

Private Equity Training Delivered by

# Elite Private Equity Practitioners

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Every year, thousands of students and professionals use our financial modeling and skills based training to make them more productive at work.

Elite team of instructors, all with previous PE deal experience, cherry-picked from the top private equity funds in the world.

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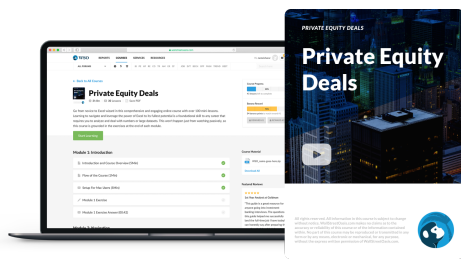
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# Private Equity Deal Process + Advanced LBO Skills

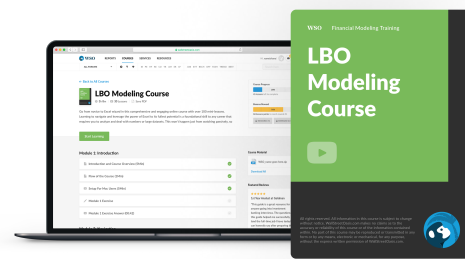
Explicit PE Training to Support and Improve Your Associates

- Taught exclusively by experienced PE professionals that apply real transaction experience to support the theoretical concepts
- Integrated review of REAL deal docs (redacted) so employees retain critical nuances
- Detailed underwriting model case to mimic real-life complexity



## Course #1 Private Equity Deals

- ✓ Navigate the Deal Process
- ✓ Roles + Responsibilities in a PE Firm
- ✓ Initial Business Appraisal - IOI, CIMs
- ✓ Types of Due Diligence
- ✓ Mini-Model + Complex Build
- ✓ Lender & Covenant Negotiations
- ✓ Includes **REAL** Redacted Deal Docs for additional realistic context



## Course #2 LBO Modeling Course

- ✓ 110+ Lessons, 12+ Modules, 8+hrs
- ✓ Elite Megafund PE Instructor
- ✓ Sources and Uses of Cash
- ✓ P&L Projections & LBO Adjustments
- ✓ Updated to include 2017 Tax Reform
- ✓ Debt Schedule Build + Walkthrough
- ✓ Bonuses: Purchase Price Accounting, Dividend Recap + Roll Up Modules

# WHY PARTNER WITH WSO

The Best Instructors + The Only PE Training that Uses Real Deal Documents



## Course Goals

At the end of this training, your Analysts and Associates will understand the following...

- ✓ **WHAT** - What is included in a CIM, NDA, IOI, Lender Term Sheets, QoE Reports, ICMs +++ including sections to focus on and nuances to watch out for
- ✓ **HOW** - How to best prepare for a live deal and be proactive as an analyst or associate in PE?
- ✓ **WHY** - Why would senior investment professionals care about a deal in question? why are certain documents essential to deal in question? what are the nuances in those docs?



## Training Summary

Our course walks through the auction process from beginning to end, including...

- ✓ **Complex Underwriting Model:**

We don't just use a mini-LBO on a dummy case. We take it a step further. Alongside the instructor, employees create a robust underwriting model with a complex revenue build and scenarios. This is a critical extension from what they will learn conceptually from our mini-model case

- ✓ **Real Deal Documents:**

Leveraging our community of over 800,000+ registered members, we sourced real deal docs that we incorporate throughout our sessions for additional realistic context (IOIs, NDAs, CIMs, QoE reports, ICMs, etc)

