



Established Business

Revenue Producing

Growth Company

Expanding Customer Base

Expanded Customer Targeted Digital Assets

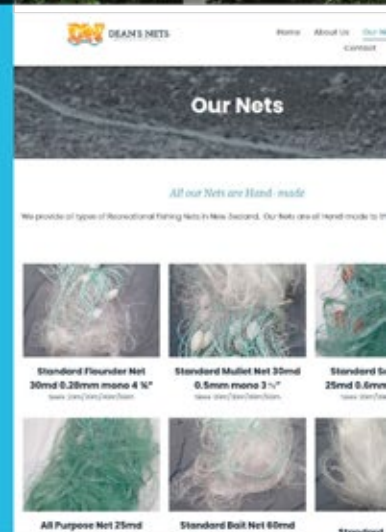
PRE LISTING OFFER



INFORMATION MEMORANDUM Digital Media and Services

Allowing investors to ride the wave of the digital economy

July 2020



IMPORTANT INFORMATION - Please Read

IMPORTANT INFORMATION

The content of this pitch by LHD Group Limited or ("the Company") and the documents, comments and information contained within it (together the "Pitch") have been prepared by the Company.

The Pitch is approved as a financial promotion, and communicated, by Crowdsphere Limited trading as Crowdsphere ("Crowdsphere") in accordance with part 6 of the Financial Markets Conduct Act 2013 ("the Act"). Crowdsphere is registered in New Zealand under company number 5021681, is licenced and regulated by the Financial Markets Authority. Its Financial Service Provider number is FSP360186.

The Pitch is communicated by Crowdsphere to its registered members on the basis of such recipients' status as informed and intelligent members of Crowdsphere who understand the implications of equity investments in private companies with regulatory requirements, but potential investors are encouraged to "cross examine" the Company by interactive due diligence and use of the available online forms to bring the "wisdom of the crowd" to bear.

In approving this Pitch, Crowdsphere has concluded that the Pitch, taken as a whole in the context of the above, is fair, clear and not misleading or deceptive. Crowdsphere has

reviewed any factual statements included within the Pitch and obtained evidence of their accuracy from the Company. However you should note that the evidence is obtained from the Company and has not been audited by Crowdsphere, which means that it may contain inaccuracies, be incomplete or be a forgery.

Crowdsphere has checked that aspirational statements contained within the Pitch are phrased appropriately in light of their speculative nature. However, the Company may have high ambitions which may be unachievable and exaggerated. You should note that Crowdsphere may approve statements that convey those ambitions even where Crowdsphere do not believe, or we do not have a view on whether it is likely, that they will be fully realised and Crowdsphere encourage investors to consider the information provided in the context it is being provided.

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The Pitch does not constitute an offer of or an invitation to subscribe for securities to the public that would otherwise be required to

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No public offer in any jurisdiction is being made by the Pitch. The Pitch is primarily intended for release in the New Zealand and does not constitute an offer, or the solicitation of an offer, in relation to shares in any jurisdiction in which such offer or solicitation is unlawful.

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The Pitch has been prepared by the Company. It is being provided to persons, each of whom is considered to be a legitimate recipient, solely as a guide for the purpose of giving background information to enable recipients to assess whether they wish to place an order to subscribe for shares in the Company.

The information and opinions contained within the Pitch are strictly confidential and are being made available only to parties who agree to keep them confidential. Neither the Pitch nor any part of it may be copied, published, disclosed, reproduced or distributed to any person at any time without the prior written consent of the Company, and shall not be used for any purpose other than in connection with the proposed investment in the Company. By accepting the Pitch you are deemed to undertake and warrant to the Company that you will keep it confidential. You agree to indemnify the Company against any losses incurred by the Company as a result of any unauthorised

disclosure, and to return on demand, the Pitch and any related documents or information to the Company.

GENERAL

Although the Company has used publicly available information in compiling the Pitch and has used reasonable efforts to check the accuracy of the information in the Pitch, its accuracy cannot be guaranteed. The Company has not independently verified any of the information, links to other sites or resources provided within the Pitch and the Pitch does not purport to be all-inclusive or necessarily to contain all the information that a prospective investor may desire in investigating the Company, and may be subject to updating, withdrawal, revision or amendment.

Any financial projections given are illustrative only and none of the projections or assumptions should be taken as forecasts or promises on the part of the Company nor should they be taken as implying any indication, assurance or guarantee that those assumptions are correct or exhaustive.

Each recipient of the Pitch must make their own independent assessment of the information provided by the Company and is recommended to seek independent advice on the contents hereof from an authorised person specialising in advising on investments of the kind in question.

IMPORTANT INFORMATION - Please Read

Crowdsphere has undertaken a screening and review process of the Pitch in accordance with its Issuer Fair Dealing Policy and Issuer Screening Process as summarised in Crowdsphere's Disclosure Statement. The Issuer Fair Dealing Policy and Issuer Screening Process have been designed to confirm that the Investee Pitch Documents are not false, misleading, deceptive or likely to mislead or deceive and do not include unsubstantiated representations. Crowdsphere shall have no liability to any investor under or in connection with their decision (whether in contract, tort, including, without limitation, negligence, or under any other theory of law or cause of action howsoever arising) unless such liability arises out of the fraudulent actions of Crowdsphere or a breach by Crowdsphere of its obligations expressly provided for in its Investor Terms. The Pitch should not be construed as a recommendation to prospective investors by the Company or Crowdsphere or any of their respective officers or related parties to invest in the Company, and does not form any commitment by the Company to proceed with an investment. The Company reserves the right to terminate the procedure at any time and to terminate any discussions and negotiations with any prospective investors at any time and without giving any reason.

Any and all discussions, negotiations and communications, including through any online forums, between any recipient of the Pitch and

the Company and their respective directors, shareholders, employees, advisers and/or representatives will remain subject to contract and without commitment or obligation unless and until definitive contracts are agreed, executed and unconditionally delivered. Any person who invests in the Company at any time must comply with all applicable laws and regulations in force in any jurisdiction in which they acquire, offer or sell shares and must obtain any consent, approval or permission required in respect of any such transaction under the laws and regulations in force in any jurisdiction to which they are subject or in which any such transaction takes place or in which they possess the Pitch. Neither the Company, Crowdsphere nor any of their respective directors, partners, representatives, agents, consultants or employees shall have any responsibility for any such matters.

The distribution of the Pitch in certain jurisdictions other than the New Zealand may be restricted by law and therefore persons accessing the Pitch or into whose possession the Pitch documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of securities laws of any such jurisdiction. Recipients represent and warrant to the Company and Crowdsphere that they are able to receive the Pitch without contravention of applicable legal or regulatory restrictions in the

jurisdiction in which they reside, conduct business or receive the Pitch, including in particular the requirements of the Act.

ARMILLARY PRIVATE CAPITAL

The Company is a client of Armillary Private Capital which has provided and continues to provide certain services to it. Armillary Private Capital will receive some of the fees to be paid by the Company to Crowdsphere upon successful completion of this capital raising. Armillary Private Capital is the manager of Crowdsphere and related parties hold a shareholding in Crowdsphere. Parties related to Armillary Private Capital are shareholders in the Company.

David Wallace is a director of the Company. He is also a director of Armillary Private Capital and Crowdsphere.

SECONDARY MARKET

The Company plans to apply to have its shares quoted on the Unlisted Securities Exchange (USX) upon successful completion of this capital raising. Investors should note the Armillary Private Capital, which is the manager of Crowdsphere, is also the manager of Efficient Market Services Limited which trades as the USX.

Armillary Private Capital, and/or its related parties do not have an ownership interest in

Efficient Market Services Limited.

RISK WARNING

Potential investors should be aware of the risks associated with an investment in the Company especially at an early stage in its development and should ensure that they have read and understood the Risk Warning on the Crowdsphere website before continuing. If any potential investor is in doubt regarding the contents of any Pitch, they must consult their own professional financial advisers.

ANY INVESTMENT IN PRIVATE LIMITED COMPANIES, ESPECIALLY AT AN EARLY STAGE IN THEIR DEVELOPMENT, IS AN INHERENTLY RISKY INVESTMENT. IF YOU ARE IN DOUBT ABOUT INVESTING, CROWDSPHERE RECOMMENDS YOU CONSULT WITH YOUR FINANCIAL ADVISERS.

MESSAGE FROM THE BOARD



Dear Investor

We would like to offer you the opportunity to invest in LHD Group Limited ("LHD Group" or "the Company") and be part of the rapidly growing digital marketing segment in New Zealand.

In December 2019, LHD Group acquired Lighthouse Digital Limited ("Lighthouse Digital"), a progressive and growing digital signage and marketing agency. In a separate transaction LHD Group also acquired 20 large outdoor Digital Billboards. These businesses collectively now trade as Lighthouse Digital.

