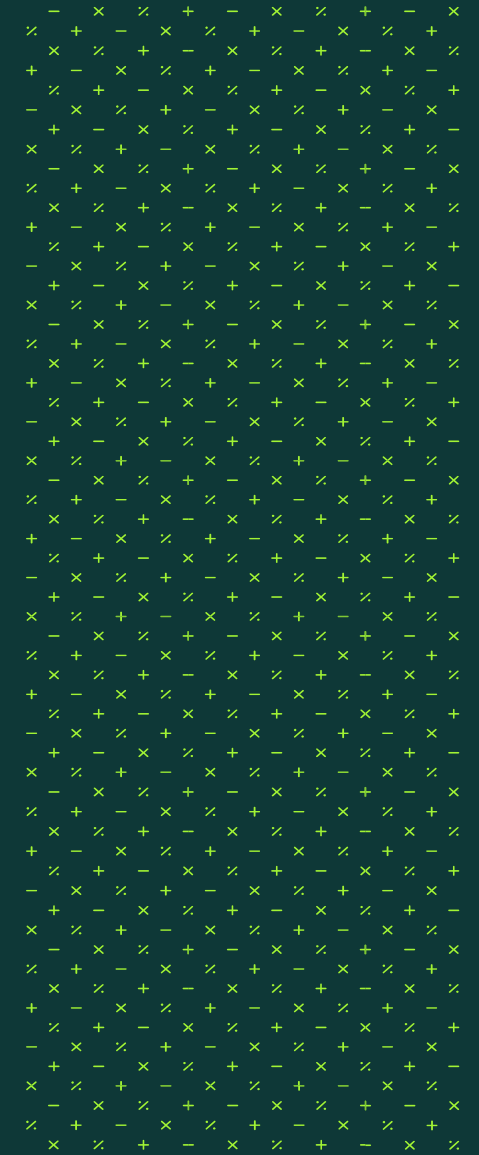




MOSSADAMS

Making the Most out of Your Liquidity Event

August 2021



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Topics for Today

01 CASH FLOW PERSPECTIVE

02 TYPICAL PATH TO LIQUIDITY

03 LIQUIDITY EVENT



POLLING QUESTION

Within the next 18 months, are you
(select all that apply):

- A. In need of additional financing
- B. Expect to have a liquidity event for growth capital
- C. Cash flow from operations is scalable – no need for additional funds
- D. Expect to have a liquidity event as a partial or complete exit