- ✓ **Updated LBO Model:**

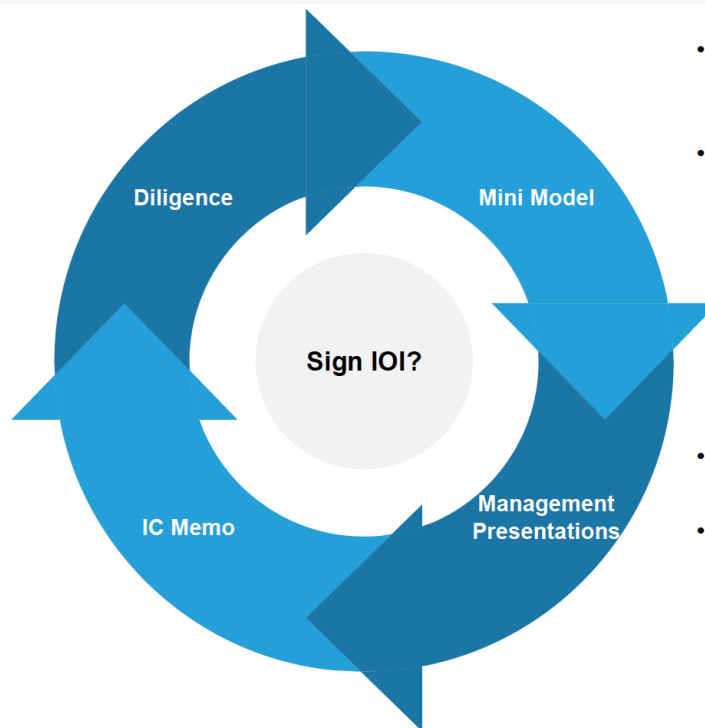
Our LBO model takes into account the additional modeling complications introduced with the 2017 Tax Reform and limits on interest deduction. We also include more advanced bonus material like modeling tuck-in acquisitions for a roll-up strategy, dividend recap flexibility and more

# EXAMPLES - THE CIM OVERVIEW

Sample from our Private Equity Training Deck

Document Purpose	Typical Content	Process Detail	Associate Role
<ul style="list-style-type: none"> <li>Further educate the landscape of interested buyers on the business, the industry, expected financial performance, and the management team</li> </ul>	<ul style="list-style-type: none"> <li>Almost always upwards of 20 pages; typically, 40- 80 pages including the following:               <ul style="list-style-type: none"> <li>Transaction overview and investment highlights</li> <li>Business overview</li> <li>Industry overview</li> <li>Management introductions</li> <li>Financials – detailed historical and projections</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Receipt of CIM occurs post NDA execution</li> <li>Bankers typically send the CIM directly, bypassing company management</li> </ul> <p><u>Next steps:</u></p> <ul style="list-style-type: none"> <li>Post-CIM receipt, interested buyers are expected to sign an Indication of interest (“IOI”)</li> </ul>	<ul style="list-style-type: none"> <li>Associates review CIMs in detail and are often required to succinctly summarize findings</li> <li>VPs also read through the CIM to understand the business</li> </ul> <p><u>Objectives:</u></p> <ul style="list-style-type: none"> <li>Having received more detail, what is our level of interest and how should we value this business?</li> <li>What additional questions does the document raise?</li> </ul>

- Maintain question list while reading the CIM
- Typically gain dataroom access
- Creation of diligence tracker



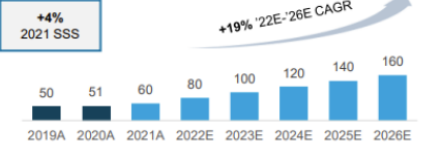
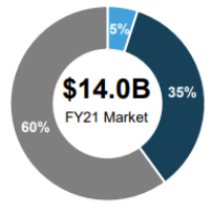
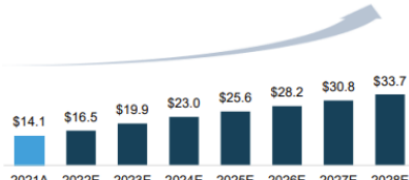

- Synthesize all received data into concise IC memo (5-15 pages typically)
- Memo will include business and industry detail, as well as preliminary returns

- Build streamlined model to begin to contemplate returns
- Typically one to two scenarios, including the management case found in CIM and more realistic PE case

- Receive invitation to attend MP
- Prepare question list for management; level of detail depends on level of information provided / perception of management team

