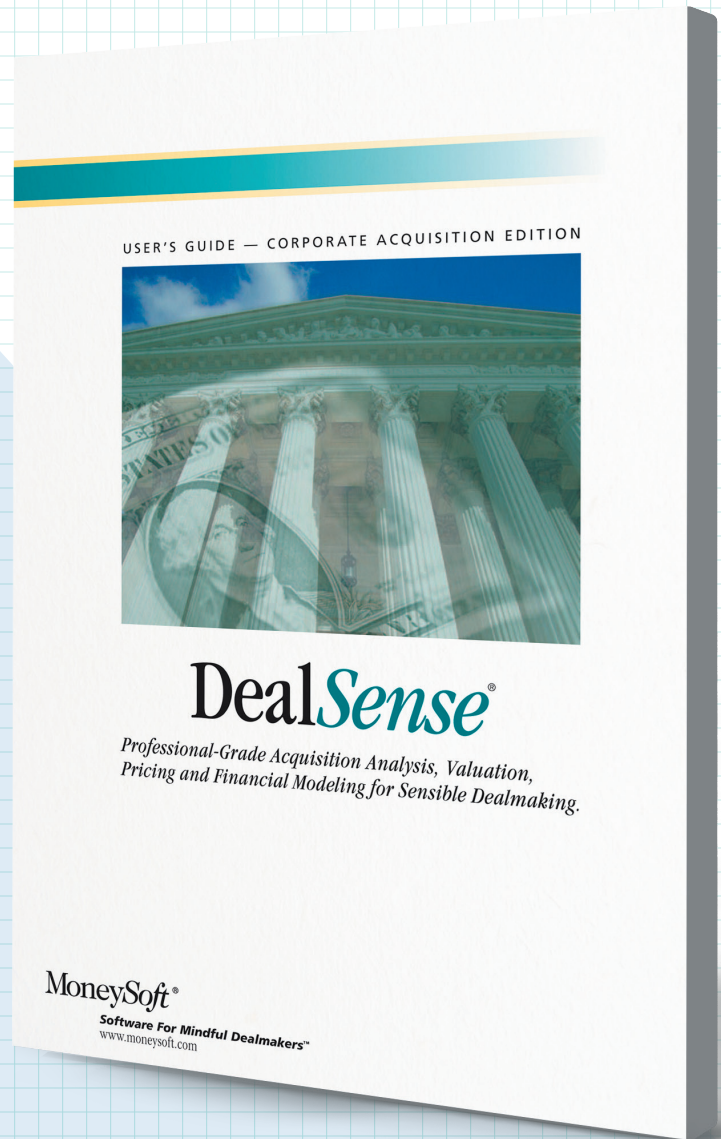


MIDDLE-MARKET I-BANKERS & SELL-SIDE M&A INTERMEDIARIES

Now you can handle more deal opportunities, get them to market faster and increase your closing rate—for a thriving M&A practice and an effective brand with MoneySoft DealSense®.



MoneySoft®

DealSense®

*Professional-Grade Acquisition Analysis, Valuation,
Pricing and Financial Modeling for Sensible Dealmaking.*

DealSense is a dealmaker-tested software alternative to time-consuming spreadsheets and old-school *valuation-only* programs that don't go the distance. DealSense gives dealmakers a complete financial analysis tool made specifically for the M&A transaction process—so much more than a mere valuation template.

With DealSense you can:

- Evaluate deal opportunities (triage). When your compensation is primarily success- or commission-based, you want to invest your time and energy on deal opportunities that are likely to bear fruit.
- Prepare valuations or market studies to facilitate more objective discussions with your sell-side clients on matters of price and terms. Defining the “value gap” (market vs. seller’s target price) is essential to bridging the gap and aligning the seller’s expectations with the market for their business.
- Streamline rigorous pre-sale due diligence—a proactive approach to avoiding deal-killing surprises downstream. *“Surprises are great for birthdays, but **not during due diligence!**”* By using DealSense you can hedge against the risk of negative surprises raising their irksome heads during diligence and the mischief they cause such as:
 - ◆ Price reductions and adjustments.
 - ◆ Reductions in cash at closing. Addition of contingent payments.
 - ◆ Larger Escrows and Hold Back amounts for future claims.
 - ◆ Demands for aggressive contract terms.
 - ◆ In the extreme, buyer walks. NO DEAL—the worst outcome of all.

Any of the above can discourage the seller and undermine their confidence in the selling process. That’s not a good place. So, why go there if you can avoid it?