Lighthouse Digital was established in February 2018, providing digital marketing solutions to businesses in niche markets, using Digital Signage as a medium and has a dominant position in a number of market segments with its Media TV product. MediaTV focuses on the marine sector via MarinaTV (with almost all major Marinas from Whangaroa Harbour to Tauranga being represented), GardenTV (in conjunction with Palmers Garden Centres), TradeTV (with selected ITM and DIY businesses) and ClubTV (in conjunction with RSAs and large clubs) along with CaféMedia, a digital signage software service. Lighthouse Digital now has 400+ customers all in need of one or more of its services and more than 105 Media TV screens and 20 Digital Billboards deployed in the north island.

Lighthouse Digital is an "end-to-end" provider of Digital Marketing, Digital Signage and digital advertising products and services. The business model and strategy is based on expanding the digital signage network, making sales of advertising onto its network, and providing more recently developed services, such as Digital Signage software, and Digital Marketing resulting in long term, renewable and/or recurring revenue streams.

The result is a rapidly growing network of digital assets, and an increased range of marketing products that are available to Lighthouse Digital's customer base.

The businesses strategy is to expand Lighthouse Digital's Digital Billboard and MediaTV base as well as expand into additional services that provide the customer with a one-stop-shop. Additionally we have identified an opportunity to develop international markets and provide Software as a Service ("SaaS") Digital Signage screen management systems via our LightSignz product.

To implement this strategy, we are raising capital to fund growth and plan to list LHD Group on the New Zealand based Unlisted Securities Exchange ("USX"). Prior to listing we are currently completing an audit of LHD Group's financial statements. The summary financial information included in this IM is therefore unaudited, however the board do not expect there to be any material variations to the information provided.

We recommend you review the information contained in this Information Memorandum and welcome you to become a shareholder as we ride the wave of the expansion of Digital Marketing solutions in New Zealand.

John Moore
NON-EXECUTIVE DIRECTOR

David Wallace
CHAIRMAN

Ian Bailey
CEO / DIRECTOR

This Offer consists of an issue of new ordinary shares in LHD Group being issued at \$0.50 per share.

The Offer is targeting to raise up to \$1.5m through the issue of 3,000,000 new Ordinary shares

CROWDFUNDING

The Offer is being made through Crowdsphere Limited's crowdfunding platform.



www.crowdsphere.co.nz

Key dates:

OFFER OPENS **27th July 2020**

OFFER CLOSES **5pm 28th August 2020**

INVESTOR MINIMUM **\$1,000**

The Board reserves the right to change these dates at its discretion.

MINIMUM INVESTMENT

The minimum amount which will be issued and the level at which the Offer will proceed to completion is \$250,000 (500,000 ordinary shares).

MAXIMUM INVESTMENT

While the Offer is targeted to raise \$1.5m, the Board reserves the right to accept applications up to a total of \$2.0m. Any capital raised in excess of \$1.5m will be used to redeem certain redeemable preference shares.

OTHER IMPORTANT INFORMATION

The purpose of this crowdfunding offer is to position the Company to pursue its strategy of growing its market share via organic sales and the acquisition of additional screens. Capital will also be used for reducing debt to increase profitability and the acquisition of other similar businesses.

The Company plans to apply for a listing on the Unlisted Securities Exchange (USX) after the audited accounts for year ended 31st March 2020 are released. This is expected to be September/October 2020.

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WHAT DOES LIGHTHOUSE DIGITAL DO



Lighthouse Digital is an "end-to-end" provider of Digital Marketing, Digital Signage and digital advertising products and services.

Lighthouse Digital's products include:

Digital Billboards

Digital Out-Of-Home Roadside Billboards

Lightsignz

Digital Signage / Menuboard Software

Media TV

Information and Advertising on Screens at Strategic sites

Lightwebz

Website building platform

Digital Marketing

SEO, Google Adwords, Facebook Ads, Instagram Ads, LinkedIn Ads

MarinaWeb

Marine hub website and expansion of Marina TV product

The Company's strategy is expansion through organic growth and by acquisition. Lighthouse Digital is seeking capital to fund the execution of this strategy.

Lighthouse Digital operates in a rapidly growing market with local and international opportunities.

Lighthouse Digital has a defensible position in a number of niche markets by the provision of fully integrated end-to-end marketing solutions.

Our customer proposition is:



Lighthouse Digital's products provide an integrated approach to the customers marketing needs.

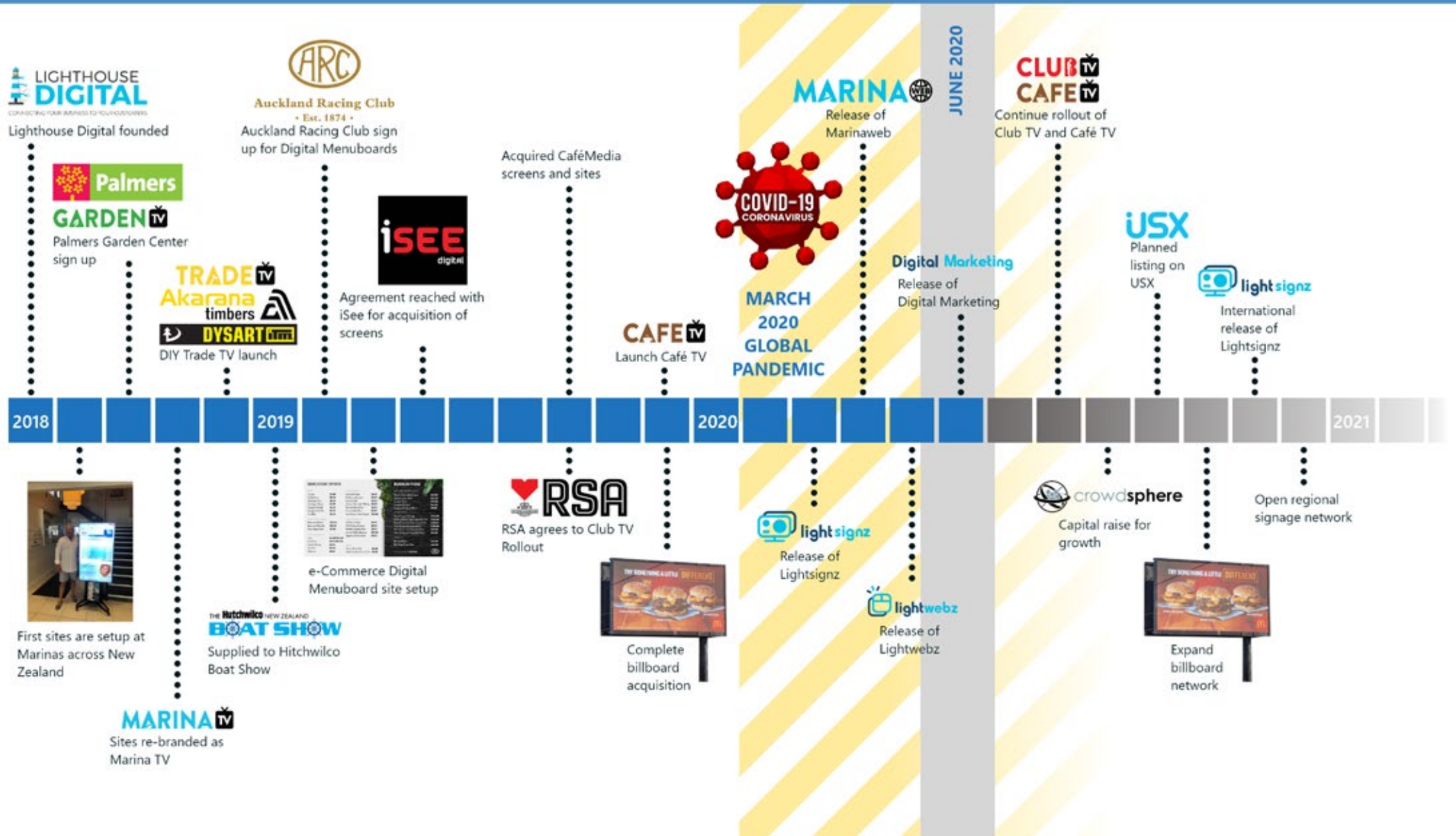
We have multiple channels to market

WHITE LABEL	AGENCIES	DIRECT SALES
SHOUT EVERYWHERE	OMP	Hutchwilco <i>Quality Lifejackets</i>
	AXIOM MEDIA	EVERYMAN
	See Me! MEDIA	ROCK AND RUBBLE PAUMotu SERVICE CENTRE
	mediar spitfire	AES MERCURY BAY MARINE
	SNG MEDIA	Narellanpools
		TMI BUCKLANDS BEACH YACHT CLUB
		HUTCHESON BOATWALERS COAST GUARD
		Utton Tree Unique
		and many more...