# EXAMPLES - PROJECT BALBOA FACT SHEET

Sample from our Private Equity Training Deck

Investment Highlights		Business Highlights		Industry Overview	
<b>#1</b> Market Leader <sup>(1)</sup>	<b>60</b> Best-in-class restaurants	<b>Industry-Leading Restaurant Growth</b> 		<b>Attractive Industry Fragmentation...</b> 	
<b>+23%</b> '22 - '26 Rev CAGR	<b>+24%</b> SSS <sup>(2)</sup>	<ul style="list-style-type: none"> <li>Best-in-class SSS across mature restaurant base</li> <li>Operational across 5 states (CA, NY, MA, Washington D.C., and FL)</li> </ul>		<ul style="list-style-type: none"> <li><b>+15%</b> '22E-'26E Industry CAGR</li> <li><b>+200bps</b> Market share in FY21</li> <li><b>Ample room to win category</b></li> </ul>	
<b>+22%</b> 2021A EBITDA Margin	<b>\$1.9M</b> AUV	<b>Best-in-Class Financial Performance</b> <ul style="list-style-type: none"> <li><b>+100</b> Net new restaurants</li> <li><b>+\$322M</b> '26E Revenue</li> <li><b>77%</b> '21A Gross Margin</li> <li><b>+\$73M</b> '26E Adj. EBITDA</li> </ul>		<b>...With Continued Growth Upside</b> 	
<b>Transaction Overview</b> Seeking a significant minority investment to facilitate growth of new unit openings and operational growth					

(1) By retail sales, excluding Northeast market  
 (2) Represents 3-year stack, including restaurants in 2019 vintage and earlier

# EXAMPLE - Redacted Final Diligence Report Accounting

Sample from our Private Equity Training Deck

## POINTS OF INTEREST

**Adjusted financial performance**

The schedule at the left presents the Company's adjusted financial performance inclusive of due diligence adjustments as presented within the Quality of Earnings section of this report.

Adjusted Financial Performance	FY18		FY19		LTM Nov-20	
	US\$	17M	US\$	17M	US\$	17M
US\$ Revenue	22,840	49,889	49,838	17,758	1,338	
Product/COGS	4,857	8,848	7,246	2,236	461	
Shipping and handling	1,703	1,727	1,939	1,534	1,432	
Other COGS	1,213	1,684	2,028	386	124	
Total cost of goods sold	7,773	13,944	13,493	4,371	2,457	
Gross profit	15,067	35,945	36,345	13,387	(1,119)	
Selling expenses	4,266	8,267	8,021	2,973	1,164	
General & administrative	4,513	8,854	8,140	2,421	(198)	
Total operating expenses	8,779	17,121	16,161	5,394	976	
EBITDA +/- NQ	6,288	18,824	20,184	7,993	(1,895)	
EBITDA %	28.1%	37.7%	40.5%	44.9%	-14.6%	
Gross margin	66.0%	72.1%	73.0%	75.4%	-2.0%	
Adjusted EBITDA %	27.1%	37.7%	40.5%	44.9%	-14.6%	

**Adjusted Operating Expenses**

US\$ Amount	FY18	FY19	LTM Nov-20
Selling expenses	4,266	8,267	8,021
Salaries, wages, and benefits	2,156	4,603	4,791
Building, rent and utilities	195	649	492
Computer & software	413	700	642
Professional fees	69	148	157
Insurance	14	35	74
Miscellaneous	14	35	74
Advertising and promotion	62	60	64
Travel & entertainment	43	56	60
Office supplies, bank fees & postage	50	49	56
Conference and trade shows	236	480	541
Research and development	40	81	50
Telephone and internet	26	48	33
General administrative	4,113	8,034	8,240
Total operating expenses	13,944	26,345	26,161