Cash Flow Perspective

- ~~Growth~~
- ~~High Growth~~
- Atmospheric Growth

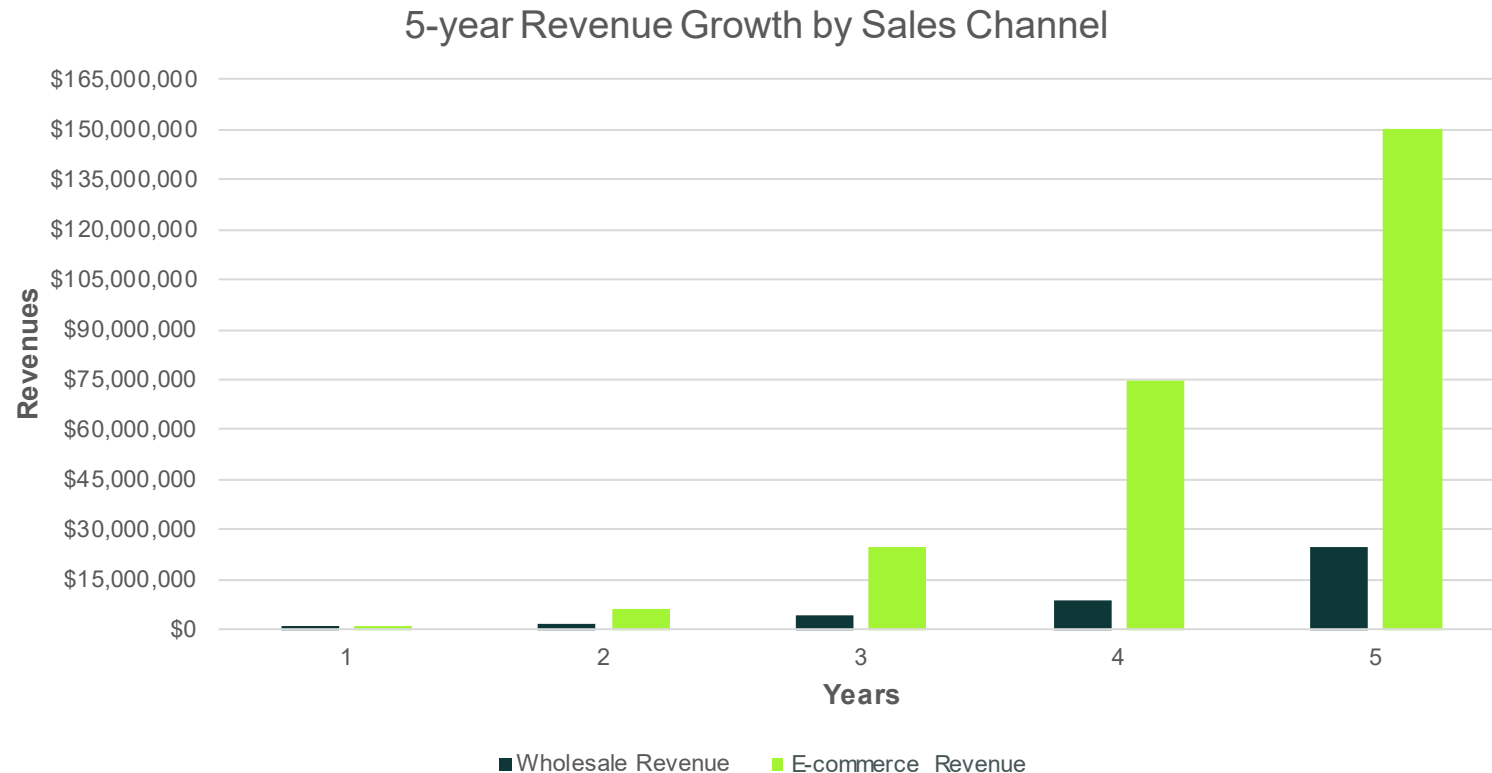




Wholesale v. E-commerce Financing Need Comparative

Revenues by Sales Channel

Estimated growth by revenue stream based on current market indicators.



Cash Flow Drivers

WHOLESALE

- 35% gross margin
- 60 days in AR (6.08 AR Turnover ratio)
- 30 days in AP
- 60 days of inventory on hand at any given time
- Asset based lending – 80% AR, 40% Inventory