AFFILIATIONS

COASTGUARD NORTHERN REGION	OBC	nzmarine	CATER MARINE Oyster Sales Ltd	OBA Coastal Marine Association
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THE JOURNEY SO FAR



WHAT THE FUNDS ARE REQUIRED FOR:

**Further
expansion of
Media TV
sites**

**Expansion of
sales team
for Digital
Billboards &
Digital
Marketing
sales**

**Expansion of
subscription
based Digital
Signage
software
(For recurring
revenue)**

**Expansion of
subscription
based Digital
Marketing
services
(For recurring
revenue)**

**Expansion of
the Digital
Billboard
network**

**Repay
transaction
debt to
optimise
earnings**

DIRECTORS AND SENIOR MANAGEMENT TEAM



David Wallace
CHAIRMAN

David has a background in asset management, investment banking, equities research and corporate treasury, with 30 years of experience working in the capital markets in New Zealand. He has had corporate treasury roles for Winstone Limited, NZ Steel, and Clear Communications and worked for JP Morgan. Throughout his career, he has overseen a broad range of transactions including IPO's, debt raisings, MBO's, mergers, acquisitions and divestments and has been a rated equities analyst for the telco and IT sectors.

David currently chairs Snow Sports New Zealand and Startup Queenstown Lakes Trust as well as being a director or advisory board member of a number of other private businesses.



Ian Bailey
CEO / DIRECTOR

Ian is a seasoned Director and business manager, with extensive experience in working with boards and executive management to identify issues, develop business plans and implement change for company growth. He holds a Diploma in Business Management from the Australian Institute of Business and a Chartered member of the New Zealand Institute of Directors and an Affiliate of the Australian Institute of Directors.

He has extensive experience in public company management and governance in both the NZX and ASX, and has a track record of extending and growing businesses via acquisitions and organic growth.



John Moore
NON-EXECUTIVE DIRECTOR

John is an experienced investment banker and corporate adviser who has worked in Australia, Hong Kong, Singapore and New Zealand.

John started his career in Australia in 1993 and spent 17 years with ABN AMRO and then Craigs Investment Partners in a range of senior roles in Equity Capital Markets and Corporate Finance in Asia and New Zealand. In May 2014, John established Miro Capital Advisory Limited to help smaller, fast-growing companies raise capital. John has experience working with a range of New Zealand companies, including working on IPOs, placements, rights issues and crowdfundings.

John was appointed to represent the interests of Class A RPS holders.

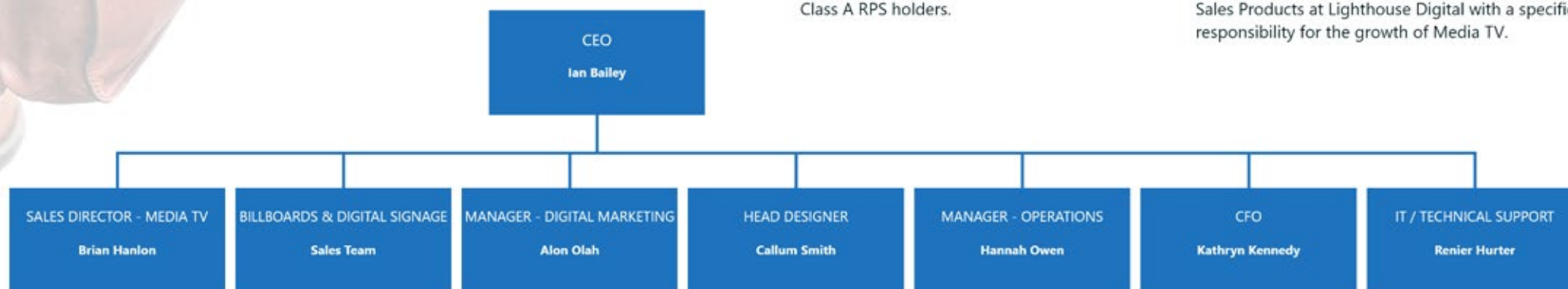


Brian Hanlon
SALES DIRECTOR

Brian is an experienced sales manager with local and international sales experience. He is the founder of Lighthouse Digital and introduced the concept of the MarinaTV product which has been hugely successful.

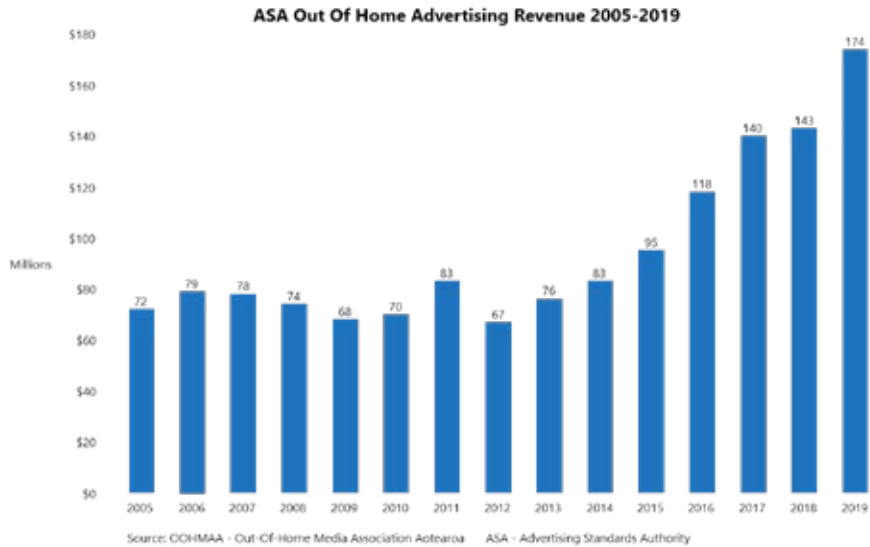
His core skill is in establishing sales teams, training them to produce maximum results with a focus on the advertising and media sectors. Brian's previous roles was as the international sales manager, for New Zealand and Australia, for UK based Arena Digital. He has a wealth of knowledge in the sale of advertising using digital signage as a medium and is both the sales director and sells directly as well.

Brian provides guidance and direction across all Sales Products at Lighthouse Digital with a specific responsibility for the growth of Media TV.



INTRODUCTION TO THE DIGITAL OUT-OF-HOME (DOOH) MARKET

Digital out-of-home advertising spend continues with substantial annual growth

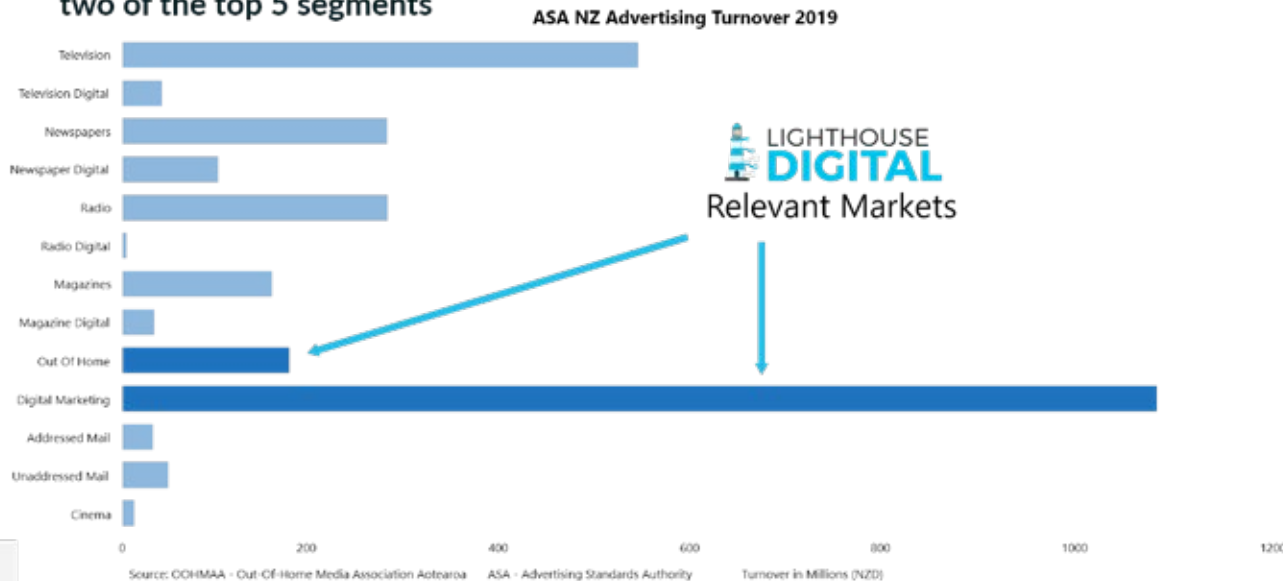


DOOH Advertising Market

- Market trend moving from print advertising to digital signage
- NZ DOOH advertising sales market size in 2019 was \$173m
- NZ market up 22% in 2019
- Global DOOH advertising revenue increased by 7.5% to \$56b in 2018
- DOOH reaches 73% of all New Zealanders
- 24% of NZers try a new product after seeing DOOH