**Key Operational Items**

- FY18 to FY19:** Adjusted EBITDA increased from \$4.4 million in FY18 to \$9.4 million in FY19, primarily driven by net sales growth from the expansion of the Company's Designer base.
  - Net sales:** Net sales increased by \$17.8 million driven by Designer-based net sales, which accounted for approximately \$15.0 million of the increase over the period. Refer to the following pages for further discussion of net sales trends and discussion on Designer membership trends.
  - Gross margin:** Gross margin increased by 260 bps from FY18 to FY19, primarily due to the expansion of the Company's Designer base and growth in Designer monthly subscriptions.
  - Operating expenses:** Operating expenses increased by \$6.5 million, or 28.1%, from FY18 to FY19, primarily due to the expansion of the Company's Designer base and growth in Designer monthly subscriptions.
- FY18 to LTM Nov-20:** Adjusted EBITDA declined by \$1.6 million LTM Nov-20, driven primarily by a shift in sales mix from whole primarily the result of fewer in-person events due to COVID-19.
  - Net sales:** Net sales increased by \$1.2 million, driven by: (i) sales; and (ii) a \$1.3 million increase in web-based sales, and delivery income.
  - Gross margin:** Gross margin declined from 60.7% in FY19 shift from wholesale to web-based sales, and inefficiencies w
  - Operating expenses:** Operating expenses increased by \$-11.2 million increase to selling expenses, which primarily i \$0.5 million decline in conferences and trade shows. Des sales mix as web-based sales have higher commission rs conference and trade show expenses that were cancelo expense from operating expenses to COGS.

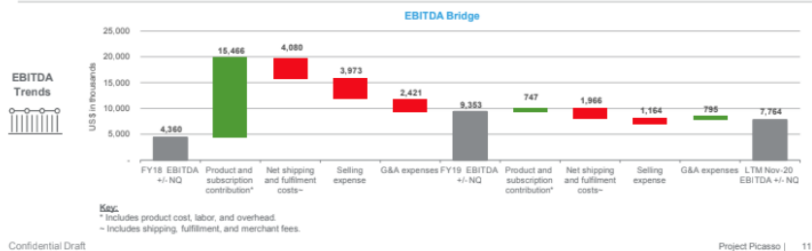
Refer to the Points of Interest related to adjusted sales and gross pr fulfillment for further details.

## DEAL DASHBOARD

Financial Impact	Adjusted EBITDA (+/- NQ)		Adjusted Net Working Capital (+/- NQ)		Net Debt and Debt-Like Items (+/- NQ)
	FY18	Nov-20	Nov-20	L12M Avg.	Nov-20
	\$4.4m	\$4.3m	\$4.3m	\$4.6m	-\$2.5m

Operational Highlights	Key Working Capital Considerations	Debt-Like Considerations
<ul style="list-style-type: none"> <li>Net sales and EBITDA growth from FY18 to FY19 is directly related to the growth in the Company's Designer base, the monthly average increased from 9,332 at Dec-17 to 16,734 at Dec-20.</li> <li>Management represented the key factor in declining EBITDA into LTM Nov-20 was inefficiencies in the Company's shipping and fulfillment operations, for which the Company is taking steps to shift from 3PLs to self-managed.</li> </ul>	<ul style="list-style-type: none"> <li>Net working capital is significantly impacted by movements in inventory balances. DIOs from Dec-19 through Jun-20 increased as the Company built inventory after a period of fulfillment issues and challenges in importing inventory partially due to COVID-19.</li> <li>The Company experiences some level of seasonality as sales generally spike in February of each year, with generally a higher concentration of sales in Q4.</li> </ul>	<ul style="list-style-type: none"> <li>Reported indebtedness includes a PPP loan provided under the CARES Act, and a nominal capital lease obligation.</li> <li>The primary components of debt-like items as of Nov-20 are: (i) commissions to third-party Designers; (ii) off-balance sheet bonus commitments; (iii) off-balance sheet commitments for unused Designer dollars; and (iv) sales tax and credit cards payable.</li> </ul>

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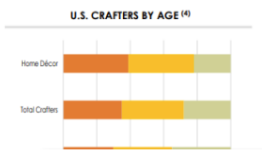
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# EXAMPLE - IC MEMO REDACTED EXAMPLE