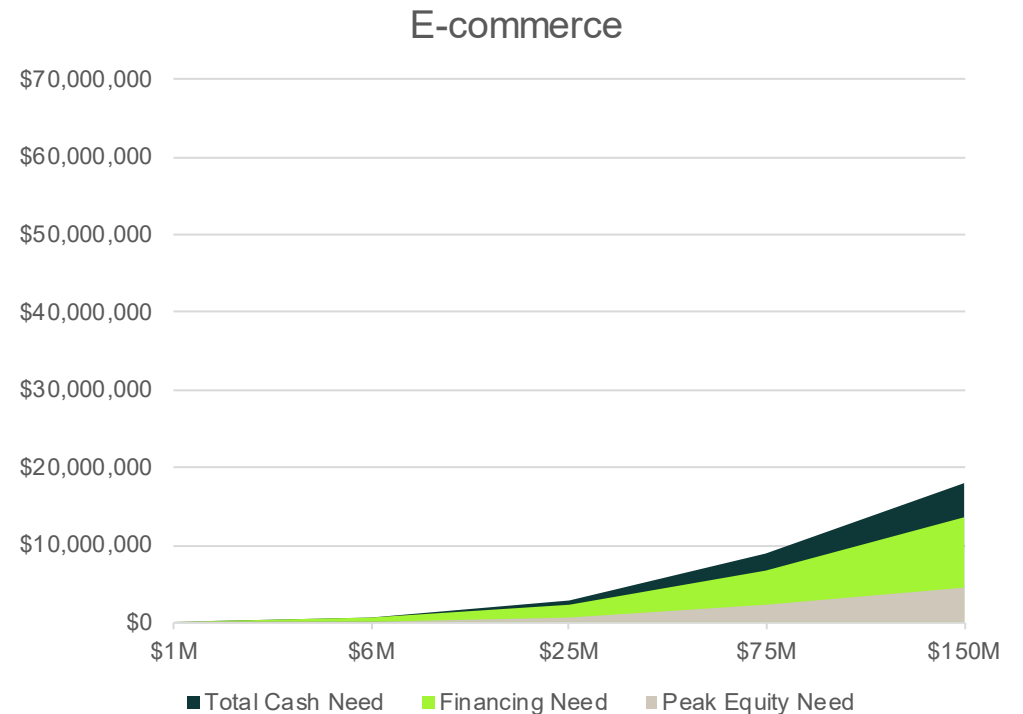
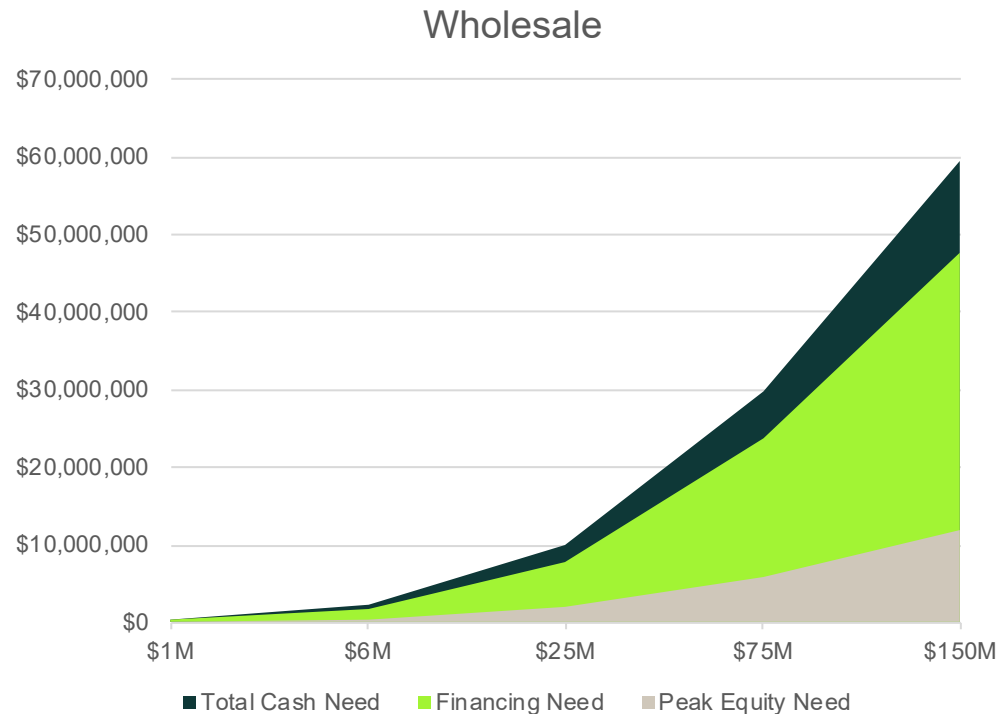
E-COMMERCE

- 60% gross margin
- No days in AR (online payment)
- 30 days in AP
- 90 days of inventory on hand at any given time
- Asset based lending – 50% Inventory



