

## **M&A Model - Online Company Inc & Brick 'n' Mortar Co**

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This Excel model is for educational purposes only and should not be used for any other reason.

# Merger Assumptions for Online Company Inc & Brick 'n' Mortar Co

## Assumptions

### Transaction Inputs

Acquirer Name	Online Company Inc
Target Name	Brick 'n' Mortar Co
Acquirer Share Price	\$11.75
Target Share Price	\$17.30
Transaction Close Date	9/30/2017
Financial Reporting Units	\$ 000s
Currency	USD

Restructuring Charges	2,000
Equity Issuance Fees	3.0%
Debt Issuance Fees	3.0%
Other Closing Costs	2,000

Replace Target Debt	Yes
Replace Acquirer Debt	No

Acquirer FD Shares Outstanding	50,000
Target FD Share Outstanding	25,000
Shares Issued	23,238
Pro Forma Shares Outstanding	73,238

Share Issuance Discount	1.0%
Share Issuance Price	\$11.63

### Purchase Price

Target Share Price	\$17.30
Takeover Premium	25.0%
Offer Price	\$21.63

Acquirer Share Price	\$11.75
Share Exchange Ratio	1.840

Target Shares Outstanding	25,000
Offer Price	\$21.63

<b>Purchase Price</b>	<b>540,625</b>
Target Debt	16,801
Target Cash	72,624
<b>Enterprise Value</b>	<b>484,802</b>

### Scenarios

Scenario #	LIVE -->	4	1	2	3	4	5
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### Synergies

Revenue enhancement	6,500	5,500	6,000	6,000	6,500	6,500
COGS savings	875	875	875	875	875	875
Marketing savings	1,250	1,250	1,250	1,250	1,250	1,250
General & Admin savings	1,000	1,000	1,000	1,000	1,000	1,000
Synergies in Year 1 (full yr.)	30%	30%	30%	30%	30%	30%
Synergies in Year 2	65%	65%	65%	65%	65%	65%
Synergies in Years 3+	100%	100%	100%	100%	100%	100%

### Financing

#### Debt Tranche

Senior Debt A	100,000	-	100,000	100,000	100,000	100,000
Senior Debt B	50,000	-	-	50,000	50,000	50,000
Subordinated Debt	25,000	-	-	-	25,000	25,000

#### Interest Rate

Senior Debt A	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Senior Debt B	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
Subordinated Debt	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%

### Transaction

Takeover Premium	25.0%	15.0%	15.0%	20.0%	25.0%	30.0%
Cash Consideration	50.0%	0.0%	20.0%	40.0%	50.0%	55.0%

### Sources & Uses of Cash

#### Sources of Cash

Cash	127,473
Stock Issued	270,313
Debt Issued	175,000

<b>Total Sources</b>	<b>572,785</b>
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#### Uses of Cash

Cash Consideration	270,313
Stock Consideration	270,313
Target Debt - Replace	16,801
Acquirer Debt - Replace	-
Debt Financing Fees	5,250
Equity Financing Fees	8,109
Other Closing Costs	2,000

<b>Total Uses</b>	<b>572,785</b>
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### Goodwill and Purchase Price Allocation

Fair Market Value	Book Value	Fair Value	Adjustment
Inventory & Other Current Assets	86,896	168,354	81,458
Target PP&E	22,174	95,854	73,680
Identifiable Intangibles	-	-	-
Net Identifiable Assets	109,070	264,208	155,138

### Purchase Price Allocation

Total Purchase Price	540,625
Net Book Value of Assets	87,899
Excess Purchase Price	452,726
Write-off Existing Goodwill	-
Fair Value Adjustments	155,138
Excess Purchase Price After Adjustments	297,588
<b>Goodwill</b>	<b>297,588</b>

### Merger Assumptions for Online Company Inc & Brick 'n' Mortar Co

## Closing Balance Sheet

### Pro Forma Consolidated Balance Sheet

Step #	1	2	3	4	5	6	7	8	9	10
	Acquirer	Target	Fair Value	Target PF	Purchase	Financing	Financing	Financing	Total Adj.	Consol
	9/30/2017	9/30/2017			Transaction	Debt + Equity	Fees	Re - Fi Debt		9/30/2017
<b>Assets</b>										
Cash	153,654	72,624		72,624	(270,313)	175,000	(15,359)	(16,801)	(54,849)	98,805
Accounts Receivable	8,201	5,869		5,869					5,869	14,070
Inventory	15,309	8,403	81,458	89,861					89,861	105,170
<b>Current Assets</b>	<b>177,165</b>	<b>86,896</b>							<b>40,881</b>	<b>218,046</b>
Property & Equipment	43,143	22,174	73,680	95,854					95,854	138,997
Goodwill	-	-		-	297,588				297,588	297,588
<b>Total Assets</b>	<b>220,307</b>	<b>109,070</b>							<b>434,323</b>	<b>654,630</b>
<b>Liabilities</b>										
Short Term Debt	-	-		-					-	-
Accounts Payable	7,080	4,370		4,370					4,370	11,450
<b>Current Liabilities</b>	<b>7,080</b>	<b>4,370</b>							<b>4,370</b>	<b>11,450</b>
Long Term Debt	30,000	16,801		16,801		175,000		(16,801)	175,000	205,000
<b>Total Liabilities</b>	<b>37,080</b>	<b>21,171</b>							<b>179,370</b>	<b>216,450</b>
<b>Shareholder's Equity</b>										
Equity Capital	70,000	39,203		39,203	(39,203)	270,313			270,313	340,313
Retained Earnings	113,227	48,697		48,697	(48,697)		(15,359)		(15,359)	97,868
<b>Shareholder's Equity</b>	<b>183,227</b>	<b>87,899</b>							<b>254,953</b>	<b>438,180</b>
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>220,307</b>	<b>109,070</b>							<b>434,323</b>	<b>654,630</b>
<i>Check</i>	<i>0.000</i>	<i>0.000</i>							<i>0.000</i>	<i>0.000</i>