- Create the financial backbone for effective Pitch Books and CIMs that include the numbers buyers want to see. Today’s buyers are more sophisticated and expect you to have a command of the numbers. You can attract more interest and minimize the risk of an LOI going off the rails with solid planning and preparation and a diligent Pitch Book. This increases your influence and effectiveness during negotiations.
- Spend less time on prep and more time on the market—without sacrificing quality. Engagements have an expiration date and you want to spend your time interacting with qualified and interested buyers.
- Determine the feasibility of payback of seller financing and any contingent payments. The seller is now acting as a bank or investor in the company after the sale and should run a risk analysis the same as any source of acquisition funds.

DealSense®

Quick Program Overview

DealSense provides wall-to-wall analysis in one system that integrates financial benchmarking, valuation/pricing, deal structuring, financial projections, Free Cash Flow/ROI analysis, consolidated financials, accretive/dilutive analysis and report writing.

Here are the main components of DealSense:

1. Core Financial Data

DealSense provides a smart and organized way to prepare and recast Core Financial Data that will form the basis of your analysis, market price study, pre-sale due diligence and Pitchbook. Core Data includes income statements, balance sheets, cash flows and supplemental information along with normalization (recasting) adjustments (i.e. discretionary, non-recurring, non-operating items, GAAP adjustments). Additional data points and assumptions will be applied to Core Data for a diligent evaluation and market preparation.

The screenshot shows the 'Financial Statement Settings' tab of the DealSense software. It is divided into four main sections:

- Historic Time Periods:** Includes dropdowns for 'Last Full Financial Statements End (Year)' (set to 2018), 'Fiscal Year Ends (Month)' (set to December), and a spinner for 'Number of Full Historic Years' (set to 5). There is also a field for 'Number of months contained in interim statement'.
- Formatting:** Includes 'Select Date Display Format' with radio buttons for '20XX' (selected) and 'FY 20XX'. It also has 'Enter Numbers as:' with radio buttons for 'Whole Dollars' (selected) and 'Thousands'.
- Type of Statements Included in Analysis:** A section with the instruction '(Check ALL that apply)' and checkboxes for 'Audited' (checked), 'Reviewed', 'Complied' (checked), 'Tax Returns', and 'In-House' (checked).
- Financial Projection Settings:** Includes a spinner for 'Number of Projected Years' (set to 5), and two dropdown menus: 'Use Monthly Pre-Acquisition Projections' (set to Yes) and 'Use Monthly Post-Acquisition Projections' (set to No).

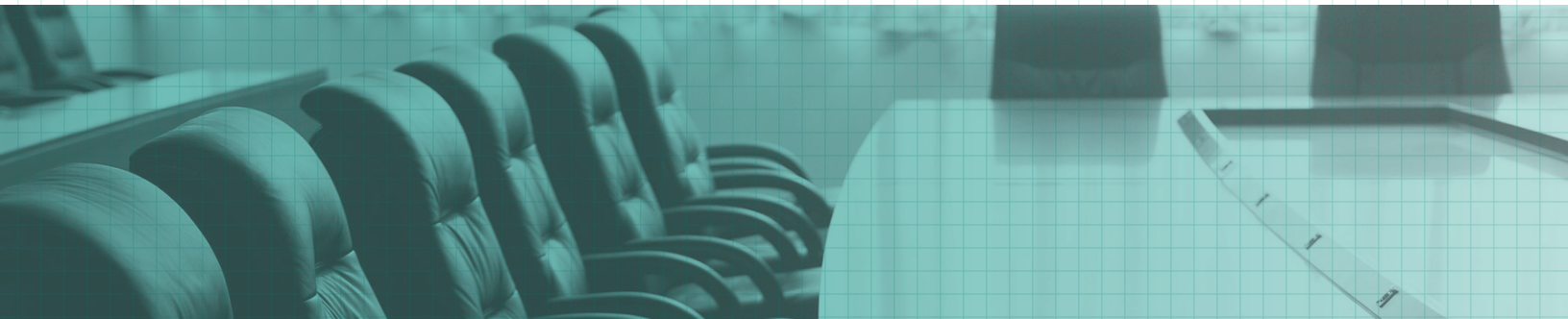
The Financial Statement Control Panel eliminates the need to format and configure spreadsheets. Your work environment is automatically configured based upon your settings—a real time saver.