Source: OOHMAA - Out-Of-Home Media Association Aotearoa

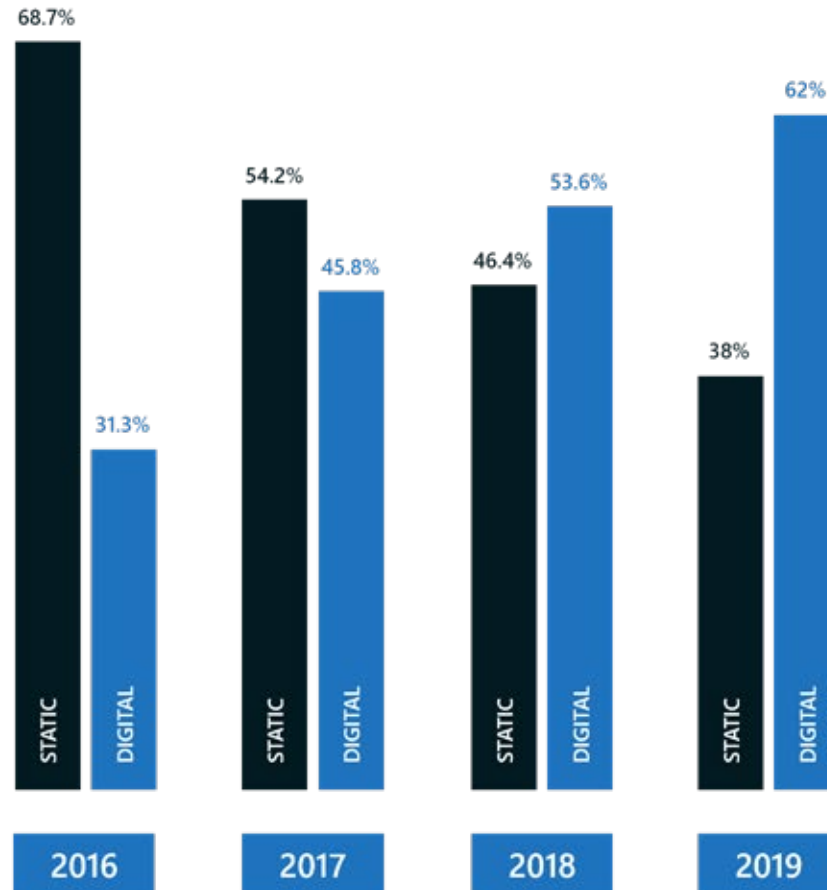
Advertising spend by market segment. Lighthouse Digital is a provider to two of the top 5 segments



Lighthouse Digital's products span two of the five fastest growing market segments, being DOOH Advertising (growing at 22% p.a.) and Digital Marketing (forecast to grow at 14% p.a. for the foreseeable future)

MARKET OPPORTUNITIES - Static To Digital Billboard Migration

Static vs Digital Billboard Revenue Share - Digital formatted advertising is increasing



<https://omanz.co.nz/chart/omanz-static-vs-digital-revenue-share/>

- Static billboards are being replaced by Digital Billboards.
- Lighthouse Digital has acquired 20 Digital Billboards located in premium locations in Auckland and Whangarei and is looking at joint venture co-operative market agreements with other Digital Billboard providers.
- Lighthouse Digital's strategy is to continue to expand the network via organic growth and acquisition.

The Market Dynamics

- Digital Marketing and Digital Billboard networks continue to expand
- Worldwide disruptive move from print to digital advertising

Going Digital

- Provides speed to market for advertisers
- Is cost effective
- Provides high levels of flexibility
- Increases customer engagement

COVID-19 has resulted in:

- Reduced advertising choices through media business closures
- A new world order with old printed media replaced by digital

Lighthouse Digital's Unique Offer

- Lighthouse Digital has a full range of marketing tools for the customer – MediaTV, Digital Billboards, Digital signage and Digital Marketing (including web sites)
- New Zealand owned and operated
- Growth prospects in all areas of Lighthouse Digital. This expands the market opportunity for Lighthouse Digital's digital advertising & marketing products to its customers

DIGITAL OUT OF HOME (DOOH) SALES PLATFORMS - Media TV Explained

MEDIA TV

- Targeted end-to-end marketing - signage, creative
- Targeted site acquisitions
- Site relevant content e.g. News, Weather, Tides, etc.
- Relevant advertisers to the site
- Full Creative and Display solution - end-to-end
- Site managed message boards
- Integral part of the customer's marketing program

MARINA TV

GARDEN TV

- News Headlines: Latest News headlines from around the world
- Local Weather & Time: Local Time and Weather Geo-located to the Garden centre
- Image board: Inspiration images from the Garden centre
- Garden Centre advertising space: Advertising from the Garden centre
- Garden Centre Message board: Messages from the Garden centre
- Garden TV Advertisers: Advertisers space for video adverts
- Lighthouse Digital Advert:

TRADE TV

- News Headlines: Latest News headlines from around the world
- Local Weather & Time: Local Time and Weather Geo-located to the Trade centre
- Image board: Inspiration images from the Trade centre
- Trade Centre advertising space: Advertising from the Trade centre
- Trade Centre Message board: Messages from the Trade centre
- Trade TV Advertisers: Advertisers space for video adverts
- Lighthouse Digital Advert:

Media TV Channels

- Growth in screens in 2020
- Strategic partner with Palmers Garden Centres
- Compilation of independent DIY Trade outlets
- Sole provider of DOOH to RSA's
- Expanding Cafe TV's reach
- Established relationships with over 400 customers
- Dedicated YouTube channels for advertisers
- MarinaWeb.co.nz (Digital Asset) for advertiser lead generation

20 Digital Billboards

- Expands Media TV advertisers reach
- Opportunity for new advertisers to expand range of services from Lighthouse Digital
- Targeting Ad agencies, Brokers and Media buyers
- Unique Sites
- Resource consents are a barrier to entry





Lightsignz is a cloud-based, internet enabled Digital Signage software designed to allow screen owners to manage content on their own digital displays.

- Lightsignz is our proprietary screen management system
- Lightsignz provides a common interface for Media TV, Digital Billboards, Self-Managed Digital Signage and Menuboard
- Cloud-based
- Scalable for local or international markets
- User friendly (no graphic skills required)
- Subscription based
- Supports still images and video
- Proven product in New Zealand



SELF MANAGED DIGITAL SIGNAGE SOFTWARE - Lightsignz Market



Software as a Service (SaaS)

Subscription based service with monthly recurring revenue

Target Market

- Mass market and corporate
- Targets are:
- Retail
 - Entertainment
 - Hospitality
 - Healthcare
 - Real Estate
 - Corporate Communications
 - All applications where dynamic signage is required

Market Opportunity and Size

Lighthouse Digital is commercialising exclusively licenced software to be a Software as a Service (SaaS) offer to the Digital signage markets in the Asia-Pacific markets with an initial target being the Australia.

The Company estimates that the annual market potential for Lightsignz software is:

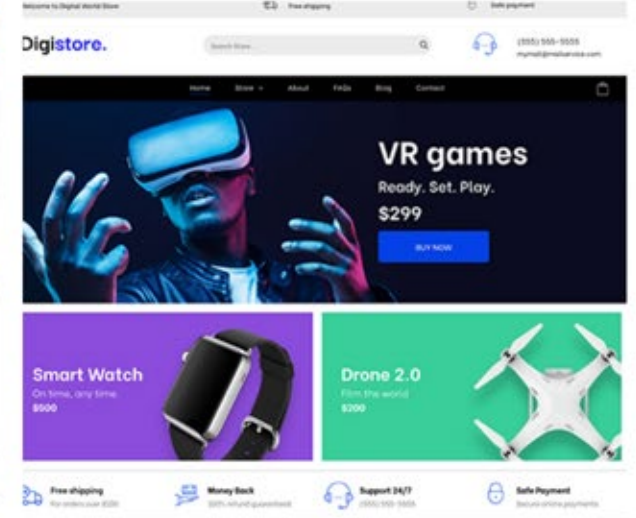
- New Zealand: 60,000 Digital Signs sold per annum.
- Australia: 300,000 Digital Signs sold per annum.
- USA: 2,000,000 Digital Signs sold per annum.



Lighthouse Digital offers full end-to-end Digital Marketing and value added services to its existing and growing customer base, including the following:

- Google Search, Shopping, Display and Remarketing Ads
- SEO (Search Engine Optimisation)
- SMM (Social Media Marketing)
- Content Marketing
- E-mail Marketing
- Brand design and creation
- Web Development including e-Commerce sites
- Video and Graphic Design

These services generate on-going digital revenue and brand growth for Lighthouse Digital's customers, whilst securing Lighthouse Digital long-term recurring revenue streams and sustainable client relationships.