# Merger Assumptions for Online Company Inc & Brick 'n' Mortar Co

## Accretion/Dilution Analysis

	2018	2019	2020	2021	2022
<b>Earnings Per Share</b>					
Acquirer Net Earnings	33,099	37,484	40,290	42,824	46,788
Target Net Earnings	23,910	28,510	32,118	35,303	38,428
Pro Forma Net Earnings	43,659	56,932	70,056	78,412	86,324
Acquirer Shares O/S	50,000	50,000	50,000	50,000	50,000
Target Share O/S	25,000	25,000	25,000	25,000	25,000
Pro Forma Shares O/S	73,238	73,238	73,238	73,238	73,238
Acquirer EPS	0.66	0.75	0.81	0.86	0.94
Target EPS	0.96	1.14	1.28	1.41	1.54
Pro Forma EPS	0.60	0.78	0.96	1.07	1.18
<b>Accretion/Dilution</b>	<b>-10%</b>	<b>4%</b>	<b>19%</b>	<b>25%</b>	<b>26%</b>

<b>Cash Flow Per Share</b>					
Acquirer Cash Flow	38,099	42,938	48,888	52,048	57,203
Target Cash Flow	28,274	32,190	35,998	39,409	42,880
Pro Forma Cash Flow	64,271	75,590	91,034	98,538	106,633
Acquirer Shares O/S	50,000	50,000	50,000	50,000	50,000
Target Share O/S	25,000	25,000	25,000	25,000	25,000
Pro Forma Shares O/S	73,238	73,238	73,238	73,238	73,238
Acquirer CFPS	0.76	0.86	0.98	1.04	1.14
Target CFPS	1.13	1.29	1.44	1.58	1.72
Pro Forma CFPS	0.88	1.03	1.24	1.35	1.46
<b>Accretion/Dilution</b>	<b>15%</b>	<b>20%</b>	<b>27%</b>	<b>29%</b>	<b>27%</b>

## Summary & Sensitivity

Share Price Impact			
	Offer Price	Market Price	DCF Model
Target Price per Share	\$21.63	\$17.30	\$17.37
<b>Acquirer</b>			
Acquirer Price per Share		\$11.75	\$11.39
Pro Forma Price per Share			\$11.82
<b>Change in Acquirer NPV per Share</b>			\$0.43
			3.8%

Capital Structure			
	Current	Pro Forma	Change
<b>Equity</b>	<b>569,621</b>	<b>865,992</b>	<b>52.0%</b>
Cash	153,654	98,805	-35.7%
Debt	30,000	205,000	583.3%
Enterprise Value	445,967	972,186	118.0%
Shares Outstanding	50,000	73,238	46.5%
<b>Equity Value/Share</b>	<b>\$11.39</b>	<b>\$11.82</b>	<b>3.8%</b>

Implied Share Price Change				
	Takeover Premium			
	20%	25%	30%	35%
Rev Enhance	6.5%	3.8%	1.2%	-1.4%
5,500	5.7%	3.0%	0.4%	-2.1%
4,500	4.9%	2.3%	-0.3%	-2.9%
3,500	4.2%	1.5%	-1.1%	-3.6%
2,500	3.4%	0.8%	-1.8%	-4.3%
1,500	2.6%	0.0%	-2.6%	-5.1%

2019 EPS Accretion/(Dilution)				
	Takeover Premium			
	20%	25%	30%	35%
Target Sh Pric	3.7%	2.4%	1.1%	-0.2%
19.00	1.9%	0.6%	-0.8%	-2.1%
20.00	0.2%	-1.2%	-2.6%	-3.9%
21.00	-1.5%	-2.9%	-4.3%	-5.6%
22.00	-3.1%	-4.5%	-5.9%	-7.3%
23.00	-4.7%	-6.1%	-7.5%	-8.9%

# Pro Forma Model

	CLOSE	2017E	2018E	2019E	2020E	2021E	2022E
Balance Sheet Check	ok	ok	ok	ok	ok	ok	ok
End of Period	9/30/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2021
Days in Period	273	92	365	365	366	365	365
Fraction of Year	0.750	0.250	1.000	1.000	1.000	1.000	1.000

## Assumptions

<b>Debt Amortization Schedule</b>	Check						
Senior Debt A	100%	0%	25%	25%	25%	25%	0%
Senior Debt B	100%	0%	0%	20%	20%	20%	20%
Subordinated Debt	100%	0%	0%	0%	0%	0%	100%
Revenue Growth (% Change)							
Cost of Goods Sold (% of Revenue)							
Marketing, Advertising & Promotion (% of Revenue)							
Depreciation & Amortization (% of PP&E)			20.0%	20.0%	20.0%	20.0%	20.0%
Tax Rate (% of Earnings Before Tax)			30.0%	30.0%	30.0%	30.0%	30.0%
Accounts Receivable (Days)			18	18	18	18	18
Inventory (Days)			80	90	100	100	100
Accounts Payable (Days)			37	37	37	37	37
Equity Issued (Repaid) (\$000's)			-	-	-	-	-
Dividends Paid			-	-	500	500	500

Income Statement	CLOSE	2017E	2018E	2019E	2020E	2021E	2022E
<b>Revenue</b>		65,738	296,053	329,972	362,815	391,320	416,771
Cost of Goods Sold (COGS)		27,610	123,968	137,757	152,588	167,227	178,400
<b>Gross Profit</b>		38,128	172,085	192,215	210,227	224,093	238,371
<b>Expenses</b>							
Marketing, Advertising & Promotion		10,933	48,506	53,314	57,948	62,684	66,921
General & Administrative		5,500	21,700	21,350	21,000	21,000	21,000
Depreciation & Amortization		6,950	27,447	26,108	25,036	24,179	23,493
Interest		3,359	12,063	10,113	6,163	4,213	3,638
<b>Total Expenses</b>		26,742	109,715	110,884	110,146	112,075	115,052
<b>Earnings Before Tax</b>		11,386	62,369	81,331	100,081	112,018	123,320
Taxes		3,416	18,711	24,399	30,024	33,605	36,996
<b>Net Earnings</b>		7,970	43,659	56,932	70,056	78,412	86,324