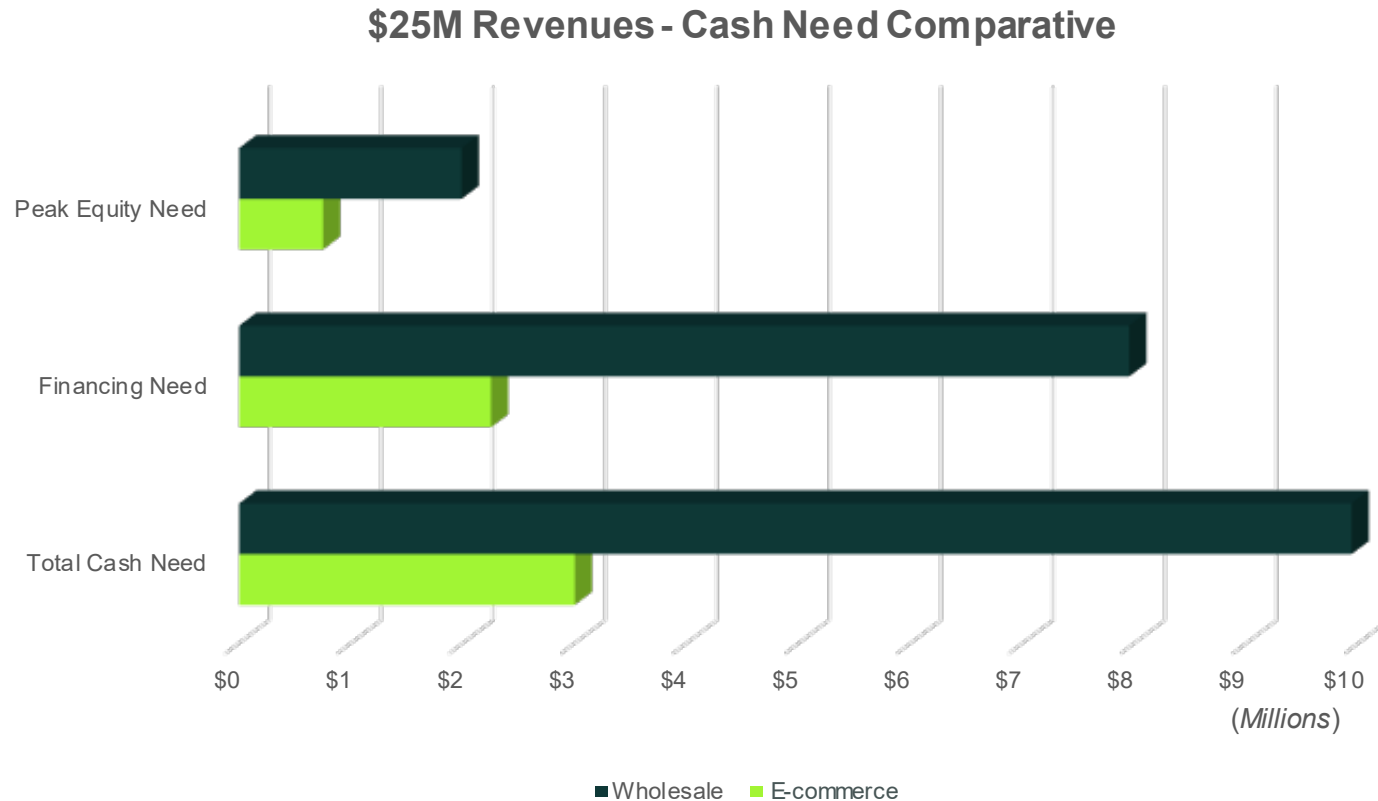
Cash Need by Revenue Stream

Modeling the cash need assuming consistent sales volume for each channel.



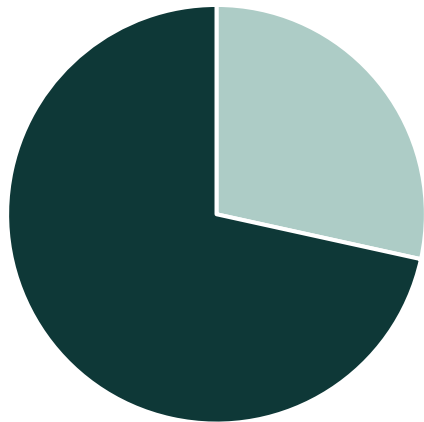
Cash Need by Revenue Stream (cont.)

Cash need specific to each sales channel amounting to \$25M.



