CHOICE: VENTURE GROWTH UNDERWRITING

Recommendation: PRIORITIZE PRIVATE DILIGENCE; DO NOT RECOMMEND INVESTMENT ON CURRENT PUBLIC INFORMATION.

Independent analyst case prepared as a professional work sample for Flashpoint Capital. Neither Choice nor Flashpoint supplied confidential data or endorsed this analysis. All valuation and return cases are hypothetical.

Investment thesis in one paragraph

Choice is a Prague-founded restaurant operating software company with a credible reported paying-customer footprint and exposure to direct ordering, guest CRM, reservations and restaurant workflow automation. The platform may become more embedded as it connects otherwise fragmented restaurant tools. But pricing, recurring revenue quality, realized gross margins, customer retention and economics of merchant GMV are currently unverified. The appropriate next action is a rigorous data request, not an approval to invest. [S01, S02, S03]

Public evidence and what it does not prove

Public observation	Source / date	Analyst interpretation
Over 9,000 paying restaurants; over 30,000 registered	CEO interview, Oct 19, 2026 [S01]	Paying is not the same as billable ARR. Need active-contract and invoice reconciliation.
Over 2m monthly orders and about $50m monthly restaurant GMV	CEO interview, Oct 19, 2026 [S01]	Merchant order volume is not company revenue; no take rate can be inferred.
$7.1m Series A	Tech.eu, Mar 16, 2026 [S02]	Financing occurred, but no new round or current entry price is confirmed.
Illustrative price tiers vary by locale and billing terms	Choice pricing [S04]	List prices are not net realized customer ARPA.

Mandate fit

Flashpoint's dedicated Venture Growth page indicates up to $10m initial checks, 5%+ sought ownership, $3m+ ARR, LTV/CAC above 3x and typical 6-10 year holds. Its general products page shows a lower $1m+ ARR threshold. This case conservatively applies the more specific $3m threshold and explicitly discloses the discrepancy. [S05, S06]

Gate status: Industry, regional founding geography and evidence of product adoption are plausible fits. The ARR, retention, unit economics and transaction gates are **NOT VERIFIED**.

Why reported GMV cannot support an ARR claim

Revenue logic

October 2026 paying restaurants are modeled at the reported floor of 9,000 sites. At a hypothetical net subscription ARPA of $40 per month, mathematical annualized subscription run rate would be 9,000 x $40 x 12 = $4.32m. That is a **sensitivity**, not reported or independently substantiated ARR. The $3m mathematical threshold is $27.78 per paying restaurant per month, before factoring in credits, discounts, taxes, nonpaying accounts and revenue recognition. [S01, S04]

No automatic merchant take-rate revenue

Choice reports about $50m monthly merchant sales conducted through its platform. However, Choice's own QR payment page states there are no additional Choice QR-payment charges and merchant acquiring is handled by a bank. Other pricing pages indicate differing billing and fee conventions. Without a contractual revenue bridge, Choice could collect zero or some net revenue from different streams. Therefore, the illustrative core underwriting assigns **zero company revenue to GMV**, rather than claiming that merchant GMV generates a fixed payment spread. [S03, S04]

Subscription-led base model

Initial monthly ARPA (analyst assumption)	$25	$40	$65
2027 gross site additions as % starting sites	25%	55%	66%
Logo churn per year	20%	12%	8%
Monthly ARPA annual growth	-1%	3%	6%
Subscription gross margin	63%	78%	84%
Net Choice GMV monetization in core model	0	0	0

Technical modeling decision: 2026 is a point-in-time observed customer and GMV baseline. Recognized fiscal-year subscription revenue begins with 2027 projected average paying sites and average monthly ARPA. Year-end annualized recurring run rate is shown separately to avoid treating October 2026 observations as full-year 2026 revenue.

What would falsify the thesis

- The 9,000 reported paying sites include inactive, heavily discounted or recently canceled accounts.
- Realized subscription ARPA is below the minimum needed for the preferred screening threshold.
- Gross logo churn is materially worse in country-level vintage cohorts than the assumption set.
- Sales, implementation and customer-support cost are too high for attractive subscription contribution margins.

Differentiation requires proof, not feature counts

Competitive reference points

Flipdish	Direct ordering, branded web/app, loyalty, integrated payments [S09]	Choice needs a differentiated retention or ROI story, not merely bundled functions.
Deliverect	Restaurant APIs, POS / marketplaces, ordering connectivity [S10]	Measure reliability, breadth and cost of integrations.
Lightspeed Order Anywhere	POS-native online ordering and payments [S11]	POS vendors can bundle competing services and own distribution.

Possible investment merits (unproven)

- Independent restaurant base creates a broad distribution surface for retention and AI marketing features.
- Multiple integrations could raise workflow switching costs if configuration and guest data persist.
- Geographic expansion is plausible from the reported CEE footprint, but localized support and compliance may constrain contribution margin.
- An AI action layer could drive premium plan adoption if adoption and merchant ROI are measured, not merely marketed.

Material compliance diligence

In an October 2026 interview, Choice described an approach in which positive feedback may be routed to Google and negative feedback to restaurant operators. Google's Maps policy prohibits selectively asking customers for positive reviews. This creates a **specific audit question**, not a finding of wrongdoing. Obtain the current user journey, prompts, tests, customer-facing workflows and legal review before assuming the product is compliant. [S01, S07]

GTM tests

- Cohort conversion: active paid restaurant by lead source and country, through 12 months.
- Acquisition efficiency: paid/organic/partner CAC and time to payback, including support and onboarding.
- Pricing resilience: willingness-to-pay study across low-cost and premium product tiers.
- Channel defensibility: partner reseller deals, POS integration costs and competitive loss reasons.

