

Message from the Chairman July 2017

In 1984 I graduated Skidmore College and was ready to take on the world. I also wanted to impress my grandmother who had lived through the 1929 stock market crash and Great Depression.

“Nana, I’m going to Wall Street,” I said.
“Ah... gambling”.

Gambling or speculation in stocks is done every day on Wall Street. Nana was right there. However, it is not what we do at Concierge so Nana was also wrong. The price of a stock is only the representation of the worth of its underlying business. If the value of a business grows over time, so will the stock price. That we call investing, and that is what I hope to do with Concierge.

To better track the growth of Concierge Technologies, I have started a chart below showing our book value per share, our stock price and a broad based stock index (the FTSE Global All Cap Index with dividends included). My goal is to have the growth of our book value and stock price exceed the growth of the index on average over time.

Concierge’s Performance vs. the FTSE Global All Cap Index

Fiscal Year Ending June	CNCG Book Value (USD millions)	CNCG Book Value % Change	CNCG Stock Price ⁽²⁾	CNCG Stock Price % Change	FTSE Index with dividends included % Change
2016	\$ 9.85		\$0.035		
2017 ⁽¹⁾	\$14.15	69.6%	\$0.059	59.3%	14.4%

(1) 9 month period July 2016 to March 2017 (unaudited)

(2) Adjusted for splits.

The two tools I use to make sure Concierge grows over time are; capital allocation and cheerleading.

As chief capital allocator I try to invest the profits the underlying businesses make in productive ways. There are only a few things I can do with our money:

- Reinvest the money back into the business that made them.
- Take the money from one subsidiary and invest it in another.
- Purchase public stock or bonds.
- Do nothing, save for a rainy day.
- Buy back Concierge shares.
- Pay out a dividend.

- Buy other private firms.

My overwhelming preference is the last item, buy other private firms. Let me know if you hear of any for sale so I can give them a call. When opportunity knocks it may be us a knockin.

As head cheerleader I provide encouragement, support and advice to Bryce Cole (CEO, Gourmet Foods), Rob Ast (CEO, Brigadier Security) & John Love (CEO, USCF). It is an easy job as all three of them are experienced professionals who know their business and run them well. I'll get into each one individually in a bit but first I wanted to bring you up to date with some accomplishments we have made at the Concierge level since June 2016 and what to expect in the next few months.

The largest change to Concierge since June 2016 was the purchase of Wainwright Holdings, which owns USCF, an asset manager based in Oakland, California. This transaction was a stock-for-stock deal which concluded in December 2016. This firm's origins go all the way back to 1995 when Andy Ngim, Robert Nguyen, and I along with some other family and friends, pooled \$165,000 to start the Ameristock Mutual Fund, a no-load large cap value fund we ran from August 31, 1995 to December 31, 2012. It's average annual return for those sixteen and a half years was 8.59% vs 7.48% for the S&P500.

The corporate values we lived by were memorialized into the Founders Philosophy (i.e we finally wrote them down) in 2014 and are still the core beliefs John Love runs his firm by. As a matter of fact, the ONLY goal I hold him to is to make sure those values remain true in life and not just on a piece of paper (He holds himself to higher goals by the way).

Besides adding the USCF to our ever growing fold, we also added five new directors to the board. They are Erin Grogan, Joya Harris, Tabatha Coffey, Derek Mullins and Katie Rooney. You can find more details about their varied and extensive backgrounds in the filings and press releases we sent out earlier this year. Let me just add here that all of us shareholders are lucky to have such a good qualified and caring group of people come to help us. For the amount of compensation they get, they are practically volunteers. When searching for new directors I looked for smart, independent people with strong backbones who understood business. They have many regulatory roles & responsibilities but the three most important jobs they have are:

- Making sure management follows all laws, rules & regulations.
- Holding management accountable to its own business plan.
- Continuity and succession planning (i.e picking a successor CEO).

Of these, picking the next CEO is the most important. It is so important that I have created a litmus test for the new CEO called the Trial By Fire. The new CEO must;

- Want the job (have fire in the belly).
- Gone to college (be educated).
- Had a job someplace else once (100% nepotism bad).
- Been directly in charge of their own P&L once (be responsible).

I originally created the Trial By Fire when I was thinking about giving the job to my children but wanted to make sure they were qualified for the position. The Trial By Fire should make them or anyone else more than qualified. Hopefully, we will not need a new CEO for at least another 20 years but if we do, they will be ready. I'll stake my life on it.

The one big item which you should be aware may happen in the next few months is a reverse stock split. The reason we are doing this is simple, we no longer want to be a penny stock.

Penny stocks have many negatives associated with them including not being able to list on a major exchange, not being offered by many brokerages and possible decreased liquidity. We want you to be able to buy or sell shares in Concierge quickly, easily & conveniently which means we no longer want to be a penny stock. We also do not want to have less shareholders after the reverse split so if you own less than 1 share of Concierge, congratulations, you will be rounded up to one.

That about wraps it up for accomplishments that happened during the year. But before I switch out of my of capital allocation hat, I would like to talk about one last thing: How technology effects society, business and investing in the long run.

