

| Online Company Inc Model | Historical Results | | | | | Forecast Period | | | | | | Stub | |
|--------------------------|--------------------|------------|------------|------------|------------|-----------------|------------|------------|------------|------------|------------|------------|------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 30-09-2017 | 31-12-2017 |
| Balance Sheet Check | ok | ok | ok | ok | ok | ok | ok | ok | ok | ok | ok | | |
| End of Period | 31-12-2012 | 31-12-2013 | 31-12-2014 | 31-12-2015 | 31-12-2016 | 31-12-2017 | 31-12-2018 | 31-12-2019 | 31-12-2020 | 31-12-2021 | 31-12-2022 | 30-09-2017 | 31-12-2017 |
| 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 | - | - |

| Income Statement | | | | | | | | | | | | | |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|--------|
| Revenue | 1,02,007 | 1,18,086 | 1,31,345 | 1,42,341 | 1,50,772 | 1,65,849 | 1,82,434 | 2,00,678 | 2,18,739 | 2,36,238 | 2,52,774 | 1,24,387 | 41,462 |
| Cost of Goods Sold (COGS) | 39,023 | 48,004 | 49,123 | 52,654 | 56,710 | 69,657 | 78,447 | 88,298 | 98,432 | 1,08,669 | 1,16,276 | 52,242 | 17,414 |
| Gross Profit | 62,984 | 70,082 | 82,222 | 89,687 | 94,062 | 96,193 | 1,03,987 | 1,12,379 | 1,20,306 | 1,27,568 | 1,36,498 | 72,144 | 24,048 |
| Expenses | | | | | | | | | | | | | |
| 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 |
| Total Expenses | 59,390 | 53,433 | 52,664 | 52,066 | 54,237 | 53,699 | 58,017 | 60,318 | 64,348 | 68,090 | 71,515 | 40,274 | 13,425 |
| Earnings Before Tax | 3,594 | 16,649 | 29,558 | 37,622 | 39,825 | 42,494 | 45,970 | 52,062 | 55,958 | 59,478 | 64,983 | 31,870 | 10,623 |
| 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 |
| 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 |

Balance Sheet

[illegible]

Cash Flow Statement

Operating Cash Flow

| | | | | | | | | | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| 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) |
| Cash from Operations | 12,971 | 28,239 | 37,505 | 42,354 | 43,480 | 34,924 | 38,099 | 42,938 | 48,888 | 52,048 | 57,203 | 25,354 | 9,570 |

Investing Cash Flow

| | | | | | | | | | | | | | |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|
| 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 | | | | | | | | | | | | | |
| Cash from Investing | (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) |

Financing Cash Flow

| | | | | | | | | | | | | | |
|--------------------------------|---------------|----------|-----------------|----------|----------|----------|----------|-----------------|----------|--------------|--------------|----------|----------|
| Issuance (repayment) of debt | - | - | (20,000) | - | - | - | - | (20,000) | - | - | - | - | - |
| Issuance (repayment) of equity | 70,000 | - | - | - | - | - | - | - | - | - | - | - | - |
| Payment of Dividends | - | - | - | - | - | - | - | - | - | (200) | (200) | - | - |
| Cash from Financing | 70,000 | - | (20,000) | - | - | - | - | (20,000) | - | (200) | (200) | - | - |

| | | | | | | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 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 | 1,11,069 | 1,39,550 | 1,59,474 | 1,82,573 | 1,90,511 | 2,24,399 | 2,61,248 | 1,39,550 | 1,53,654 |
| Closing Cash Balance | 67,971 | 81,210 | 83,715 | 1,11,069 | 1,39,550 | 1,59,474 | 1,82,573 | 1,90,511 | 2,24,399 | 2,61,248 | 3,03,250 | 1,53,654 | 1,59,474 |

Supporting Schedules

Working Capital Schedule

| | | | | | | | | | | | | | |
|---------------------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 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) |

Depreciation Schedule

| | | | | | | | | | | | | | |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 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 |

Debt & Interest Schedule

| | | | | | | | | | | | | | |
|----------------------|--------|--------|----------|--------|--------|--------|--------|----------|--------|--------|--------|--------|--------|
| 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 |

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 | 30-09-2017 | 31-12-2017 | 31-12-2018 | 31-12-2019 | 31-12-2020 | 31-12-2021 | 31-12-2022 | 31-12-2022 | EV/EBITDA |
| Year Fraction | | 0.25 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 5,79,263 |
| 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 | 5,79,263 | |
| Transaction FCFF | - | 5,862 | 26,728 | 30,250 | 36,317 | 39,583 | 44,902 | 5,79,263 | |
| IRR FCFF | (4,63,846) | 5,862 | 26,728 | 30,250 | 36,317 | 39,583 | 44,902 | 5,79,263 | |
| Intrinsic Value | | | Market Value | | | | Rate of Return | | |
| Enterprise Value | 4,45,967 | | Market Cap | 5,87,500 | | | IRR | 11% | |
| Plus: Cash | 1,53,654 | | Plus: Debt | 30,000 | | | | | |
| Less: Debt | 30,000 | | Less: Cash | 1,53,654 | | | | | |
| Equity Value | 5,69,621 | | Enterprise Value | 4,63,846 | | | | | |
| Equity Value/Share | 11.39 | | Equity Value/Share | 11.75 | | | | | |