Illustrative 2026-2033 investor return cases

All results are computed from the accompanying Excel formulas. They are neither actual Choice financials nor management estimates. Investor figures assume a $5m initial investment at $35m hypothetical pre-money, a $15m 2029 company raise with full pro-rata, and exit in 2033.

Bear	$2.01m	2.5x	0.09x	-34.4%
Base	$31.48m	5.0x	2.78x	17.5%
Bull	$109.80m	7.0x	13.55x	49.6%

Illustrative transaction mechanics

Primary investment / entry price	$5m invested at $35m pre-money; $40m post-money; initial stake 12.50%
Additional capital	$15m hypothetical company financing in 2029 at $80m pre-money
Investor participation	100% pro-rata assumed, $1.875m follow-on check; 12.50% post-financing stake
Exit mechanics	2033 annual revenue x scenario multiple, minus 3% sale costs, treated as equity value proxy
Unmodeled important items	Liquidation preferences, cash/debt, option refresh, additional rounds, tax and fund carry

Decision implication

Under the illustrative base case, a 17.5% gross IRR is below a 25% investment hurdle. Holding the model's base operating and exit cases constant, the mathematically derived maximum pre-money entry price to satisfy that hurdle is approximately **$19.34m**. This is a conditional scenario price, **not** a current Choice valuation estimate or evidence of an available transaction. The selected $35m hypothetical entry does not clear the model hurdle.

Dealroom's public $25m-$50m valuation range is a third-party aggregate indication, not verified round pricing. It reinforces why a private cap table and financing discussion are essential. [S08]

Investment committee gating requests

For the next underwriting phase, require a management data room and customer cohort dataset. Prioritize the following in order:

Priority	Required private evidence	Decision test
STOP 1	Monthly P&L, invoicing, contracts and active billed restaurants, 2025-26	Prove recurring subscription ARR separately from GMV, bank processing and services.
STOP 2	By-country logo cohorts, GRR, NRR, discounts, logo churn and net ARPA	Validate sticky adoption and retention rather than marketing customer counts.
STOP 3	Gross margins, S&M expense, cloud and support labor, realized paid CAC	Reconstruct cohort economics, contribution-margin LTV and payback.
STOP 4	Current payment agreements and bank acquiring split	Determine if Choice has any actual recognized GMV-related fee income.
STOP 5	Review request workflows, platform policies, compliance assessments	Assess documented review solicitation risk.
STOP 6	Fully diluted capitalization, new-money round availability and structure	Confirm at least 5% investable ownership and returns at actual price.
HIGH	Customer interviews, product ROI, competitive win-loss interviews	Verify migration costs and measurable operating value.
HIGH	Historical cash burn, runway, hiring, regional expansions	Test cash sufficiency under plausible churn and growth.

Potential 100-day support plan after investment, conditional

- Days 1-30: establish country- and cohort-level revenue dashboard, restaurant health scores, cash runway, review-compliance audit and integration-failure baseline.
- Days 31-60: run channel CAC and ARPA cohort experiments; identify high-ROI restaurant segments and measure onboarding burden.
- Days 61-100: prioritize retention and higher-value paid modules, test integrations with POS distribution partners, and build buyer-ready recurring-revenue reporting.

Partner-ready recommendation

Advance to a private diligence request, but do not invest on current public information. This case demonstrates the ability to source an opportunity, challenge promotional data, construct price-sensitive scenarios, identify diligence gates and refuse to equate a high merchant GMV headline with high-quality software ARR.

06 / EVIDENCE REGISTER

Public sources and methodological limitations

Source identifiers are used throughout this memo. Original URLs are provided for review. Dates are publication dates when known or the November 1, 2026 verification cutoff.

[S01] The Next Web: Choice: founder interview, October 19 2026 (2026-10-19)

https://thenextweb.com/news/choice-ai-restaurant-manager-exclusive

[S02] Tech.eu: Choice Series A report (2026-03-16)

https://tech.eu/2026/03/16/choice-secures-71m-series-a-to-expand-its-restaurant-operating-system-across-europe/

[S03] Choice: Choice QR payments product FAQ (Checked 2026-11-01)

https://choiceqr.com/products-en/qr-payments-at-the-table/

[S04] Choice: Choice pricing example (Checked 2026-11-01)

https://choiceqr.com/us/preise/

[S05] Flashpoint Capital: Venture Growth detailed investment criteria (Checked 2026-11-01)

https://flashpoint.capital/products/venture-growth

[S06] Flashpoint Capital: Flashpoint products overview (Checked 2026-11-01)

https://flashpoint.capital/products

[S07] Google: Google Maps reviews and rating manipulation rules (Checked 2026-11-01)

https://support.google.com/contributionpolicy/answer/7400114?hl=en

[S08] Dealroom: Choice company profile ranges (Checked 2026-11-01)

https://dealroom.co/companies/choice/

[S09] Flipdish: Flipdish restaurant online ordering pricing (Checked 2026-11-01)

https://www.flipdish.com/pricing-online-ordering

[S10] Deliverect: Deliverect restaurant commerce integration (Checked 2026-11-01)

https://developers.deliverect.com/

[S11] Lightspeed: Lightspeed Order Anywhere (Checked 2026-11-01)

https://resto-support.lightspeedhq.com/hc/en-us/articles/4411463368347-About-Order-Anywhere

Limitations

- No management access, data room, customer survey, financial audit or financing negotiation has occurred.
- Public reported operating data may change and may reflect promotional or unaudited company metrics.
- All operating forecast assumptions and entry/exit prices are independent analytical hypotheticals, not Choice guidance.
- Flashpoint detailed and high-level pages disagree on the minimum ARR threshold. Both have been disclosed.
- Any investment recommendation remains conditional on private data and legal / financial diligence.