## Pro Forma Model

Balance Sheet	CLOSE	2017E	2018E	2019E	2020E	2021E	2022E
<b>Assets</b>							
Cash	98,805	165,562	174,083	173,923	208,707	275,995	326,378
Accounts Receivable	14,070	12,862	14,600	16,273	17,843	19,298	20,553
Inventory	105,170	24,009	30,568	37,742	41,691	45,816	48,877
<b>Current Assets</b>	<b>218,046</b>	<b>202,432</b>	<b>219,250</b>	<b>227,937</b>	<b>268,241</b>	<b>341,108</b>	<b>395,808</b>
Property & Equipment	138,997	137,235	130,538	125,180	120,894	117,465	114,722
Goodwill	297,588	297,588	297,588	297,588	297,588	297,588	297,588
<b>Total Assets</b>	<b>654,630</b>	<b>637,254</b>	<b>647,376</b>	<b>650,705</b>	<b>686,722</b>	<b>756,161</b>	<b>808,117</b>
<b>Liabilities</b>							
Short Term Debt	-						
Accounts Payable	11,450	11,104	12,567	13,964	15,426	16,952	18,084
<b>Current Liabilities</b>	<b>11,450</b>	<b>11,104</b>	<b>12,567</b>	<b>13,964</b>	<b>15,426</b>	<b>16,952</b>	<b>18,084</b>
Long Term Debt	205,000	180,000	145,000	90,000	55,000	45,000	10,000
<b>Total Liabilities</b>	<b>216,450</b>	<b>191,104</b>	<b>157,567</b>	<b>103,964</b>	<b>70,426</b>	<b>61,952</b>	<b>28,084</b>
<b>Shareholder's Equity</b>							
Equity Capital	340,313	340,313	340,313	340,313	340,313	340,313	340,313
Retained Earnings	97,868	105,838	149,496	206,428	275,984	353,897	439,721
<b>Shareholder's Equity</b>	<b>438,180</b>	<b>446,150</b>	<b>489,809</b>	<b>546,741</b>	<b>616,297</b>	<b>694,209</b>	<b>780,033</b>
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>654,630</b>	<b>637,254</b>	<b>647,376</b>	<b>650,705</b>	<b>686,722</b>	<b>756,161</b>	<b>808,117</b>
Check	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<b>Cash Flow Statement</b>	<b>CLOSE</b>	<b>2017E</b>	<b>2018E</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
<b>Operating Cash Flow</b>							
Net Earnings		7,970	43,659	56,932	70,056	78,412	86,324
Plus: Depreciation & Amortization		6,950	27,447	26,108	25,036	24,179	23,493
Less: Changes in Working Capital		82,024	(6,834)	(7,449)	(4,059)	(4,053)	(3,184)
<b>Cash from Operations</b>		<b>96,944</b>	<b>64,271</b>	<b>75,590</b>	<b>91,034</b>	<b>98,538</b>	<b>106,633</b>
<b>Investing Cash Flow</b>							
Investments in Property & Equipment		(5,188)	(20,750)	(20,750)	(20,750)	(20,750)	(20,750)
Investments in Businesses							
<b>Cash from Investing</b>		<b>(5,188)</b>	<b>(20,750)</b>	<b>(20,750)</b>	<b>(20,750)</b>	<b>(20,750)</b>	<b>(20,750)</b>
<b>Financing Cash Flow</b>							
Issuance (repayment) of debt		(25,000)	(35,000)	(55,000)	(35,000)	(10,000)	(35,000)
Issuance (repayment) of equity		-	-	-	-	-	-
Payment of Dividends		-	-	-	(500)	(500)	(500)
<b>Cash from Financing</b>		<b>(25,000)</b>	<b>(35,000)</b>	<b>(55,000)</b>	<b>(35,500)</b>	<b>(10,500)</b>	<b>(35,500)</b>
Net Increase (decrease) in Cash		66,756	8,521	(160)	34,784	67,288	50,383
Opening Cash Balance		98,805	165,562	174,083	173,923	208,707	275,995
<b>Closing Cash Balance</b>	<b>98,805</b>	<b>165,562</b>	<b>174,083</b>	<b>173,923</b>	<b>208,707</b>	<b>275,995</b>	<b>326,378</b>

# Pro Forma Model

Supporting Schedules	CLOSE	2017E	2018E	2019E	2020E	2021E	2022E
<b>Working Capital Schedule</b>							
Accounts Receivable	14,070	12,862	14,600	16,273	17,843	19,298	20,553
Inventory	105,170	24,009	30,568	37,742	41,691	45,816	48,877
Accounts Payable	11,450	11,104	12,567	13,964	15,426	16,952	18,084
Net Working Capital (NWC)	107,790	25,766	32,601	40,050	44,108	48,162	51,345
Change in NWC		(82,024)	6,834	7,449	4,059	4,053	3,184
<b>Depreciation Schedule</b>							
PPE Opening		138,997	137,235	130,538	125,180	120,894	117,465
Plus Capex		5,188	20,750	20,750	20,750	20,750	20,750
Less Depreciation		6,950	27,447	26,108	25,036	24,179	23,493
PPE Closing	138,997	137,235	130,538	125,180	120,894	117,465	114,722
<b>Debt Schedule</b>							
<b>Senior Debt A</b>							
Opening Balance		100,000	75,000	50,000	25,000	-	-
Addition (Repayment)		(25,000)	(25,000)	(25,000)	(25,000)	-	-
Closing Balance	100,000	75,000	50,000	25,000	-	-	-
<b>Senior Debt B</b>							
Opening Balance		50,000	50,000	40,000	30,000	20,000	10,000
Addition (Repayment)		-	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Closing Balance	50,000	50,000	40,000	30,000	20,000	10,000	-
<b>Subordinated Debt</b>							
Opening Balance		25,000	25,000	25,000	25,000	25,000	25,000
Addition (Repayment)		-	-	-	-	-	(25,000)
Closing Balance	25,000	25,000	25,000	25,000	25,000	25,000	-
<b>Target Debt</b>							
Opening Balance		-	-	-	-	-	-
Addition (Repayment)		-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-
<b>Acquirer Debt</b>							
Opening Balance		30,000	30,000	30,000	10,000	10,000	10,000
Addition (Repayment)		-	-	(20,000)	-	-	-
Closing Balance	30,000	30,000	30,000	10,000	10,000	10,000	10,000
<b>Total Debt</b>							
Opening Balance		205,000	180,000	145,000	90,000	55,000	45,000
Addition (Repayment)		(25,000)	(35,000)	(55,000)	(35,000)	(10,000)	(35,000)
Closing Balance	205,000	180,000	145,000	90,000	55,000	45,000	10,000
<b>Interest Schedule</b>							
<b>Interest Rates</b>							
Senior Debt A		5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Senior Debt B		5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
Subordinated Debt		8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
Target Debt		8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Acquirer Debt		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
<b>Interest Expense (opening balance)</b>							
Senior Debt A		1,375	4,125	2,750	1,375	-	-
Senior Debt B		719	2,875	2,300	1,725	1,150	575
Subordinated Debt		516	2,063	2,063	2,063	2,063	2,063
Target Debt		-	-	-	-	-	-
Acquirer Debt		750	3,000	3,000	1,000	1,000	1,000
<b>Total</b>		<b>3,359</b>	<b>12,063</b>	<b>10,113</b>	<b>6,163</b>	<b>4,213</b>	<b>3,638</b>