Sample from our Private Equity Training Deck

## COMPANY OVERVIEW | CRAFTING & HOME DECOR MARKETS

- Thrives at the intersection of the crafting and home décor markets: crafted décor.**
  - is at the center of two very large and fast-growing markets. The U.S. crafting market size was \$44 billion in 2017, which has grown at a 6.6% CAGR since 2011 (1) while the U.S. home décor market size was \$20+ billion in 2018 and is expected to grow at a 6.6% CAGR through 2025. (2)
  - Both markets are very popular with Millennials, the age group that will see the most growth in spending – 80%+ of people below 35 participate in at least one kind of crafting activity. (3)
  - Etsy, a marketplace of crafted décor products, experienced a 32% CAGR growth from 2015-2019 – Etsy emphasizes small, handmade and affordable crafted décor products. Its rapid recent growth underscores a compelling opportunity for whose product assortment mirrors the hallmark attributes of Etsy products.
- As COVID-19 encouraged nesting, the home décor market has grown dramatically as many look to decorate their homes.**
  - Since COVID-19 broke out, people have spent a significant amount on home upgrades. A Bankrate survey showed that 59% of homeowners have spent or plan to spend at least \$500 on home upgrades during the pandemic with Millennials being the largest group making home improvements. (4)
  - Additionally with COVID-19, more homeowners are looking at Home Improvement projects that they can do themselves, which points to further growth within crafted décor. Home Depot (Revenue up 23% in Q2) and Lowes (Revenue up 30% in Q2) both saw significant new interest from homeowners looking to improve their homes by themselves. (5)
- Crafting is a very recession resilient category.**
  - Recessions tend to be favorable for the arts & crafts industry because when disposable income is lower, people tend to make their own gifts and decorations during Holiday season – In 2008, Etsy, Jo-Ann, and Hobby Lobby saw significant increases in traffic in Holiday 2008 as more people looked into a “DIY Christmas.” (6)
  - Michaels, the largest crafting retailer in the country, had a minimal decline in Net Sales during the 2007-2008 recession, and quickly rebounded in 2009 for continued growth.



