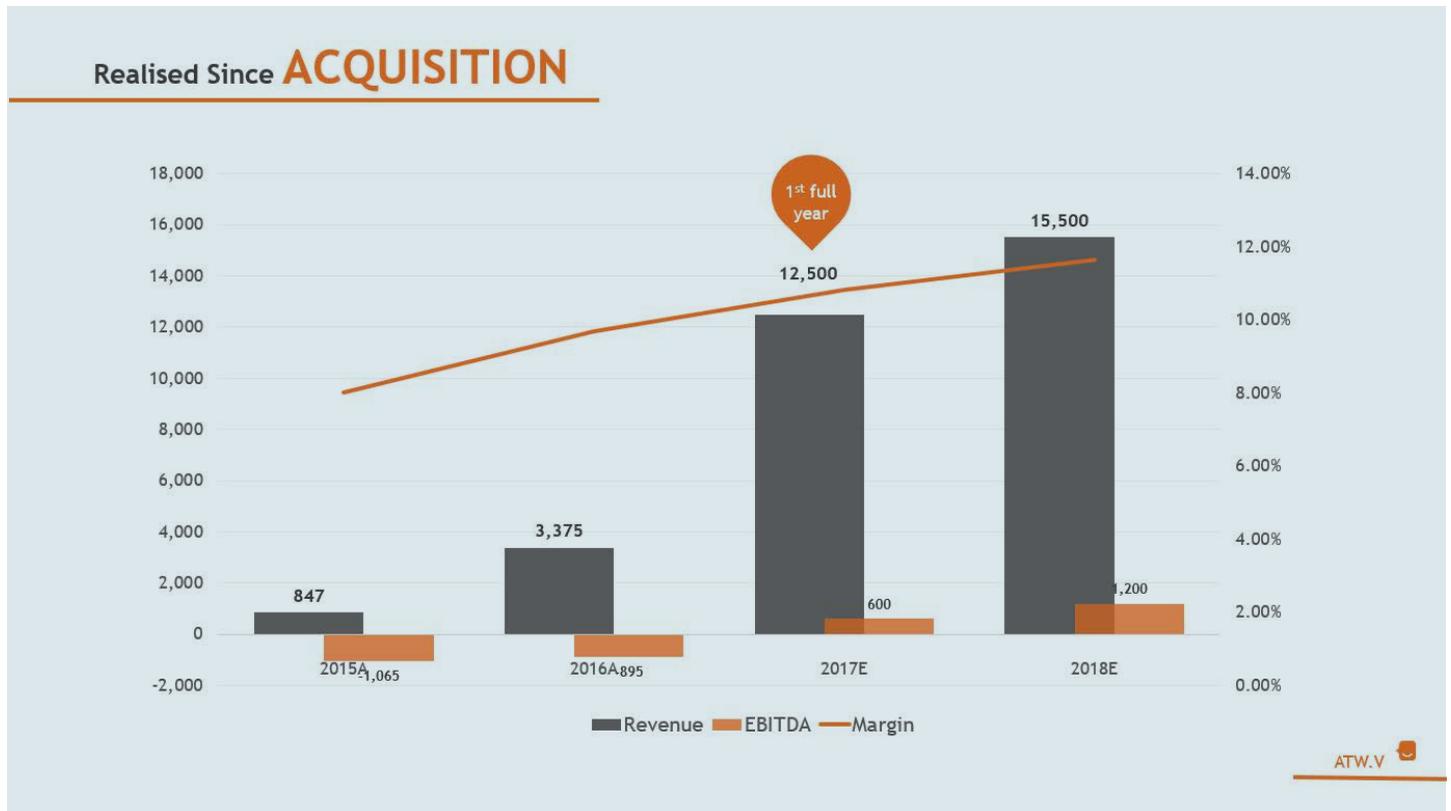
- ✓ **Revenues Synergies**
Smart data
Geographic expansion
Billing solutions
Cross-selling
- ✓ **Cost Savings**
Tax synergies
WC Savings of 250L/year
- ✓ **Sales Opportunities**
Refocus on business development
New solutions ready to be launched
Higher conversion and margin sales (i.e. voting, online dating)
Under exploited developed applications

In a 2015 study by Ovum called Carrier Billing: Global Market Trends and Forecasts, carrier billing was predicted to generate US\$24.7 billion during 2019, up from US\$14.5 billion in 2014.

VoxTel had been treated by its previous owners as a cash cow with very little money being reinvested in the company and didn't even have a sales force. Originally AtmanCo had simply wanted to gain control over the deployment and marketing of their tests over the Quebec Rencontres network. However, AtmanCo bought the whole com-

pany because they also believed they could do better with it. "Another reason," according to Bedard, "was our test has been completed by more than a million people and we are building a database not only containing the demographics of the people who have taken our test but of their personalities. When our database reaches into the millions of tests completed that raw data will be turned into smart data and it will be worth a lot to marketing agencies. With VoxTel we have added 15 million phone numbers and we will be able to find ways to speed up building our database."

"We bought VoxTel because AtmanCo is investing in the future and VoxTel is a cash-flow positive business. The two combined should be self-sufficient in terms of cash-flow so we should not have to go back to the market to fund our operations and development." An added bonus is that while VoxTel is cash positive, AtmanCo has cumulated tax losses. In the future years VoxTel profits can be written off against AtmanCo losses. VoxTel generated more than \$10 million in revenues in 2016.