# Pro Forma Model

## DCF Model

### Assumptions

Tax Rate	25%
Discount Rate	12%
Perpetual Growth Rate	4%
EV/EBITDA Multiple	8.0x
Current Price	\$11.75
Shares Outstanding	73,238



Discounted Cash Flow	Entry	2017	2018	2019	2020	2021	2022	Exit	Terminal Value	
Date	9/30/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2022	EV/EBITDA	1,123,272
EBIT		14,746	74,432	91,443	106,243	116,230	126,957			
Less: Cash Taxes		3,686	18,608	22,861	26,561	29,058	31,739			
NOPAT		11,059	55,824	68,583	79,682	87,173	95,218			
Plus: D&A		6,950	27,447	26,108	25,036	24,179	23,493			
EBITDA		21,695	101,879	117,551	131,279	140,409	150,450			
Less: Capex		5,188	20,750	20,750	20,750	20,750	20,750			
Less: Changes in NWC		(82,024)	6,834	7,449	4,059	4,053	3,184			
Unlevered FCF		94,845	55,687	66,491	79,910	86,548	94,777	1,123,272		
Transaction FCFF	-	94,845	55,687	66,491	79,910	86,548	94,777	1,123,272		

### IRR FCFF

#### Intrinsic Value

Enterprise Value	972,186
Plus: Cash	98,805
Less: Debt	205,000
Equity Value	865,992

#### Equity Value/Share

11.82

#### Market Value

Market Cap	na
Plus: Debt	
Less: Cash	
Enterprise Value	

#### Equity Value/Share

#### Rate of Return

IRR

## Merger Integration

	2017E	2018E	2019E	2020E	2021E	2022E
<b>Revenue</b>						
Acquirer	41,462	182,434	200,678	218,739	236,238	252,774
Target	24,276	111,669	125,069	137,576	148,582	157,497
Synergies		1,950	4,225	6,500	6,500	6,500
<b>Total</b>	<b>65,738</b>	<b>296,053</b>	<b>329,972</b>	<b>362,815</b>	<b>391,320</b>	<b>416,771</b>
<b>Cost of Goods Sold</b>						
Acquirer	17,414	78,447	88,298	98,432	108,669	116,276
Target	10,196	45,784	50,028	55,030	59,433	62,999
Synergies		(263)	(569)	(875)	(875)	(875)
<b>Total</b>	<b>27,610</b>	<b>123,968</b>	<b>137,757</b>	<b>152,588</b>	<b>167,227</b>	<b>178,400</b>
<b>Marketing, Advertising &amp; Promotion</b>						
Acquirer	7,049	31,014	34,115	37,186	40,160	42,972
Target	3,884	17,867	20,011	22,012	23,773	25,200
Synergies		(375)	(813)	(1,250)	(1,250)	(1,250)
<b>Total</b>	<b>10,933</b>	<b>48,506</b>	<b>53,314</b>	<b>57,948</b>	<b>62,684</b>	<b>66,921</b>
<b>General &amp; Administrative</b>						
Acquirer	3,750	15,000	15,000	15,000	15,000	15,000
Target	1,750	7,000	7,000	7,000	7,000	7,000
Synergies		(300)	(650)	(1,000)	(1,000)	(1,000)
<b>Total</b>	<b>5,500</b>	<b>21,700</b>	<b>21,350</b>	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>



# Online Company Inc Model

	2012A	2013A	2014A	2015A	2016A	2017E	2018E	2019E	2020E	2021E	2022E	9/30/2017 Stub	12/31/2017 Stub
Balance Sheet Check	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok		
End of Period	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	9/30/2017	12/31/2017
Days in Period	366	365	365	365	366	365	365	365	366	365	365	273	92
Fraction of Year	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.750	0.250

## Assumptions

LIVE SCENARIO 1

### SCENARIO 1

Revenue Growth (% Change)	10.0%	10.0%	10.0%	9.0%	8.0%	7.0%	10.0%	10.0%
Cost of Goods Sold (% of Revenue)	42.0%	43.0%	44.0%	45.0%	46.0%	46.0%	42.0%	42.0%
Salaries and Benefits (% of Revenue)	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
Rent and Overhead (\$000's)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Depreciation & Amortization (% of PP&E)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Interest (% of Debt)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Tax Rate (% of Earnings Before Tax)	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Accounts Receivable (Days)	18	18	18	18	18	18	18	18
Inventory (Days)	80	90	100	100	100	100	80	80
Accounts Payable (Days)	37	37	37	37	37	37	37	37
Capital Expenditures (\$000's)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Debt Issuance (Repayment) (\$000's)	-	-	(20,000)	-	-	-	-	-
Equity Issued (Repaid) (\$000's)	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	200	200	-	-