## FINANCIAL ANALYSIS | MODEL & RETURNS (CONT.) (1)

Financial Model Summary				Base Case												
Sensitivity Analysis - 2023 (E-Text)				Company Summary												
	2023	2024	2025	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	CAGR (7/19)	
<b>RR</b>	31.3%	33.4%	35.4%													
<b>MOIC</b>	3.1x	3.3x	3.5x													
<b>Exit Analysis</b>	2023	2024	2025													
Exit Adj. EBITDA	\$10.155	\$10.412	\$11.300													
Exit Multiple	8.5x	8.5x	8.5x													
Enterprise Value	\$85.881	\$88.348	\$96.151													
(I) Net Debt / Cash	(\$2.641)	(\$2.555)	\$7.267													
<b>Equity Value</b>	<b>\$83.239</b>	<b>\$85.833</b>	<b>\$103.418</b>													
Proceeds	\$23,943	\$27,389	\$27,300													
Rollover Proceeds	\$18,813	\$21,814	\$29,244													
Junior Preferred Equity Proceeds	\$7,294	\$7,719	\$6,044													
Incremental Equity Proceeds	\$1,000	14,000	14,000													
<b>Total Proceeds Distributed</b>	<b>\$53,310</b>	<b>\$60,823</b>	<b>\$64,599</b>													
RR	25.5%	30.8%	33.4%													
MOIC	2.5x	3.0x	3.3x													
<b>Sales</b>	1,133	2,647	4,403	4,327	7,742	8,412	9,334	9,835	14,45							16.4%
Online	13,011	37,287	50,122	39,463	32,332	33,134	34,043	35,732	7,45							7.4%
AutoShip	-	457	1,914	2,390	3,033	3,429	3,783	4,073	16.3%							16.3%
Store Sales	1,897	3,114	1,564	1,271	2,394	2,586	2,773	2,960	13.1%							13.1%
Product Sales	18,531	32,553	34,189	40,151	45,412	49,756	51,930	54,138	7.2%							7.2%
Shipping & Handling	2,233	4,899	4,334	4,410	4,374	4,656	4,234	4,418								
Subscription fees	1,924	3,586	3,758	3,553	3,972	4,343	4,493	4,930	5.9%							5.9%
Other	306	603	1,112	1,163	2,401	2,723	2,816	3,033								
<b>Total Net Revenue</b>	<b>22,840</b>	<b>48,427</b>	<b>42,522</b>	<b>48,134</b>	<b>53,815</b>	<b>57,925</b>	<b>62,443</b>	<b>65,177</b>	<b>8.3%</b>							8.3%
Total Net Revenue %S	0.0%	77.9%	4.2%	13.8%	11.1%	8.2%	4.6%	4.4%								
Ending Designers	12,936	18,797	18,143	14,448	18,361	19,747	21,312	22,141	7.9%							7.9%
Designer Growth	651.2%	22.1%	(4.0%)	8.2%	11.6%	8.7%	8.8%	4.0%								
<b>Cost of Sales</b>	13,267	24,449	24,248	29,038	32,811	35,741	37,791	39,419	18.2%							18.2%
Cost Margin %	38.1%	49.7%	37.3%	40.2%	41.3%	41.8%	42.4%	42.8%	231.0%							231.0%
Commissions	4,294	8,245	9,422	11,987	14,019	15,445	16,410	17,388								
Contribution Margin	8,673	14,388	14,448	17,681	18,792	20,114	21,141	22,301	8.6%							8.6%
Contribution Margin %	38.0%	49.1%	34.0%	36.4%	35.1%	34.7%	34.1%	33.3%	70.0%							70.0%
Personnel Costs	3,309	4,294	5,389	6,547	7,038	7,287	7,748	8,124								
Marketing, recruitment & travel	340	294	35	485	923	1,019	1,172	1,210								
Occupancy	230	555	275	413	546	557	569	580								
R	413	509	452	487	514	547	580	615								
R&D	40	41	35	31	32	33	34	35								
Other G&A	154	326	324	383	392	398	404	414								
<b>Total G&amp;A</b>	<b>4,486</b>	<b>6,333</b>	<b>6,542</b>	<b>8,864</b>	<b>9,444</b>	<b>9,741</b>	<b>10,229</b>	<b>11,000</b>	<b>11.0%</b>							11.0%
<b>Adj. EBITDA</b>	<b>4,187</b>	<b>7,952</b>	<b>8,156</b>	<b>8,815</b>	<b>9,357</b>	<b>10,135</b>	<b>10,412</b>	<b>11,300</b>	<b>6.9%</b>							6.9%
Adj. EBITDA Margin	19.2%	24.8%	19.1%	17.9%	17.4%	17.5%	17.2%	17.1%	17.0%							17.0%
Adj. EBITDA Growth	127.5%	(8.8%)		4.4%	10.2%	8.9%	4.1%	6.1%								
<b>Levered Free Cash Flow (FCF)</b>	<b>4,138</b>	<b>3,717</b>	<b>4,271</b>	<b>4,894</b>	<b>5,101</b>											
Beginning Cash	500	500	500	500	500											
Change in Cash	500	500	1,735	9,125	9,125											
<b>Ending Cash</b>	<b>500</b>	<b>500</b>	<b>1,735</b>	<b>9,125</b>	<b>9,125</b>											
Credit Facility	-	-	-	-	-											
Senior Term Loan	7,129	3,412	-	-	-											
Secured Loan Notes	4,000	4,000	3,141	-	-											
(I) Cash	(202)	(202)	(202)	(2,020)	(2,020)											
<b>Net Debt / Cash</b>	<b>18,239</b>	<b>6,912</b>	<b>2,241</b>	<b>(2,216)</b>	<b>(7,197)</b>											
<b>Credit Ratios</b>																
Senior Debt/Adj. EBITDA	0.8x	0.4x	0.2x	0.2x	0.2x											
Adj. EBITDA / Interest Cash Coverage	15.6x	18.2x	21.5x	27.5x	25.8x											
Fixed Charge Coverage Ratio	3.1x	2.3x	3.0x	3.7x	3.9x											

(1) Represents returns including \$11.4 million in tax distributions



# PRICING: LIVE PRIVATE EQUITY SESSIONS

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