Cash Need as a Percentage of Revenues

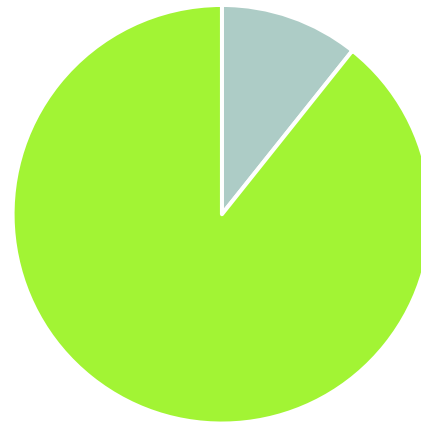
Wholesale



■ Total Cash Need ■ Wholesale Revenues

2.5x Leverage

E-commerce

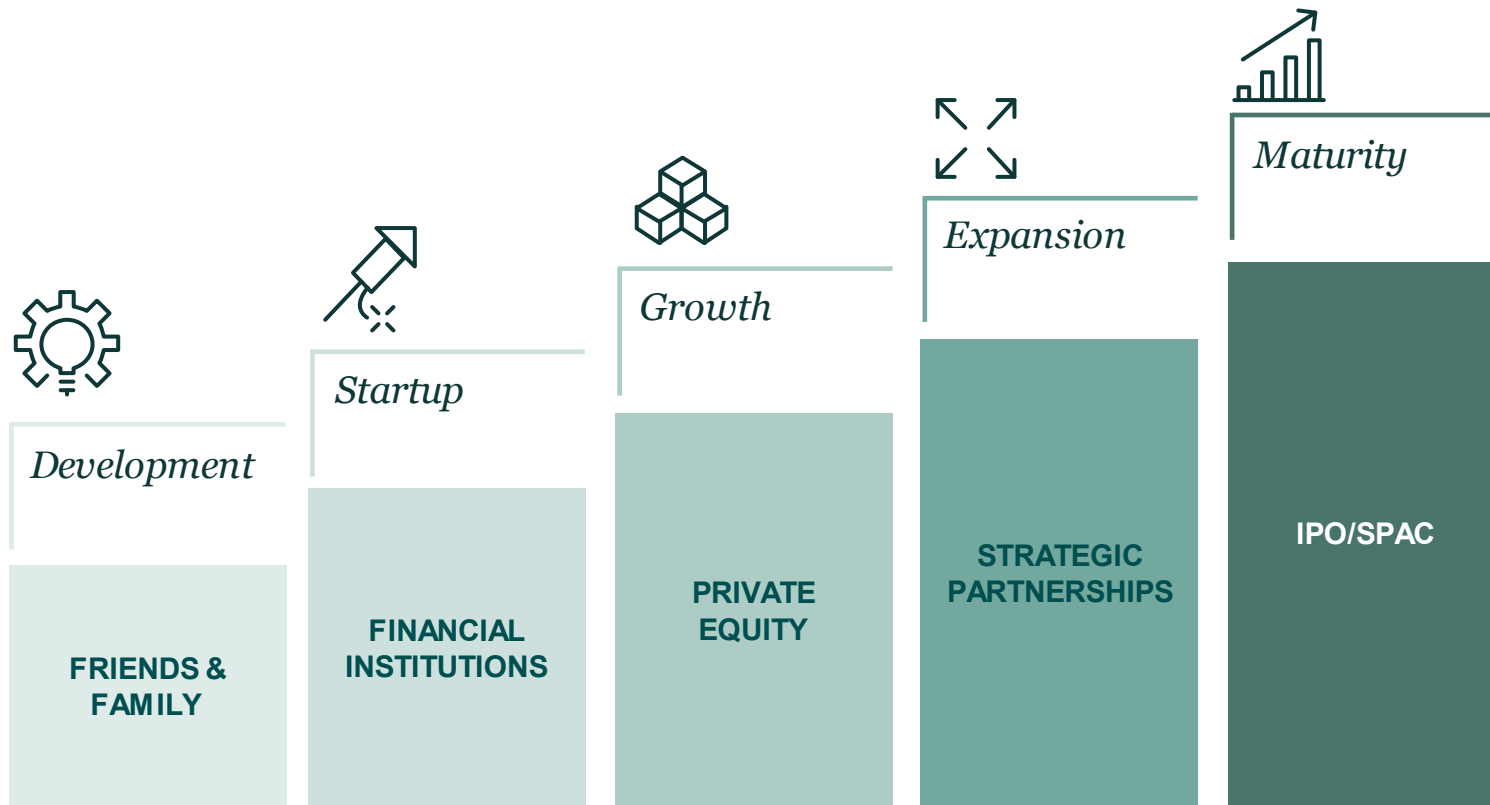