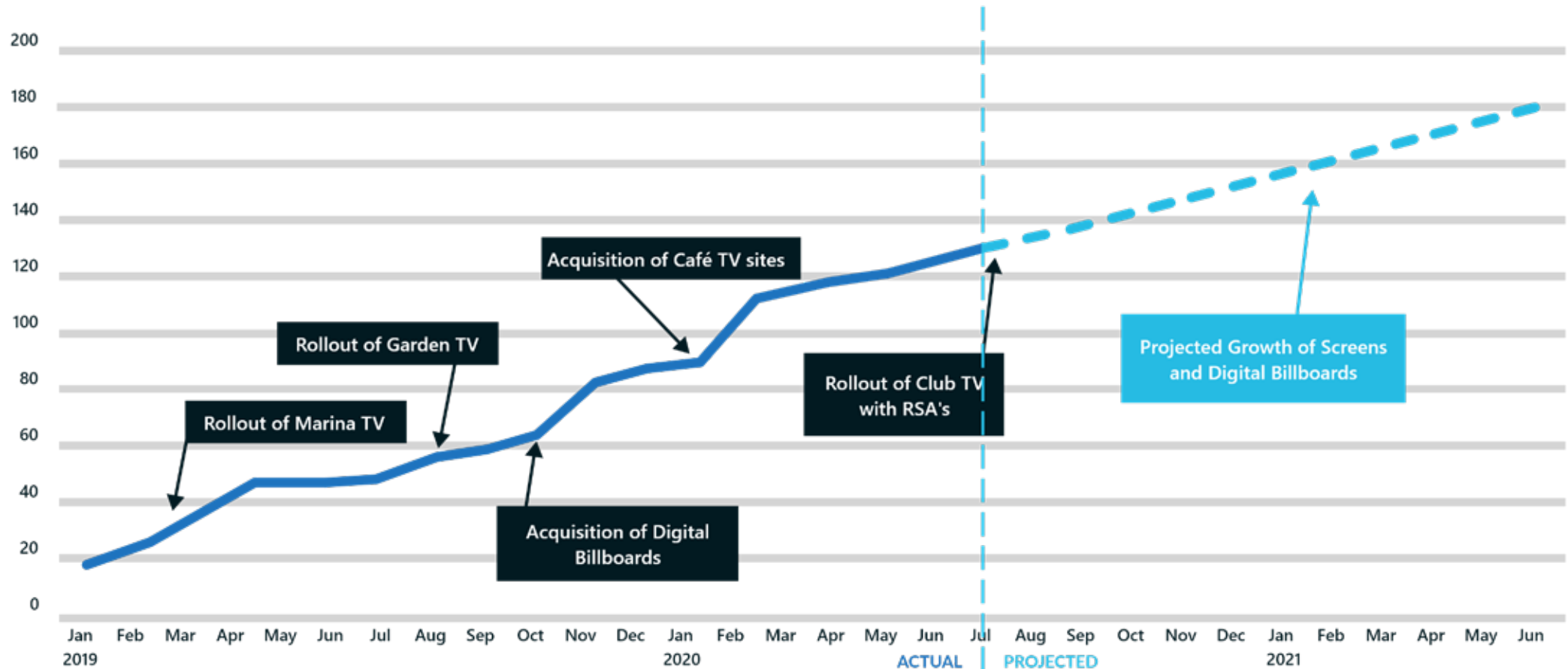
SOME OF LIGHTHOUSE DIGITAL'S CUSTOMERS



COASTGUARD NORTHERN REGION
Palmers
NAUTICAL HOMES
Firangi FUSION
VIKING KAYAKS
AES AUCKLAND ENGINEERING SUPPLIES
RayWhite
RSA
ULTIMATEPOOLS COMPASSPOOLS
PAUANUI SERVICE CENTRE
KINGS MARINE 07 407 7208
HAMILTON CANVAS
BRIN WILSON
Undercover INDUSTRIES
DCAPS DIESEL CLEANING AND POLISHING SERVICES LTD
Bream Bay REALTY
im
SPACEMAX
GULF HARBOUR YACHT CLUB
HIBISCUS MARINE COATINGS
HUTCHESON BOATBUILDERS
DEAN'S NETS WANT THE GUESTS TO GET THE SKILLS
MERCURY BAY MARINE BOATING & OUTDOORS Supplies for the New Zealand lifestyle
BUCKLANDS BEACH YACHT CLUB
TREE BROTHERS EVERYMAN
H & M PASCOE EST 1963 BOAT REPAIRS & MAINTENANCE
PIZZA A CASA ALL YOU NEED FOR HOMEDELIVERY IS HERE
Robert Page
OBC AUCKLAND
360 SIXTY SPECIALISING IN WATERPROOFING LTD
SCAFFOLD systems The No.1 choice for residential and light commercial scaffolding
ROCK AND RUBBLE
Peninsula Marine Ltd
Kauri Property Maintenance Ltd
Johnson Yachts INTERNATIONAL
ShutterStudio
Narellanpools
DOMANI BENCHTOPS
ADCO FOOTING LTD
Battery Direct ...to your door
Affordable Drainage Ltd
Flooding Design
Italian Favore PIZZERIA
Lake Panorama Dental
MPS NZ MARINE PROTECTION SOLUTIONS
KLEANA BINS
marinewest
Westhaven Marine Brokers
oceanix
Billfish cafe

MEDIA TV SCREENS AND DIGITAL BILLBOARD INSTALLATION GROWTH

Total Number of Screens and Billboards



- From a standing start in February 2018, Lighthouse Digital has grown its installed base to 125 sites, being a combination of Media TV screens, located in Marinas, Cafes, Garden Centres, Clubs and DIY sites, and 20 Digital Billboards.
- Increasing the number of sites has a corresponding increase in revenue.

Expanding the network increases the revenue

- Over 105 screens already installed & generating revenue



Each advert is
20
seconds in duration

There are
3,600
seconds in an hour

resulting in
180
adverts slots per hour

with
6
advert plays per hour, culminating in
30
adverts per screen per hour

105
screens and expanding to 200 over next 12 months

The average advertisement sale value is
\$3,000-\$4,500
for a 2 year contract

1 FULL CAPACITY SCREEN OVER 2 YEARS CAN GENERATE REVENUE OF BETWEEN \$90,000-\$135,000

BUSINESS MODEL - Digital Billboards

There are
8 x 10 sec
advert slots
per billboard
per hour

Each
advert slot
can have
multiple adverts
in its own
rotation

Resulting
in
360
adverts slots
per hour

Each slot when
occupied
generates
revenue

20
Billboards and
expanding

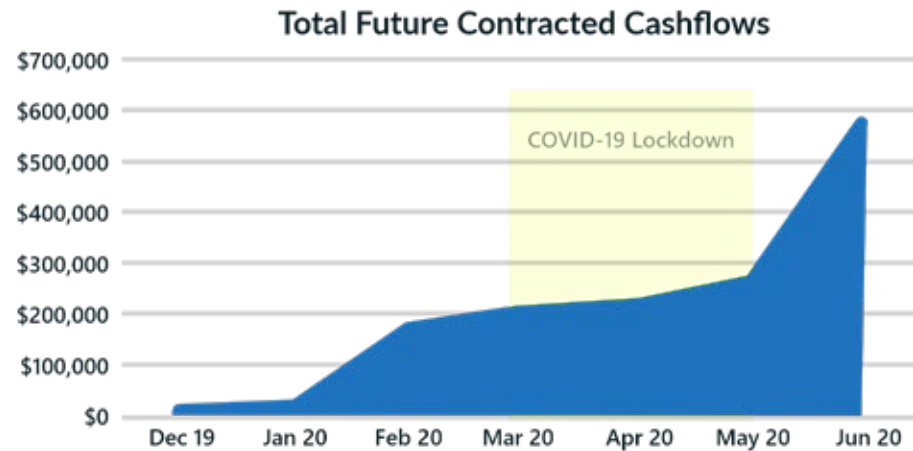
Expanding the
network will
grow the
revenue