### SCENARIO 2

Revenue Growth (% Change)	5.0%	4.5%	4.0%	3.5%	3.0%	3.0%	5.0%	5.0%
Cost of Goods Sold (% of Revenue)	37.0%	37.0%	36.0%	36.0%	35.0%	35.0%	37.0%	37.0%
Salaries and Benefits (% of Revenue)	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
Rent and Overhead (\$000's)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Depreciation & Amortization (% of PP&E)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Interest (% of Debt)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Tax Rate (% of Earnings Before Tax)	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Accounts Receivable (Days)	18	18	18	18	18	18	18	18
Inventory (Days)	73	73	73	73	73	73	73	73
Accounts Payable (Days)	37	37	37	37	37	37	37	37
Capital Expenditures (\$000's)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Debt Issuance (Repayment) (\$000's)	-	-	(20,000)	-	-	-	-	-
Equity Issued (Repaid) (\$000's)	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	100	100	-	-

### LIVE SCENARIO

Revenue Growth (% Change)	10.0%	10.0%	10.0%	9.0%	8.0%	7.0%	10.0%	10.0%
Cost of Goods Sold (% of Revenue)	42.0%	43.0%	44.0%	45.0%	46.0%	46.0%	42.0%	42.0%
Marketing, Advertising & Promotion (% of Revenue)	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
General & Administrative (\$000's)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Depreciation & Amortization (% of PP&E)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Interest (% of Debt)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Tax Rate (% of Earnings Before Tax)	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Accounts Receivable (Days)	18	18	18	18	18	18	18	18
Inventory (Days)	80	90	100	100	100	100	80	80
Accounts Payable (Days)	37	37	37	37	37	37	37	37
Capital Expenditures (\$000's)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Debt Issuance (Repayment) (\$000's)	-	-	(20,000)	-	-	-	-	-
Equity Issued (Repaid) (\$000's)	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	200	200	-	-

## Online Company Inc Model

Income Statement	2012A	2013A	2014A	2015A	2016A	2017E	2018E	2019E	2020E	2021E	2022E	9/30/2017 Stub	12/31/2017 Stub
<b>Revenue</b>	<b>102,007</b>	<b>118,086</b>	<b>131,345</b>	<b>142,341</b>	<b>150,772</b>	<b>165,849</b>	<b>182,434</b>	<b>200,678</b>	<b>218,739</b>	<b>236,238</b>	<b>252,774</b>	<b>124,387</b>	<b>41,462</b>
Cost of Goods Sold (COGS)	39,023	48,004	49,123	52,654	56,710	69,657	78,447	88,298	98,432	108,669	116,276	52,242	17,414
<b>Gross Profit</b>	<b>62,984</b>	<b>70,082</b>	<b>82,222</b>	<b>89,687</b>	<b>94,062</b>	<b>96,193</b>	<b>103,987</b>	<b>112,379</b>	<b>120,306</b>	<b>127,568</b>	<b>136,498</b>	<b>72,144</b>	<b>24,048</b>
<b>Expenses</b>													
Marketing, Advertising & Promotion	26,427	22,658	23,872	23,002	25,245	28,194	31,014	34,115	37,186	40,160	42,972	21,146	7,049
General & Administrative	10,963	10,125	10,087	11,020	11,412	15,000	15,000	15,000	15,000	15,000	15,000	11,250	3,750
Depreciation & Amortization	19,500	18,150	17,205	16,544	16,080	7,504	9,003	10,203	11,162	11,930	12,544	5,628	1,876
Interest	2,500	2,500	1,500	1,500	1,500	3,000	3,000	1,000	1,000	1,000	1,000	2,250	750
<b>Total Expenses</b>	<b>59,390</b>	<b>53,433</b>	<b>52,664</b>	<b>52,066</b>	<b>54,237</b>	<b>53,699</b>	<b>58,017</b>	<b>60,318</b>	<b>64,348</b>	<b>68,090</b>	<b>71,515</b>	<b>40,274</b>	<b>13,425</b>
<b>Earnings Before Tax</b>	<b>3,594</b>	<b>16,649</b>	<b>29,558</b>	<b>37,622</b>	<b>39,825</b>	<b>42,494</b>	<b>45,970</b>	<b>52,062</b>	<b>55,958</b>	<b>59,478</b>	<b>64,983</b>	<b>31,870</b>	<b>10,623</b>
Taxes	1,120	4,858	8,483	10,908	11,598	11,898	12,872	14,577	15,668	16,654	18,195	8,924	2,975
<b>Net Earnings</b>	<b>2,474</b>	<b>11,791</b>	<b>21,075</b>	<b>26,713</b>	<b>28,227</b>	<b>30,596</b>	<b>33,099</b>	<b>37,484</b>	<b>40,290</b>	<b>42,824</b>	<b>46,788</b>	<b>22,947</b>	<b>7,649</b>

[illegible]

## Online Company Inc Model

Cash Flow Statement	2012A	2013A	2014A	2015A	2016A	2017E	2018E	2019E	2020E	2021E	2022E	9/30/2017 Stub	12/31/2017 Stub
<b>Operating Cash Flow</b>													
Net Earnings	2,474	11,791	21,075	26,713	28,227	30,596	33,099	37,484	40,290	42,824	46,788	22,947	7,649
Plus: Depreciation & Amortization	19,500	18,150	17,205	16,544	16,080	7,504	9,003	10,203	11,162	11,930	12,544	5,628	1,876
Less: Changes in Working Capital	9,003	1,702	775	903	827	3,175	4,003	4,749	2,564	2,706	2,128	3,220	(45)
<b>Cash from Operations</b>	<b>12,971</b>	<b>28,239</b>	<b>37,505</b>	<b>42,354</b>	<b>43,480</b>	<b>34,924</b>	<b>38,099</b>	<b>42,938</b>	<b>48,888</b>	<b>52,048</b>	<b>57,203</b>	<b>25,354</b>	<b>9,570</b>
<b>Investing Cash Flow</b>													
Investments in Property & Equipment	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(11,250)	(3,750)
Investments in Businesses													
<b>Cash from Investing</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>(11,250)</b>	<b>(3,750)</b>
<b>Financing Cash Flow</b>													
Issuance (repayment) of debt	-	-	(20,000)	-	-	-	-	(20,000)	-	-	-	-	-
Issuance (repayment) of equity	70,000	-	-	-	-	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-	-	-	(200)	(200)	-	-
<b>Cash from Financing</b>	<b>70,000</b>	<b>-</b>	<b>(20,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,000)</b>	<b>-</b>	<b>(200)</b>	<b>(200)</b>	<b>-</b>	<b>-</b>
Net Increase (decrease) in Cash	67,971	13,239	2,505	27,354	28,480	19,924	23,099	7,938	33,888	36,848	42,003	14,104	5,820
Opening Cash Balance	-	67,971	81,210	83,715	111,069	139,550	159,474	182,573	190,511	224,399	261,248	139,550	153,654
<b>Closing Cash Balance</b>	<b>67,971</b>	<b>81,210</b>	<b>83,715</b>	<b>111,069</b>	<b>139,550</b>	<b>159,474</b>	<b>182,573</b>	<b>190,511</b>	<b>224,399</b>	<b>261,248</b>	<b>303,250</b>	<b>153,654</b>	<b>159,474</b>