If everthing goes according to plan we should be in a position to further consolidate the Canadian telecom market.

One of the key strengths of founder Michel Guay is his ability to convince people to believe in AtmanCo. He persuaded Simon Bedard to leave his position as CFO of a company with 400 employees for one with 15: AtmanCo. Guay also persuaded Stephane Poirier who was formerly a supplier to AtmanCo join the team as VP, Marketing and Technology after having sold the company he had founded.

When it comes to convincing people about AtmanCo, Guay has the ability to pull rabbits out of hats. When he started thinking about buying VoxTel, Guay called up his network contacts. Mr. Andre Imbeau, former CFO of a Montreal-based international information technology consulting company that had

\$10.7 billion in revenues during 2016, thought the acquisition looked promising enough to invest \$2 million through convertible debentures in the company and became a Board member. Renaud Caron who is Senior Vice President of Strategic Development at CGI Group Inc also joined the Board. Along with a distinguished corporate career, Carron has served as a deputy minister in both the Canadian and Quebec governments. Rounding out recent additions to the Board has been Bertrand Leboeuf, a Montreal real-estate and hotel magnate.

"Michel," says Bedard, "is very good at building relationships. He's a very good salesman and entrepreneur." Speaking of the new

Board members Bedard says, "It's interesting because they believe in the business and they are very interested in helping us open doors and bring us business. We are confident they will bring us some very valuable insights."

AtmanCo may very well be a case of having the right Board at the right time. The company has a number of developments underway which should provide long term financial stability. It has partnered with American agencies Sparkroom and MTVU. Sparkroom, which provides services to American universities, has signed an agreement with AtmanCo to offer its personality test using the Bloomed API to American university students by paying a fee per student included in the database, reaching a key milestone for being the first agreement signed that would monetize our data. According to the American National Centre for Education Statistics, 20.5 million students attended American colleges and universities during 2016 with the Sparkroom network reaching approx. 11 million of those students. The odds of every student taking the test are slim but the deal could potentially result in very large recurring revenues.

The company is also reaching out to the mass market through Bloomed.com, a web site which is still in evolution and is designed to provide a plugin to any website operator who wishes to integrate the AtmanCo personality test. To put it simply: people want to know more about themselves (ref. the most frequently asked question on Reddit in October 2015) and this online sales channel is a natural fit. At the moment, Bloomed.com is

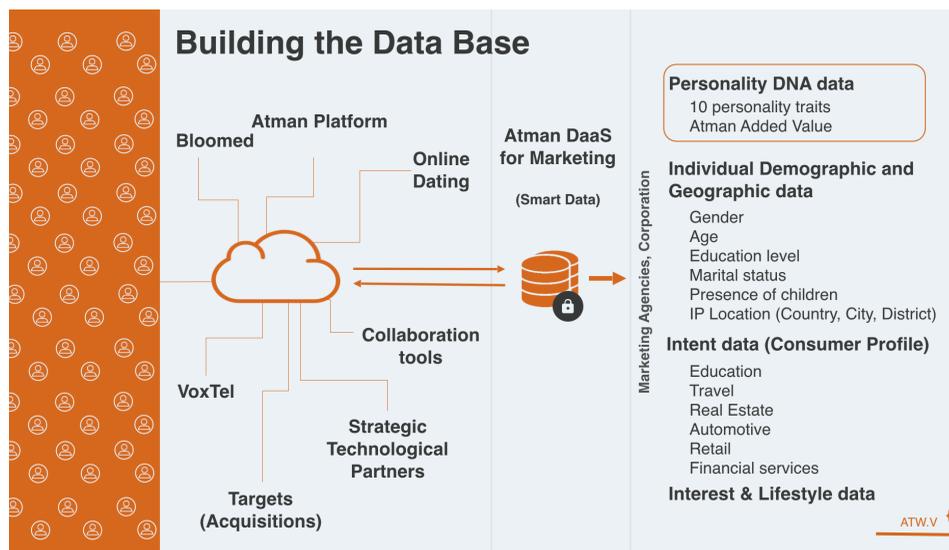
free, but when more content is developed for the site the Company will begin charging for it. AtmanCo has also partnered with MTVU, a television agency that provides content. The agency is currently negotiating with other high profile digital TV and TV television agencies to offer the AtmanCo test.

VoxTel has now been completely integrated into AtmanCo and the number of AtmanCo employees has risen to 35. The company is also looking at other acquisitions. "Without naming names, we are talking to four or five companies right now and one is quite advanced in Canada. If everything goes according to plan we should be in a position to further consolidate the Canadian telecom market. It will be a real cost synergy deal if it happens. We are also looking for opportunities in the U.S. and Europe, we would like to diversify geographically." stated Bedard.

AtmanCo's acquisition targets are companies that have complementary products. We want to grow revenues on the communications side but we could also look at targets that fit the AtmanCo business, a database company that transforms raw data into smart data for example."

In terms of milestones, Bedard expects to close at least one acquisition this year and maybe two if the conditions are right. In terms of revenues he expects to see opportunities generating organic growth in revenues in Q3 or Q4 2017. "We also have a couple of projects for TV shows and in mobile marketing/SMS on the VoxTel side which should also fuel organic growth." As of now AtmanCo is undervalued because the market has not yet factored in the value of the VoxTel acquisition and its potential.

www.atmanco.com



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MOMENTUM PR | T: +1 450 332 6939 | E: INFO@MOMENTUMPR.COM | WWW.MOMENTUMPR.COM