Back when Andy and I ran the Ameristock Mutual Fund we had two overriding lifelong trends we tended to measure or filter everything against; Moore's Law and the Law of the Telecosm. I now add a third.

Moore's Law was originated in 1965 by Gordon Moore of Intel. Moore noticed that the number of transistors per square inch on integrated circuits had doubled every year since their invention. Moore predicted that this trend will continue into the foreseeable future. In other words, computers will become ever smaller, cheaper and more powerful.

The Law of the Telecosm was originated by George Gilder in 2000. It basically says the same thing except applied to communications. Cheaper faster more. Think rotary dial phones to live streaming video to...

There are three ways to take advantage of these huge broad and long trends which affect us all and change everything.

1. Invest in firms creating them like Intel, Microsoft, Facebook and others.
2. Not invest in firms about to be superseded or swamped by them like Kodak was.
3. Use the new technologies and incorporate them into your own life or business. For example, Brigadier is now offering its customers the ability to see who is at their front door from their smart phone.

The new third broad lifelong trend we may start to use when evaluating businesses, will have as much effect on the next 60 years as the car had on the last sixty. Over the last sixty years the car

changed how we live with highways, fast food, suburbs, pollution and necking. The thing that will have this much effect on all our lives over the next sixty years is... the car.

Autonomous and electric vehicles will be a game changer for insurance, road use, city development, truck drivers, car rental firms, and war. Imagine the increased freedom and mobility it will give the young and elderly, who cannot drive themselves today. Will rental car companies be able to make the transition to this new world or will they be squashed like a bug against one of their front windows? We don't know but we do know that the risk to their basic business model is now higher than ever and if we don't want to take that risk, we should not invest in them.

Time to switch hats and become the head cheerleader. An easy task since Concierge owns three good profitable businesses each with its own good CEO.

The largest subsidiary is USCF. It is run by John Love whom I have known since 1994. He got his start with us as an operations manager in 2002, worked his way up to Jr. Portfolio Manager, Sr. Portfolio Manager and then CEO in 2015. His first tasks as CEO were to beef up our operations, legal and marketing staff. I am proud to say that most of the new people hired since John took over already had a relationship with us in one way or another. For example Darius knew Zach from his old bank job and recommended us. Likewise, Daphne, and Ryan worked for supplier partners of ours and liked what they saw. I don't know how Maya or Kevin found out about USCF but boy am I glad they did as they have added to the team in many ways. After focusing on the basics and staffing up, John and crew came up with a new strategic plan this year which I look forward to sharing with you slowly over time through the introduction of new and exciting products.

One measure of a good business is how defensible against competitors it is, does it have a wide moat? Simple straightforward index Exchange Traded Funds (ETFs) have very wide moats, first to market wins. USCF's largest product which was first to market, is larger than its competitors and habitually has much more daily trading volume. First to market wins is a moat hard to beat.

Our oldest subsidiary, Gourmet Foods, first started making pies as Pat's Pantry in 1966. In 2005, Gourmet added Ponsonby Pies to the line and in 2015 they became a part of Concierge. Bryce Cole was the operations manager there when we purchased the firm and we made him the CEO. Actually, it was much simpler than that. When I was going through the due diligence phase, I asked Roger Ruston (the owner) via video phone what he planned on doing after we bought the firm he replied "more sailing". "OK" I replied, "then who will run the place?", "He can" Roger said pointing to Bryce.

To say this came as a surprise to Bryce would be an understatement. Nonetheless, he has more than stepped up and made Gourmet Foods his own. We are very proud of him, his team and profits they make for us.

Lastly, I want to salute Rob Ast, Nicole Robinson, Helen Perry-Raycraft & David Hind of Brigadier Security Systems in Saskatoon and Elite Security located in Regina. The best security, monitoring and alarm firm in Saskatchewan, Canada. I had the fortune to walk the aisles with them in April at

the Las Vegas ISC West conference and the comradery they showed and joy of learning about new products to bring to their customers was contagious. Brigadier is a gem of a business which we are looking to expand.

Gourmet Foods in New Zealand and Brigadier in Saskatchewan share a common wide moat, the tyranny of distance. Their geographical remoteness actually helps them compete. They are the big fish in a small pond. If a global food branded want to expand, it will most likely do so into a market that is huge and growing like China, India or Africa, not a small stable place like New Zealand.

Plans for fiscal year 2017/18.

- Try and increase shareholder liquidity through a reverse stock split and listing on a major exchange
- Buy more private firms if they fall into our lap but don't aggressively look for them.
- Focus more on the existing businesses and see how fast they can grow.

Please mark your calendar and come to our annual shareholder meeting this year on November 10th in Oakland, details will follow in a formal notice to all shareholders.

As always, feel free to email me directly at ngerber@conciergetechnology.net anytime about anything. I work for you.

Thank you for being a shareholder of Concierge Technologies Inc.

Nicholas D. Gerber
Chairman & Chief Executive Officer Concierge
Technology Inc.

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