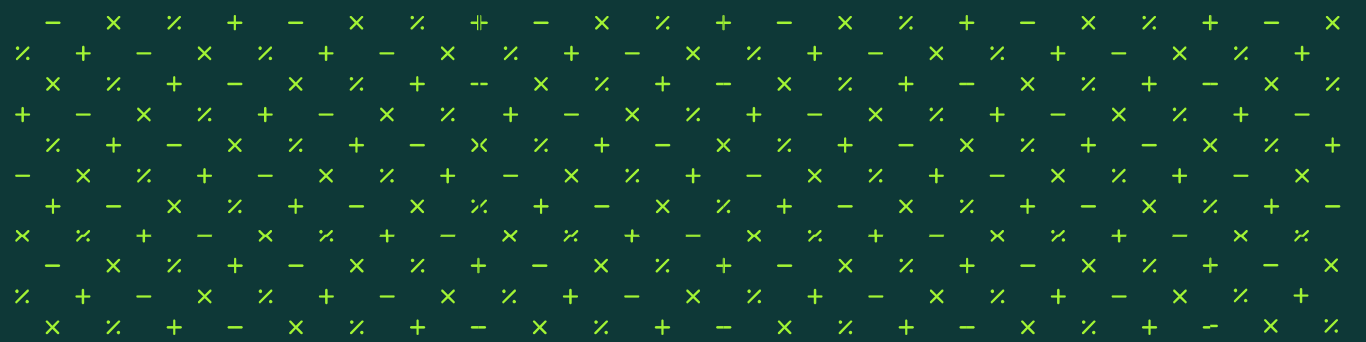
■ Total Cash Need ■ E-commerce Revenues

8.3x Leverage



Typical Path to Liquidity

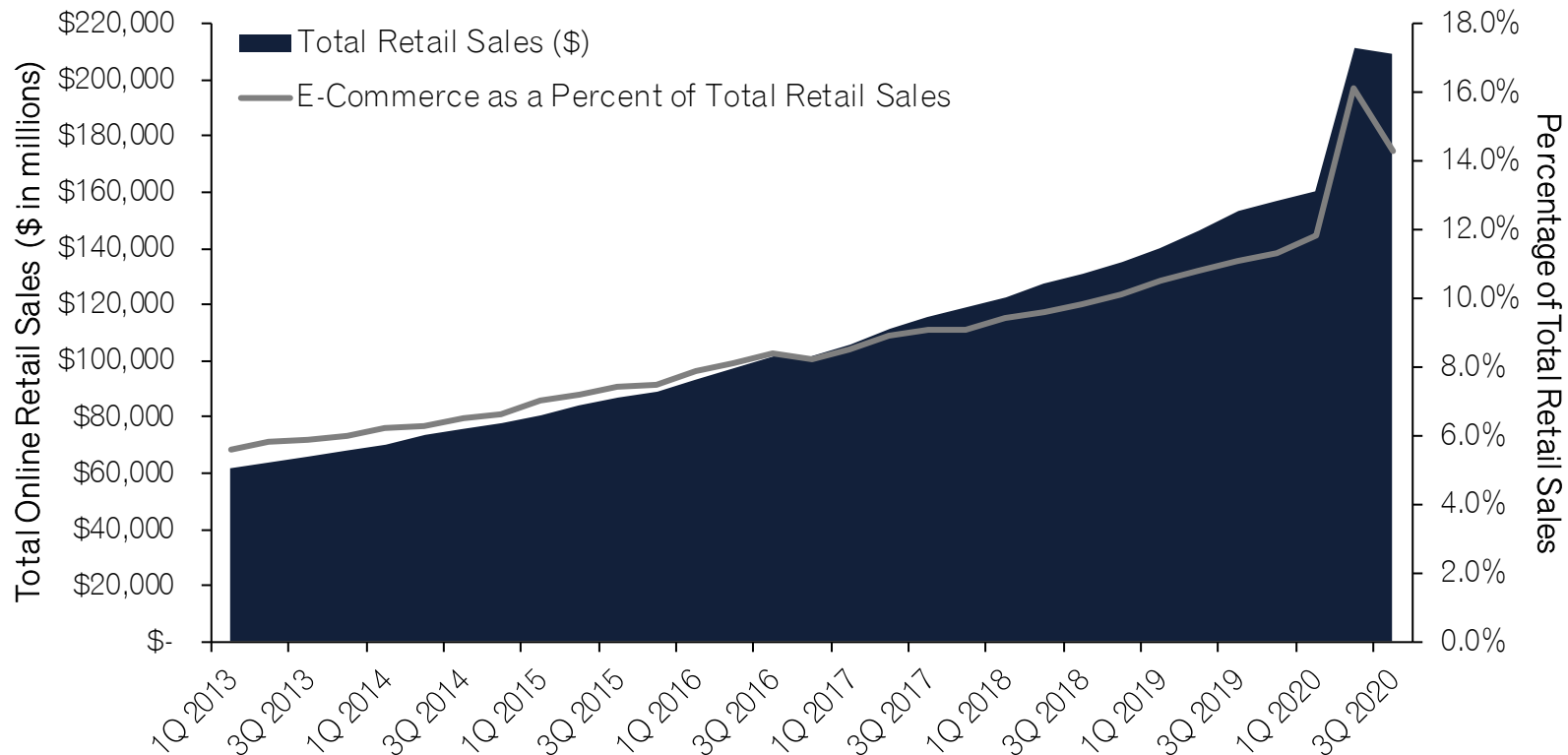




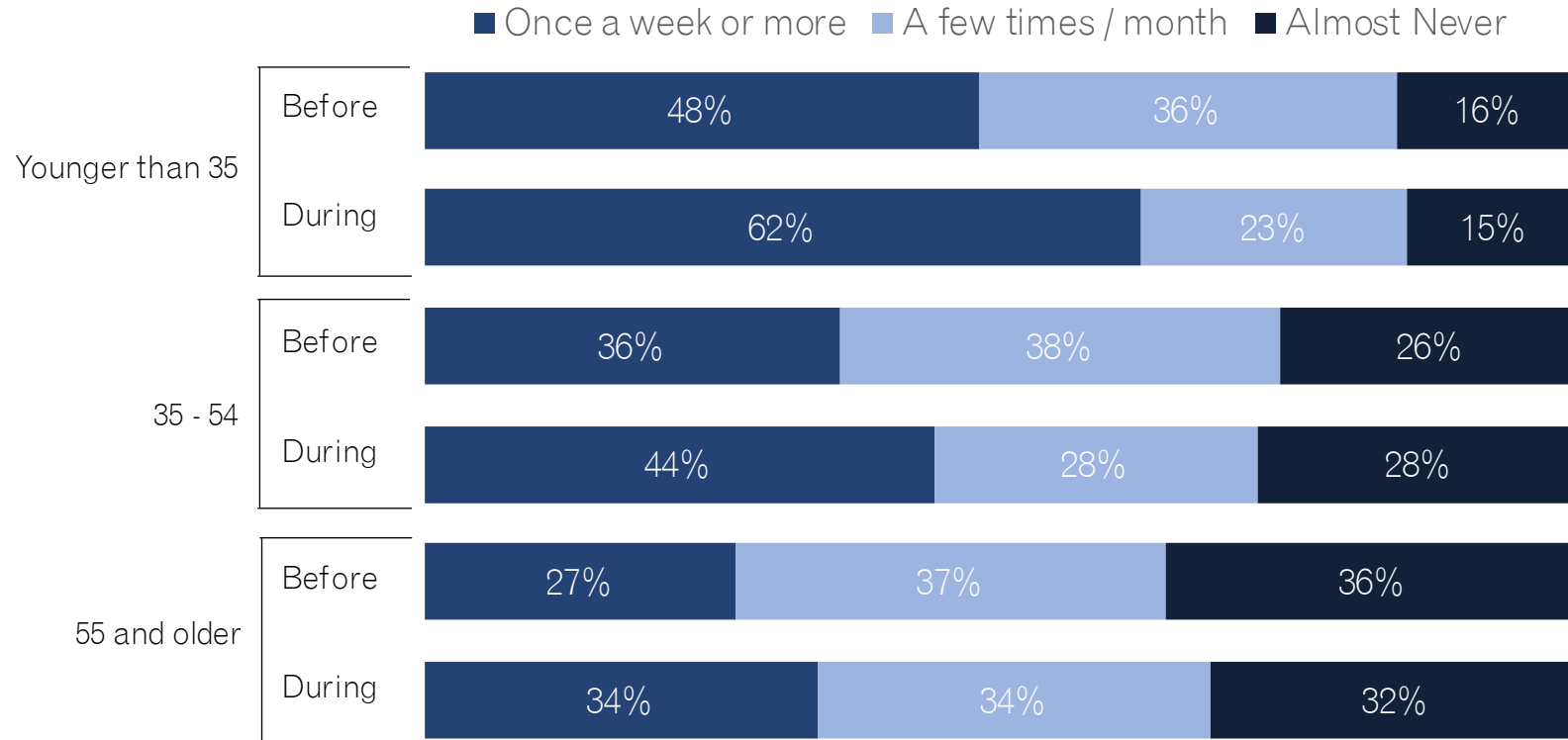
Liquidity Event

Brandon Clewett
*Managing Director,
Hexagon Capital Alliance*

U.S. Online Sales as a Share of Total Retail Sales



Online Shopping during COVID-19 in the U.S.