The average
advertisement
sale value is
\$4,500
for a 1 month
contract

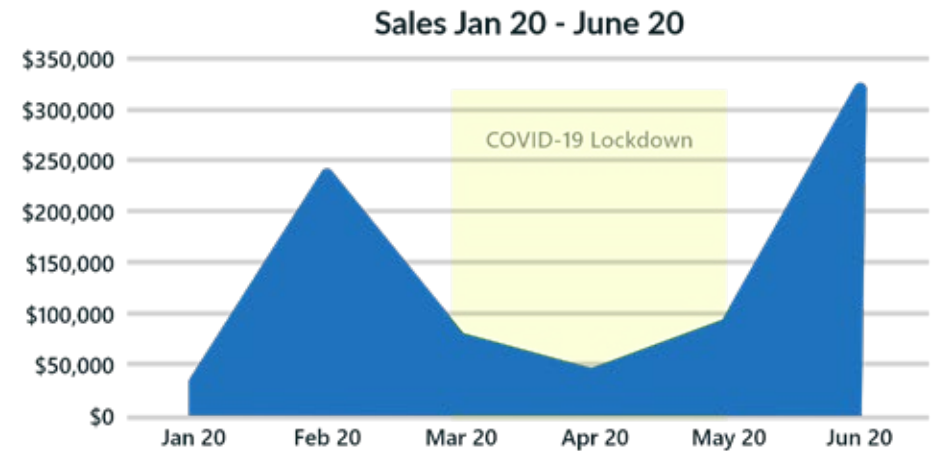
**1 FULL CAPACITY
SCREEN OVER
1 YEAR CAN
GENERATE
REVENUE OF
\$432,000**

Total
network value
\$8.64m
revenue
per annum

FUTURE CONTRACTED CASHFLOW

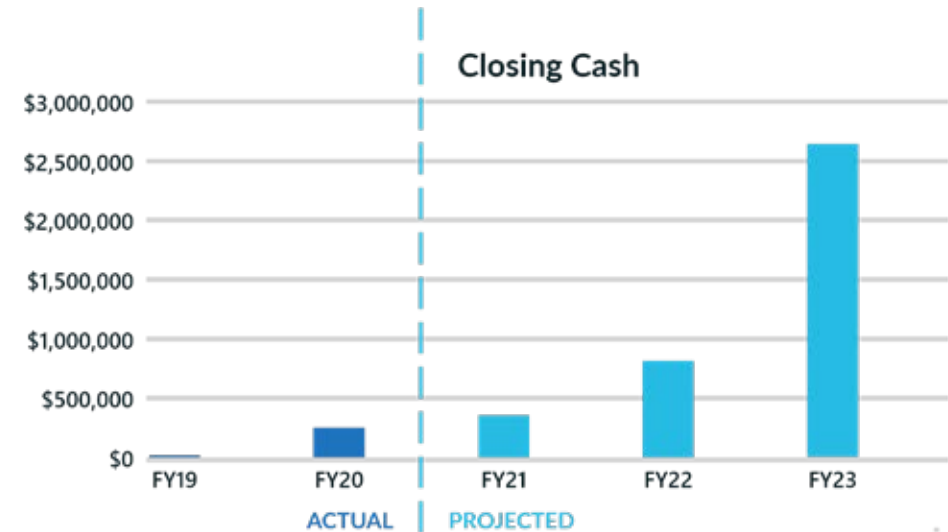
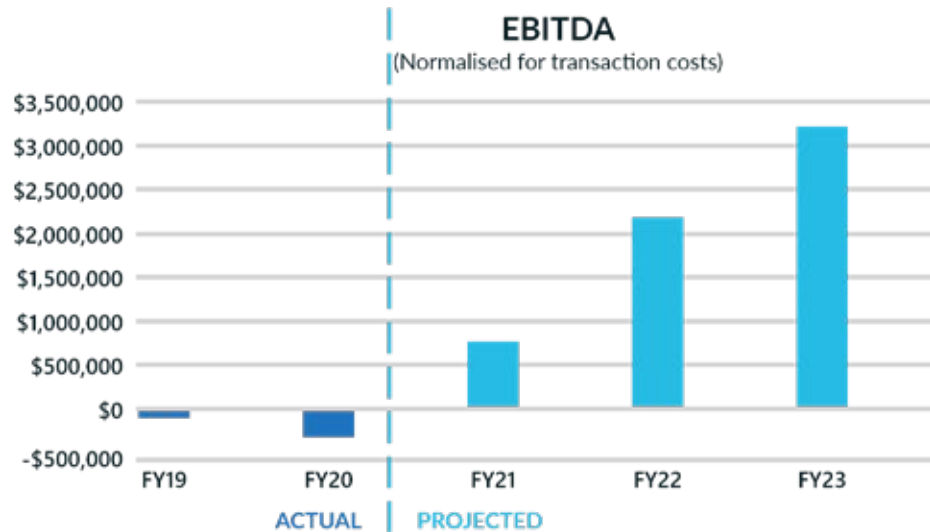
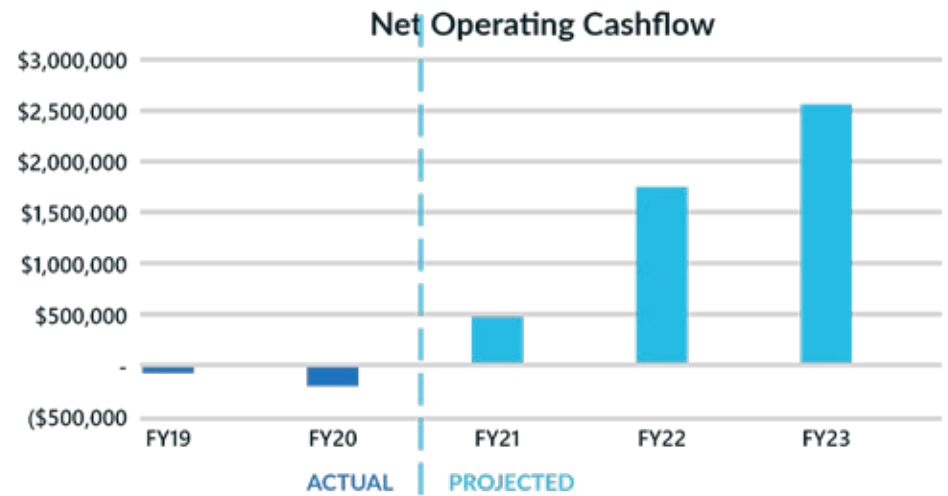
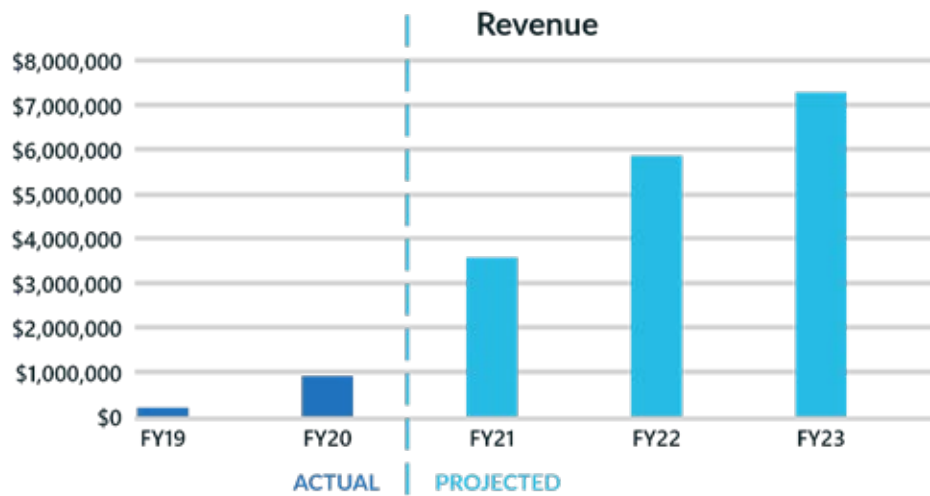


Lighthouse Digital services are provided on both a direct sales and subscription model. Additionally, some customers have signed long-term contracts for the provision of our services over a period of time. The chart above shows the value of contracted future sales that are still to be invoiced as at June 2020.



The chart above shows Lighthouse Digital's monthly sales since the Digital Billboard acquisition and the impact of COVID-19 in April and May 2020. The first month of trading post lockdown saw a significant increase in sales, many of which are forward orders and will be delivered and invoiced in subsequent months.

PROFITABILITY & PROJECTIONS - A Growth Story



- March 2020 EBITDA was impacted by a combination of the slower sales caused by COVID-19 and non-recurring costs of c.\$125k. The company's accounts will also include one-off acquisition costs relating to the acquisition the 20 Digital Billboards of c.\$52k, but this figure has been normalised for the purposes of this Information Memorandum
- Improvement in Net Operating Cashflow is driven by growth of Billboard advertising, Digital Marketing services and Digital Signage subscription based recurring revenue.

FINANCIALS - PROFIT & LOSS

INCOME STATEMENT	ACTUAL		PROJECTED		
	FY19	FY20	FY21	FY22	FY23
Revenue	\$163,613	\$894,381	\$3,384,981	\$5,837,636	\$7,235,890
Cost of Sales	\$27,709	\$173,984	\$1,075,504	\$1,554,062	\$1,846,112
Gross Profit	\$135,904	\$720,397	\$2,507,451	\$4,283,575	\$5,389,778
Gross Margin (%)	83.1%	80.5%	70.0%	73.4%	74.5%
Expenses	\$201,115	\$997,625	\$1,759,619	\$2,114,010	\$2,212,181
EBITDA	(\$65,211)	(\$277,228)	\$747,832	\$2,169,564	\$3,177,597
Depreciation/Amortisation	(\$12,743)	(\$317,050)	(\$1,200,433)	(\$1,200,433)	(\$1,200,433)
Net Interest	(\$8,453)	(\$148,503)	(\$541,755)	(\$464,088)	(\$418,200)
Acquisition Costs	-	(\$51,817)	-	-	-
Taxation	-	-	-	(\$141,413)	(\$436,511)
Net Profit / (Loss) after Tax	(\$86,407)	(\$794,598)	(\$994,356)	\$363,630	\$1,122,453

- Operating profit to March 2020 was impacted by COVID-19 and bringing to account the one-off acquisition costs (\$52k) for the acquisition of the Digital Billboards.
- Revenue projections for FY21-FY23 are based on a ground up approach, taking into account the expanded Media TV network combined with the 20 Digital Billboards, plus new revenues streams via the new Digital Marketing and self-managed Digital Signage software.
- Depreciation/Amortisation comprises depreciation on the Digital Billboard and Digital Screen assets over a 5-year period.
- Taxation FY22 & FY23 excludes any uptake of tax losses carried forward from prior years.