Supporting Schedules	2012A	2013A	2014A	2015A	2016A	2017E	2018E	2019E	2020E	2021E	2022E	9/30/2017 Stub	12/31/2017 Stub
<b>Working Capital Schedule</b>													
Accounts Receivable	5,100	5,904	6,567	7,117	7,539	8,179	8,997	9,896	10,758	11,650	12,466	8,201	8,179
Inventory	7,805	9,601	9,825	10,531	11,342	15,267	19,343	24,191	26,894	29,772	31,856	15,309	15,267
Accounts Payable	3,902	4,800	4,912	5,265	5,671	7,061	7,952	8,951	9,951	11,016	11,787	7,080	7,061
Net Working Capital (NWC)	9,003	10,705	11,480	12,382	13,210	16,385	20,388	25,137	27,701	30,407	32,535	16,430	16,385
Change in NWC	9,003	1,702	775	903	827	3,175	4,003	4,749	2,564	2,706	2,128	3,220	(45)
<b>Depreciation Schedule</b>													
PPE Opening	50,000	45,500	42,350	40,145	38,602	37,521	45,017	51,013	55,811	59,649	62,719	37,521	43,143
Plus Capex	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	11,250	3,750
Less Depreciation	19,500	18,150	17,205	16,544	16,080	7,504	9,003	10,203	11,162	11,930	12,544	5,628	1,876
PPE Closing	45,500	42,350	40,145	38,602	37,521	45,017	51,013	55,811	59,649	62,719	65,175	43,143	45,017
<b>Debt &amp; Interest Schedule</b>													
Debt Opening	50,000	50,000	50,000	30,000	30,000	30,000	30,000	30,000	10,000	10,000	10,000	30,000	30,000
Issuance (repayment)	-	-	(20,000)	-	-	-	-	(20,000)	-	-	-	-	-
Debt Closing	50,000	50,000	30,000	30,000	30,000	30,000	30,000	10,000	10,000	10,000	10,000	30,000	30,000
Interest Expense	2,500	2,500	1,500	1,500	1,500	3,000	3,000	1,000	1,000	1,000	1,000	2,250	750

# Online Company Inc Model

## DCF Model

### Assumptions

Tax Rate	25%
Discount Rate	12%
Perpetual Growth Rate	4%
EV/EBITDA Multiple	8.0x
Current Price	\$11.75
Shares Outstanding	50,000

Discounted Cash Flow	Entry	2017	2018	2019	2020	2021	2022	Exit	Terminal Value	
Date	9/30/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2022	EV/EBITDA	579,263
Year Fraction		0.25	1.00	1.00	1.00	1.00	1.00	1.00		
EBIT		45,494	48,970	53,062	56,958	60,478	65,983			
Less: Cash Taxes		11,373	12,243	13,265	14,240	15,120	16,496			
NOPAT		34,120	36,728	39,796	42,719	45,359	49,487			
Plus: D&A		7,504	9,003	10,203	11,162	11,930	12,544			
EBITDA		52,998	57,974	63,264	68,121	72,408	78,526			
Less: Capex		15,000	15,000	15,000	15,000	15,000	15,000			
Less: Changes in NWC		3,175	4,003	4,749	2,564	2,706	2,128			
Unlevered FCF		23,449	26,728	30,250	36,317	39,583	44,902	579,263		
Transaction FCFF	-	5,862	26,728	30,250	36,317	39,583	44,902	579,263		
IRR FCFF	(463,846)	5,862	26,728	30,250	36,317	39,583	44,902	579,263		
Intrinsic Value		Market Value					Rate of Return			
Enterprise Value	445,967	Market Cap			587,500	IRR		11%		
Plus: Cash	153,654	Plus: Debt			30,000					
Less: Debt	30,000	Less: Cash			153,654					
Equity Value	569,621	Enterprise Value			463,846					
Equity Value/Share	11.39	Equity Value/Share			11.75					

## Brick 'n' Mortar Co Model

	2012A	2013A	2014A	2015A	2016A	2017E	2018E	2019E	2020E	2021E	2022E	9/30/2017 Stub	12/31/2017 Stub
Balance Sheet Check	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok		
End of Period	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	9/30/2017	12/31/2017
Days in Period	366	365	365	365	366	365	365	365	366	365	365	273	92
Fraction of Year	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.750	0.250

### Assumptions

LIVE SCENARIO 1

#### SCENARIO 1

Revenue Growth (% Change)	15.0%	15.0%	12.0%	10.0%	8.0%	6.0%	15.0%	15.0%
Cost of Goods Sold (% of Revenue)	42.0%	41.0%	40.0%	40.0%	40.0%	40.0%	42.0%	42.0%
Salaries and Benefits (% of Revenue)	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
Rent and Overhead (\$000's)	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Depreciation & Amortization (% of PP&E)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Interest (% of Debt)	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Tax Rate (% of Earnings Before Tax)	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
Accounts Receivable (Days)	22	18	18	18	18	18	22	22
Inventory (Days)	75	75	75	75	75	75	75	75
Accounts Payable (Days)	39	39	39	39	39	39	39	39
Capital Expenditures (\$000's)	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750
Debt Issuance (Repayment) (\$000's)	-	-	-	-	-	(10,000)	-	-
Equity Issued (Repaid) (\$000's)	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	200	200	-	-