Public Company Valuations

\$ In millions, except share price		2/16/21			TTM Data				NTM Est. Growth		EV Multiple				
Category	Company Name	Share Price	Market Cap	Enterprise Value	Sales	Gross Profit	Gross Margin	EBITDA	EBITDA Margin	Sales	EBITDA	TTM Sales	TTM EBITDA	NTM Sales	NTM EBITDA
Online Retailers / Brands	Amazon.com, Inc.	\$3,268.95	\$1,646,128	\$1,662,961	\$386,064	\$152,757	39.6%	\$48,150	12.5%	22.6%	49.8%	4.31x	34.5x	3.5x	23.1x
	eBay Inc.	62.87	42,776	47,267	10,271	7,798	75.9%	3,326	32.4%	16.4%	25.7%	4.60x	14.2x	4.0x	11.3x
	Etsy, Inc.	228.32	28,789	28,375	1,378	973	70.6%	328	23.8%	29.2%	53.3%	NM	NM	15.9x	NM
	Wayfair Inc.	277.55	28,571	29,846	13,008	3,625	27.9%	143	1.1%	17.6%	365.2%	2.29x	NM	2.0x	44.7x
	Farfetch Limited	69.75	23,687	23,715	1,516	698	46.0%	(337)	NA	33.8%	(106.7%)	NM	NA	11.7x	NM
	Stamps.com Inc.	274.16	5,000	4,697	713	537	75.3%	199	27.9%	4.6%	18.5%	6.59x	23.7x	6.3x	20.0x
	Overstock.com, Inc.	104.47	4,468	4,071	2,237	503	22.5%	19	0.8%	19.5%	341.9%	1.82x	NM	1.5x	48.6x
	Revolve Group, Inc.	37.65	2,644	2,500	587	305	51.8%	62	10.5%	10.2%	13.3%	4.26x	40.3x	3.9x	35.6x
	1-800-FLOWERS.COM, Inc.	31.30	2,030	1,937	1,858	791	42.6%	173	9.3%	12.1%	19.4%	1.04x	11.2x	0.9x	9.4x
	CarParts.com, Inc.	21.40	1,026	996	387	135	34.9%	8	2.2%	21.8%	83.6%	2.57x	NM	2.1x	NM
	Lands' End, Inc.	31.06	1,013	1,419	1,439	612	42.5%	89	6.2%	3.8%	(0.9%)	0.99x	15.9x	1.0x	16.1x
	PetMed Express, Inc.	37.88	761	655	312	91	29.2%	40	12.8%	3.5%	11.4%	2.10x	16.3x	2.0x	14.7x
	Duluth Holdings Inc.	14.07	462	731	642	333	51.8%	54	8.4%	6.4%	22.0%	1.14x	13.5x	1.1x	11.1x
	Median	\$4,468	\$4,071	\$4,071	\$1,439	\$612	42.6%	\$89	9.9%	16.4%	22.0%	2.29x	16.1x	2.1x	18.0x
	Average	\$137,489	\$139,167	\$139,167	\$32,339	\$13,012	47.0%	\$4,020	12.3%	15.5%	69.0%	2.88x	21.2x	4.3x	23.4x

Note: Not meaningful (NM) if EV/Sales is greater than 10x, or EV/EBITDA is greater than 40x. NA if denominator is 0, for percentages and multiples, or if estimates are not available. NTM figures are based on the median estimate of Wall St. analysts.

Source: CapitalIQ, company filings



Action Items for You and Your Organization

Asking the four questions below should begin to establish how your business is managing your overall global supply chain.

1



Assess immediate needs to fund growth

2



Consider modifications to cash flow drivers

3



Re-evaluate 3-year projection

4



Walk through process of potential funding/liquidity event with your advisors



E-commerce Series: Up Next



**INCREASE YOUR E-COMMERCE COMPANY'S CAPABILITY
FOR GROWTH THROUGH TECHNOLOGY**

August 25, 2021 at 10am



➤ QUESTIONS

Let's start a conversation.

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