FINANCIALS - BALANCE SHEET

BALANCE SHEET	ACTUAL		PROJECTED		
	FY19	FY20	FY21	FY22	FY23
CURRENT ASSETS					
Cash	\$14,757	\$262,750	\$356,290	\$811,685	\$2,625,297
Debtors	\$29,167	\$108,244	\$556,992	\$730,112	\$846,635
Other Current Assets	\$131,499	\$74,685	\$74,685	(\$19,591)	\$134,684
Total Current Assets	\$175,423	\$445,679	\$987,968	\$1,522,206	\$3,606,616
CURRENT LIABILITIES					
Creditors	\$105,560	\$318,808	\$518,519	\$355,607	\$385,868
Accumulated Interest on RPS	-	\$479,263	\$609,692	\$143,508	\$231,216
Other Current Liabilities	\$13,625	\$66,593	\$62,639	\$45,351	\$60,132
Total Current Liabilities	\$119,185	\$864,664	\$1,190,850	\$544,466	\$677,216
NET WORKING CAPITAL	\$56,238	(\$418,985)	(\$202,882)	\$977,741	\$2,929,400
NON CURRENT ASSETS					
Fixed Assets	\$167,777	\$9,412,030	\$8,414,429	\$7,227,228	\$6,026,780
Intangible Assets	-	\$2,114,769	\$2,114,769	\$2,114,769	\$2,114,769
Total Non-Current Assets	\$167,777	\$11,526,799	\$10,529,198	\$9,341,997	\$8,141,549
Non-Current Liabilities	-	\$1,207,386	\$1,149,348	\$1,066,580	\$970,565
TOTAL NET OPERATING ASSETS	\$224,015	\$9,900,428	\$9,176,968	\$9,253,157	\$10,100,384
CAPITAL EMPLOYED					
Debt	\$324,838	\$1,546,929	\$1,317,823	\$1,030,379	\$755,148
Equity					
Share Capital	-	\$9,049,645	\$9,549,645	\$9,549,645	\$9,549,645
Retained Earnings	(\$100,823)	(\$696,147)	(\$1,690,501)	(\$1,326,867)	(\$204,409)
Shareholders Funds	(\$100,823)	\$8,353,498	\$7,859,144	\$8,222,778	\$9,345,236
TOTAL CAPITAL EMPLOYED	\$224,015	\$9,900,427	\$9,176,967	\$9,253,157	\$10,100,384

- The Offer is targeting to raise up to \$1.5m. However, for the purposes for these projections, LHD Group has assumed that \$500k is raised in order to be conservative.
- Non-Current Liabilities relate to the value of the site leases, with corresponding offset in Non-Current Assets accounted for under IFRS16.
- Cash in bank FY22/FY23 will be used to grow Lighthouse Digital by acquisition, reduce debt or pay a dividend.

SUMMARY STATEMENT OF CASHFLOWS	ACTUAL		PROJECTED		
	FY19	FY20	FY21	FY22	FY23
Cashflows from Operating Activities					
Income Received	\$159,275	\$1,024,183	\$3,462,591	\$6,414,355	\$8,172,556
Operating Expenses	(\$200,588)	(\$1,212,544)	(\$2,981,551)	(\$4,667,843)	(\$5,642,820)
Net Cashflow from Operating Activities	(\$61,313)	(\$188,362)	\$481,040	\$1,746,511	\$2,529,735
Cashflows from Investing Activities					
Purchase of Fixed Assets	(\$148,981)	(\$434,766)	(\$300,000)	(\$110,400)	(\$110,400)
Net Cashflow from Investing Activities	(\$148,981)	(\$434,766)	(\$300,000)	(\$110,400)	(\$110,400)
Cashflows from Financing Activities					
Borrowing Costs	(\$18,486)	(\$27,610)	(\$154,567)	(\$732,172)	(\$314,242)
Funds Raised	-	-	\$500,000	-	-
Other Financing Activities	\$232,342	\$898,731	\$67,442	(\$448,545)	(\$291,481)
Net Cashflow from Financing Activities	\$213,857	\$871,121	(\$87,125)	(\$1,180,717)	(\$605,724)
Net Cashflow	\$3,562	\$247,994	\$93,915	\$455,395	\$1,813,612
Cash at the beginning of the period	\$11,194	\$14,757	\$262,375	\$356,290	\$811,685
Cash at the end of the period	\$14,757	\$262,750	\$356,290	\$811,685	\$2,625,297

- Operating expenses increases are due to additional sales staff, sales commissions, one-off staff related costs, tax payments and network expansion costs linked to sales revenues.
- Purchase of fixed assets relates to expansion of Media TV network in line with revenue growth.
- Cash at the end of the Period (FY22/FY23) will be utilised to further reduce debt and to pay an ordinary share dividend, subject to the Board approval at that time.
- The Offer is targeting to raise up to \$1.5m. However, for the purposes for these projections, LHD Group has assumed that \$500k is raised in order to be conservative.

- As part of the formation of LHD Group, including the acquisition of the 20 Digital Billboards, LHD Group has issued four classes of Redeemable Preference Shares ("RPS"). All have a three year maturity, expiring in December 2022:
- The Company has the right to repay all RPS at any time at the redemption price.
- After Dec 22 the RPS can be converted to ordinary shares at the option of the Company, or rolled over by mutual consent of the holder and the Company for a further 3 years.

Class	# Issued	Conversion Rights (post listing)	Coupon	Redemption Price
A	10,532,000	Only by agreement of the holder and the Company for market price less 20%	5%	\$0.50
A1	3,419,752	At option of holder for market price less 20%	5%	\$0.50
B	3,000,000	By agreement of the holder and the Company for the higher of \$0.50 or market price less 20%	0%	\$0.50
C	1,147,718	No conversion rights	0%	\$0.05

Conversion upon Listing

- 20% of the Class A and Class A1 RPS will be mandatorily converted into 2,790,314 ordinary shares upon the listing of the Company on the USX or other recognised exchange. The Company has decided it will not exercise its right to convert 20% of the Class B RPS at the same time.
- After listing, the Company will have 14,161,258 Class A, A1 and B RPS on issue, with an aggregate redemption obligation (if not converted) of \$7.08m, plus 1,147,718 Class C RPS with a redemption obligation of \$57k.

Lock-Up Arrangements

- The majority of holders of Class A and A1 RPS have entered into partial lock-up arrangements with the Company to limit trading of shares being issued through conversion for the first 18 months after listing:
 - No sales until 3 months after listing.
 - After 3 months, a holder may only sell 5% of his/her shareholding in each month without the consent of the Board of the Company.
 - The Board may allow more trading, taking into account the desire to maintain a stable market for the shares while allowing shareholders to access liquidity when required.
- In return, the Company has agreed that, if the Offer results in any subscriptions above \$1.5m then the Company will apply for the redemption of Class A / A1 RPS on a pro rata basis from certain RPS holders wishing to redeem at \$0.50 per RPS.

SHARES ON ISSUE	BASED ON	% OF ORDINARY	BASED ON	% OF ORDINARY
	\$250,000 RAISED	SHARES	\$1,500,000 RAISED	SHARES
Ordinary Shares on issue Pre-Offer	2,000,000	38%	2,000,000	26%
New Ordinary Shares issued through Offer	500,000	10%	3,000,000	39%
RPS Conversion ⁽¹⁾	2,790,314	53%	2,790,314	36%
Ordinary Shares on Issue Post-Offer	5,290,314	100%	7,790,314	100%

Notes: (1) 20% of the Class A and Class A1 RPS will be mandatorily converted into 2,790,314 ordinary shares upon the listing of the Company on the USX or other recognised exchange and the Company has decided it will not exercise its right to convert 20% of the Class B RPS at the same time.

CAPITALISATION	BASED ON \$1,500,000 RAISED
Equity Value at Offer Price of \$0.50 per Share (a total of 7,790,314 ordinary shares)	\$3,895,157
Net Debt as at 30 June 2020	\$4,819
Redeemable Preference Shares ⁽²⁾	\$7,138,015
Enterprise Value of LHD Group at Offer Price	\$11,037,991

Notes: (2) Total Redemption Value of all RPS outstanding after completion of the Offer.

VALUATION METRICS - COMPARABLES

- The valuation implied by the Offer Price can be compared to the valuation multiples of listed media companies and multiples for transactions in the sector. As a multiple of projections for FY21, the Offer price values LHD Group at an EV / Revenue multiple of 3.3x and an EV / EBITDA multiple of 14.8x.
- By FY23, LHD Group is expected to have matured to the point where it will be comparable to other mature businesses. Relevant multiples of FY23 projections are shown below.

	At Offer Price (\$0.50)	After 20% p.a. RoA ⁽¹⁾
EV/Revenue	1.5x	2.2x
EV/EBITDA	3.5x	5.0x
EV/EBIT	5.6x	8.0x

Notes: (1) The Directors believe that the multiples of FY23 projections using the Offer Price show an unfairly favourable view of the Offer pricing as comparable benchmarks are generally based on one year's projections. To adjust for this, the table also shows the multiples based on LHD Group's valuation having delivered a 20% per annum return on assets to the end of FY22.