#### SCENARIO 2

Revenue Growth (% Change)	5.0%	4.5%	4.0%	3.5%	3.0%	3.0%	5.0%	5.0%
Cost of Goods Sold (% of Revenue)	37.0%	37.0%	36.0%	36.0%	35.0%	35.0%	37.0%	37.0%
Salaries and Benefits (% of Revenue)	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
Rent and Overhead (\$000's)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Depreciation & Amortization (% of PP&E)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Interest (% of Debt)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Tax Rate (% of Earnings Before Tax)	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Accounts Receivable (Days)	18	18	18	18	18	18	18	18
Inventory (Days)	73	73	73	73	73	73	73	73
Accounts Payable (Days)	37	37	37	37	37	37	37	37
Capital Expenditures (\$000's)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Debt Issuance (Repayment) (\$000's)	-	-	(20,000)	-	-	-	-	-
Equity Issued (Repaid) (\$000's)	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	100	100	-	-

#### LIVE SCENARIO

Revenue Growth (% Change)	15.0%	15.0%	12.0%	10.0%	8.0%	6.0%	15.0%	15.0%
Cost of Goods Sold (% of Revenue)	42.0%	41.0%	40.0%	40.0%	40.0%	40.0%	42.0%	42.0%
Marketing, Advertising & Promotion (% of Revenue)	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
General & Administrative (\$000's)	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Depreciation & Amortization (% of PP&E)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Interest (% of Debt)	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Tax Rate (% of Earnings Before Tax)	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
Accounts Receivable (Days)	22	18	18	18	18	18	22	22
Inventory (Days)	75	75	75	75	75	75	75	75
Accounts Payable (Days)	39	39	39	39	39	39	39	39
Capital Expenditures (\$000's)	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750
Debt Issuance (Repayment) (\$000's)	-	-	-	-	-	(10,000)	-	-
Equity Issued (Repaid) (\$000's)	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	200	200	-	-

### Brick 'n' Mortar Co Model

Income Statement	2012A	2013A	2014A	2015A	2016A	2017E	2018E	2019E	2020E	2021E	2022E	9/30/2017 Stub	12/31/2017 Stub
<b>Revenue</b>	<b>57,128</b>	<b>66,132</b>	<b>73,558</b>	<b>79,716</b>	<b>84,438</b>	<b>97,103</b>	<b>111,669</b>	<b>125,069</b>	<b>137,576</b>	<b>148,582</b>	<b>157,497</b>	<b>72,828</b>	<b>24,276</b>
Cost of Goods Sold (COGS)	21,854	26,884	27,511	29,488	31,760	40,783	45,784	50,028	55,030	59,433	62,999	30,588	10,196
<b>Gross Profit</b>	<b>35,273</b>	<b>39,248</b>	<b>46,047</b>	<b>50,228</b>	<b>52,678</b>	<b>56,320</b>	<b>65,885</b>	<b>75,041</b>	<b>82,546</b>	<b>89,149</b>	<b>94,498</b>	<b>42,240</b>	<b>14,080</b>
<b>Expenses</b>													
Marketing, Advertising & Promotion	14,800	12,689	13,369	12,882	14,138	15,537	17,867	20,011	22,012	23,773	25,200	11,652	3,884
General & Administrative	6,140	5,670	5,649	6,172	6,391	7,000	7,000	7,000	7,000	7,000	7,000	5,250	1,750
Depreciation & Amortization	10,921	10,165	9,635	9,265	9,006	4,203	4,512	4,760	4,958	5,116	5,243	3,152	1,051
Interest	1,400	1,400	840	840	840	1,344	1,344	1,344	1,344	1,344	544	1,008	336
<b>Total Expenses</b>	<b>33,261</b>	<b>29,924</b>	<b>29,494</b>	<b>29,159</b>	<b>30,375</b>	<b>28,083</b>	<b>30,723</b>	<b>33,115</b>	<b>35,314</b>	<b>37,233</b>	<b>37,987</b>	<b>21,062</b>	<b>7,021</b>
<b>Earnings Before Tax</b>	<b>2,013</b>	<b>9,324</b>	<b>16,554</b>	<b>21,069</b>	<b>22,303</b>	<b>28,237</b>	<b>35,161</b>	<b>41,927</b>	<b>47,232</b>	<b>51,916</b>	<b>56,512</b>	<b>21,178</b>	<b>7,059</b>
Taxes	1,120	4,858	8,483	10,908	11,598	9,036	11,252	13,417	15,114	16,613	18,084	6,777	2,259
<b>Net Earnings</b>	<b>893</b>	<b>4,466</b>	<b>8,071</b>	<b>10,161</b>	<b>10,706</b>	<b>19,201</b>	<b>23,910</b>	<b>28,510</b>	<b>32,118</b>	<b>35,303</b>	<b>38,428</b>	<b>14,401</b>	<b>4,800</b>

[illegible]