- Most of the listed comparables are international companies with significant market values. The only listed Australasian company with a similar DOOH focus is oOH Media, an ASX listed company with a market capitalisation of A\$540m. Its share price has declined by over 70% in FY20 due largely to the impact of COVID-19 and its flow-on economic effects. Even so, it is currently trading at a FY21 forecast EV/EBITDA multiple of 6.7x. LHD Group believes the matured multiples for FY23 for LHD Group should be compared to this benchmark, with LHD Group's price set lower due to its small size and scale – LHD Group's resulting EBITDA multiple of 3.5x FY23 (or 5.0x FY23, after allowing for 20% per annum return) compares appropriately.
- Most transactions in the DOOH sector have occurred in Australia and internationally, involving larger companies than LHD Group. The most recent relevant transaction was the acquisition of QMS by Quadrant (completed in early 2020). Quadrant paid 9.7x EV / EBITDA based on the projection for 2019. This price included a premium for control and was set before the COVID-19 crisis began. In the Independent Expert's Report released in support of that transaction, the Expert also opined that QMS NZ (arguably the most comparable piece of QMS to LHD Group) should be valued at between 7.75x and 8.25x EBITDA. The Directors believe that this further supports the pricing of the Offer at \$0.50 per share.

COMPARABLE COMPANY TRADING MULTIPLES

Company Name	EV	EV/Rev (FY)	EV/EBITDA (FY)
JCDecaux (PAR: DEC)	\$14,111,286	3.7x	18.6x
Clear Channel Outdoor (US) (NYS: CCO)	\$8,418,544	3.1x	20.8x
Lamar Advertising (NAS: LAMR)	\$13,207,489	7.7x	17.6x
oOh!media (ASX: OML)	\$1,461,514	3.2x	6.7x
OUTFRONT Media (NYS: OUT)	\$7,653,840	4.4x	16.0x
Ströer (ETR: SAX)	\$6,345,450	3.4x	10.6x
Mean	\$8,533,020	4.3x	15.0x
Median	\$8,036,192	3.5x	16.8x

Source: Pitchbook data 29/06/2020

VALUATION METRICS - DISCOUNTED CASHFLOW

- Discounted Cashflow analysis has been performed on the projections as an additional check on valuation.
- LHD Group's base case DCF model uses a discount rate of 15% and a long-term growth rate of 1% per annum. The base case DCF Enterprise Value of LHD Group is \$12.9m, implying an equity value of \$5.7m, or \$0.74 per share.

	VALUE	#SHARES	PER SHARE
Enterprise Value from DCF Model	\$12,881,808		
Net Debt as at 30 June 2020 ⁽¹⁾	(\$1,504,819)		
RPS Redemption Value ⁽³⁾	(\$8,533,172)		
Implied Equity Value (Pre-Offer)	\$2,843,817	2,000,000	\$1.42
RPS Conversion on Listing ⁽²⁾	\$1,395,157	2,790,314	\$0.50
Shares Issued ⁽³⁾	\$1,500,000	3,000,000	\$0.50
Implied Equity Value (Post-Offer)	\$5,738,947	7,790,314	\$0.74

- Note:**
- (1) A portion of the funds raised over \$500,000 will be used to retire higher priced debt resulting in a reduction of interest and principal repayments of up to circa \$35,000 per month.
 - (2) 20% of Class A and A1 RPS will be converted to ordinary shares upon listing
 - (3) The Offer is targeting up to \$1.5m, however for the purposes for these projections and in order to be conservative, it is assumed a capital raising of \$500k

- Assuming full conversion of all Class A/A1 and B RPS (at \$0.50, noting that this is not certain and that the conversion price may vary from this in certain circumstances), a fully diluted per share valuation of \$0.58 per share is achieved. If this happens, the obligation to cash redeem RPS would be reduced by \$7.08m but the ordinary shares on issue would increase by 14.2m.

KEY RISKS

As with any investment there are risks involved which could result in partial or total loss of an investors investment. Some of the key risks are listed below:

FINANCE RISK

The growth plans for Lighthouse Digital may require additional working capital from sources including existing shareholders, new investors and/or banks. Should the New Zealand economy experience an economic slowdown and/or future funding lines are not available this may impact the viability of Lighthouse Digital and/or its ability to meet the projections.

TECHNICAL RISK

Lighthouse Digital utilises various technical services contracted from third parties as well as those developed within Lighthouse Digital. There is a risk to the business should, for any reason, those technical capabilities no longer be available, due to those parties closing down or no longer providing those services.

TECHNICAL OBSOLESCENCE

There is a risk that the technology being used for the Digital Billboards and Digital Signage, and the infrastructure managing that aspect of Lighthouse Digital becomes obsolete and may need replacement. Whilst there is a maintenance component on the projections, any major technologies obsolescence may impact the value of Lighthouse Digital in the future.

KEY PERSON RISK

There is a risk of the loss of key people in the business which could cause disruption of Lighthouse Digital core activities whilst replacements are found and trained.

LISTING RISK

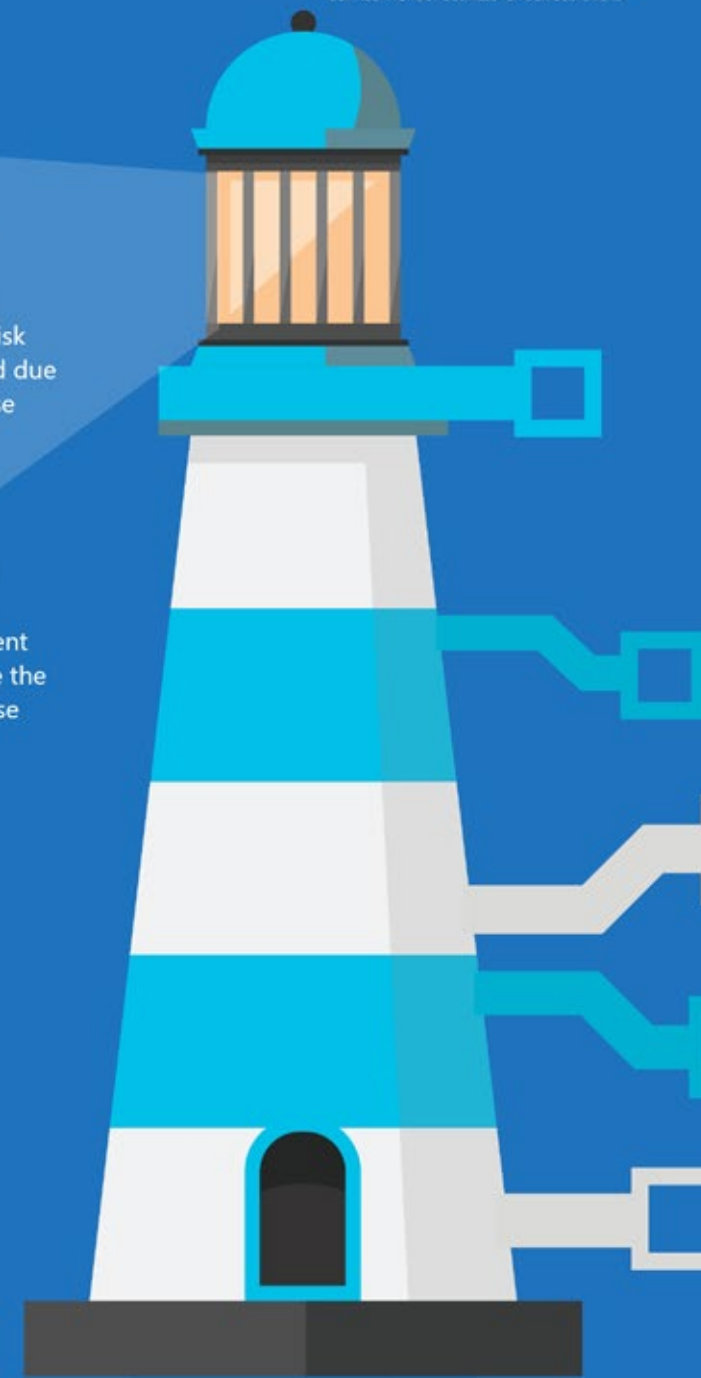
There is a risk that Lighthouse Digital may not be able to list on the Unlisted Securities Exchange (or any other public exchange) which could impact Lighthouse Digital's value in the future.

CONTRACTUAL RISK

Lighthouse Digital has entered into contracts with sites for the Digital Billboards and other locations for its Digital Signage products. There is a risk that those leases could be terminated due to changes at the sites including those sites closing their business.

OPERATIONAL RISK

There is a risk that Lighthouse Digital operations are impacted by market changes, further COVID-19 government lead decisions, or other items outside the control which could impact Lighthouse Digital's financial performance.



HOW TO APPLY AND CONTACT INFORMATION

LHD GROUP LIMITED

For questions regarding the Lighthouse Digital business and investment opportunities please contact Lighthouse Digital via the details below:

- Phone: (09) 558 3958
- Email: ian@lighthousedigital.co.nz
- Website: www.lighthousedigital.co.nz

This crowdfunding campaign is being run through crowdfunding provider Crowdsphere Limited.

For questions regarding the Crowdsphere investment process please contact Crowdsphere via the details below:

- Phone: 09 280 3161
- Email: support@crowdsphere.co.nz
- Website: www.crowdsphere.co.nz