## Brick 'n' Mortar Co Model

Cash Flow Statement	2012A	2013A	2014A	2015A	2016A	2017E	2018E	2019E	2020E	2021E	2022E	9/30/2017 Stub	12/31/2017 Stub
<b>Operating Cash Flow</b>													
Net Earnings	893	4,466	8,071	10,161	10,706	19,201	23,910	28,510	32,118	35,303	38,428	14,401	4,800
Plus: Depreciation & Amortization	10,921	10,165	9,635	9,265	9,006	4,203	4,512	4,760	4,958	5,116	5,243	3,152	1,051
Less: Changes in Working Capital	5,042	953	434	506	463	2,477	147	1,079	1,077	1,010	791	2,505	(27)
<b>Cash from Operations</b>	<b>6,771</b>	<b>13,677</b>	<b>17,272</b>	<b>18,921</b>	<b>19,248</b>	<b>20,926</b>	<b>28,274</b>	<b>32,190</b>	<b>35,998</b>	<b>39,409</b>	<b>42,880</b>	<b>15,048</b>	<b>5,878</b>
<b>Investing Cash Flow</b>													
Investments in Property & Equipment	(8,401)	(8,401)	(8,401)	(8,401)	(8,401)	(5,750)	(5,750)	(5,750)	(5,750)	(5,750)	(5,750)	(4,313)	(1,438)
Investments in Businesses													
<b>Cash from Investing</b>	<b>(8,401)</b>	<b>(8,401)</b>	<b>(8,401)</b>	<b>(8,401)</b>	<b>(8,401)</b>	<b>(5,750)</b>	<b>(5,750)</b>	<b>(5,750)</b>	<b>(5,750)</b>	<b>(5,750)</b>	<b>(5,750)</b>	<b>(4,313)</b>	<b>(1,438)</b>
<b>Financing Cash Flow</b>													
Issuance (repayment) of debt	-	-	(11,201)	-	-	-	-	-	-	-	(10,000)	-	-
Issuance (repayment) of equity	39,203	-	-	-	-	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-	-	-	(200)	(200)	-	-
<b>Cash from Financing</b>	<b>39,203</b>	<b>-</b>	<b>(11,201)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(200)</b>	<b>(10,200)</b>	<b>-</b>	<b>-</b>
Net Increase (decrease) in Cash	37,573	5,277	(2,329)	10,520	10,847	15,176	22,524	26,440	30,248	33,459	26,930	10,736	4,441
Opening Cash Balance	-	37,573	42,850	40,521	51,041	61,889	77,065	99,589	126,030	156,278	189,737	61,889	72,624
<b>Closing Cash Balance</b>	<b>37,573</b>	<b>42,850</b>	<b>40,521</b>	<b>51,041</b>	<b>61,889</b>	<b>77,065</b>	<b>99,589</b>	<b>126,030</b>	<b>156,278</b>	<b>189,737</b>	<b>216,666</b>	<b>72,624</b>	<b>77,065</b>

Supporting Schedules	2012A	2013A	2014A	2015A	2016A	2017E	2018E	2019E	2020E	2021E	2022E	9/30/2017 Stub	12/31/2017 Stub
<b>Working Capital Schedule</b>													
Accounts Receivable	2,856	3,307	3,678	3,986	4,222	5,853	5,507	6,168	6,766	7,327	7,767	5,869	5,853
Inventory	4,371	5,377	5,502	5,898	6,352	8,380	9,408	10,280	11,277	12,212	12,945	8,403	8,380
Accounts Payable	2,185	2,688	2,751	2,949	3,176	4,358	4,892	5,345	5,864	6,350	6,731	4,370	4,358
Net Working Capital (NWC)	5,042	5,995	6,429	6,935	7,398	9,875	10,023	11,102	12,179	13,189	13,981	9,902	9,875
Change in NWC	5,042	953	434	506	463	2,477	147	1,079	1,077	1,010	791	2,505	(27)
<b>Depreciation Schedule</b>													
PPE Opening	28,002	25,482	23,718	22,483	21,618	21,013	22,561	23,798	24,789	25,581	26,215	21,013	22,174
Plus Capex	8,401	8,401	8,401	8,401	8,401	5,750	5,750	5,750	5,750	5,750	5,750	4,313	1,438
Less Depreciation	10,921	10,165	9,635	9,265	9,006	4,203	4,512	4,760	4,958	5,116	5,243	3,152	1,051
PPE Closing	25,482	23,718	22,483	21,618	21,013	22,561	23,798	24,789	25,581	26,215	26,722	22,174	22,561
<b>Debt &amp; Interest Schedule</b>													
Debt Opening	28,002	28,002	28,002	16,801	16,801	16,801	16,801	16,801	16,801	16,801	16,801	16,801	16,801
Issuance (repayment)	-	-	(11,201)	-	-	-	-	-	-	-	(10,000)	-	-
Debt Closing	28,002	28,002	16,801	16,801	16,801	16,801	16,801	16,801	16,801	16,801	6,801	16,801	16,801
Interest Expense	1,400	1,400	840	840	840	1,344	1,344	1,344	1,344	1,344	544	1,008	336

# Brick 'n' Mortar Co Model

## DCF Model

### Assumptions

Tax Rate	25%
Discount Rate	12%
Perpetual Growth Rate	4%
EV/EBITDA Multiple	8.0x
Current Price	\$17.30
Shares Outstanding	25,000

Discounted Cash Flow	Entry	2017	2018	2019	2020	2021	2022	Exit	Terminal Value
Date	9/30/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2022	EV/EBITDA
Year Fraction		0.25	1.00	1.00	1.00	1.00	1.00	1.00	467,009
EBIT		29,581	36,506	43,271	48,576	53,260	57,056		
Less: Cash Taxes		7,395	9,126	10,818	12,144	13,315	14,264		
NOPAT		22,186	27,379	32,453	36,432	39,945	42,792		
Plus: D&A		4,203	4,512	4,760	4,958	5,116	5,243		
EBITDA		33,783	41,018	48,030	53,533	58,376	62,299		
Less: Capex		5,750	5,750	5,750	5,750	5,750	5,750		
Less: Changes in NWC		2,477	147	1,079	1,077	1,010	791		
Unlevered FCF		18,161	25,994	30,383	34,563	38,301	41,493	467,009	
Transaction FCFF	-	4,540	25,994	30,383	34,563	38,301	41,493	467,009	
IRR FCFF	(376,677)	4,540	25,994	30,383	34,563	38,301	41,493	467,009	
Intrinsic Value			Market Value	Market Value	Takeover			Rate of Return	
Enterprise Value	378,381		Market Cap	432,500	540,625			IRR (Current Share Price)	12%
Plus: Cash	72,624		Plus: Debt	16,801	16,801				
Less: Debt	16,801		Less: Cash	72,624	72,624				
Equity Value	434,204		Enterprise Value	376,677	484,802				
Equity Value/Share	17.37		Equity Value/Share	17.30					