2. Deep-Dive Financial Analysis

In order to illuminate the “story hidden in the numbers,” DealSense prepares a rigorous analysis of the historic and normalized Core Financial Data. The analysis zeroes in on earnings trends, business ratios and common-size percentages along with metrics to evaluate the sustainability of growth, probability of bankruptcy, and quality of profitability and return on equity. Ratios and common-size percentages can be compared to industry data to assess the business’s relative and competitive position using the optional Risk Management Association’s (RMA) Annual Statement Studies and/or Integra Industry Data (optional databases are sold separately). The DealSense analysis will help to inform your pre-sale due diligence queries and enhance your understanding of the subject business.

Historics (Unadjusted)		View All Years Detailed By Year 2014 2015 2016 2017 2018		
Historics (Normalized)		Example Plastics Company Normalized Income Statement		
		Historic 2016	Adjustment	Normalized 2016
Sales Revenue:				
Automotive Products		18,860,000	0	18,860,000
Medical Components		12,970,000	0	12,970,000
Less: Sales Returns and Allowances		788,580	0	788,580
Net Sales Revenue		31,041,420	0	31,041,420
Cost of Goods Sold:				
Beginning Inventory		5,750,000	0	5,750,000
Other Salaries & Wages		4,233,400	0	4,233,400
Payroll Taxes		635,010	0	635,010
Depreciation Expense		696,107	0	696,107
Material Purchases		8,873,280	0	8,873,280
Utilities		4,970,000	0	4,970,000
Less: Ending Inventory		5,946,000	0	5,946,000
Total Cost of Goods Sold		19,211,797	0	19,211,797
Gross Profit		11,829,623	0	11,829,623
General & Administrative Expenses:				
Officer/Owner's Compensation		1,250,000	(250,000)	1,000,000
Other Salaries & Wages		1,185,000	0	1,185,000
Payroll Taxes		177,750	0	177,750
Depreciation Expense		395,369	0	395,369
Amortization Expense		9,330	0	9,330
Office Utilities		108,000	(20,000)	88,000
Rent		84,000	0	84,000
Shipping & Postage		50,000	0	50,000
Supplies		146,700	0	146,700
Travel & Entertainment		91,250	0	91,250
Website and Online Advertising		782,320	0	782,320
Insurance		194,670	0	194,670
Total General & Administrative Expenses		4,474,389	(270,000)	4,204,389
Income From Operations		7,355,234	270,000	7,625,234
Other Revenues and Expenses:				
Less: Interest Expense		583,982	0	583,982

Historic data can be normalized and used to analyze the financial performance and position of the business.



Annual IS Accounts New Annual IS Accounts

- Sales Revenue:
 - Automotive Products
 - Medical Components
 - Less: Sales Returns and Allowances
- Cost of Goods Sold:
 - Other Salaries & Wages
 - Payroll Taxes
 - Material Purchases
 - Utilities
 - Less: Ending Inventory
- General & Administrative Expenses:
 - Officer/Owner's Compensation
 - Other Salaries & Wages
 - Payroll Taxes
 - Office Utilities
 - Rent
 - Shipping & Postage
 - Supplies
 - Travel & Entertainment
 - Website and Online Advertising
 - Insurance
- Other Revenues and Expenses:
- Income Taxes:

Historic Statistics

Historic Base Amount: \$18,860,000

Selected Base Amount: \$18,860,000

Historic Average Growth: 3.37%

Projection Assumptions

Growth Method: Historic Average Growth

- Trend Line
- Historic Average Growth
- Percentage Growth
- Manual Input

Annual Assumptions Monthly Assumptions

3. Future Earnings: Part One—Existing Ownership

DealSense includes a powerful engine that prepares two sets of fully-linked income statements, balance sheets and cash flows. The first set is designed to estimate the future earnings and financial position of the business under existing management without synergies, buyer-initiated changes and the impact of deal terms and financing. Easily overlooked items such as capital expenditures, the elements of working capital and changes in interest-bearing debt are included for a more reliable set of projections.

The Projection Control Panel allows you to set assumptions for each Income Statement and Balance Sheet account. Two sets of detailed projections are prepared: one based upon the current ownership and one based upon the buyer’s assumptions and expected economic synergies.

4. Valuation—Existing Ownership (Includes Business Valuation Specialist)

DealSense includes (without additional cost) MoneySoft’s Business Valuation Specialist: a professional-grade business valuation system for dealmakers who want to perform a valuation or market study for the entire business or a fractional interest. The system includes a wide selection of accepted and well-documented Valuation Methods that are available under the Income, Market and Asset Approaches to meet the needs of any business valuation assignment. Business Valuation Specialist is widely used by professional appraisers and valuers in tax and litigation-support matters.

Sell-side dealmakers can use the valuation component to prepare market studies and to help educate the seller on matters of value. DealSense produces a well-documented valuation report that can be edited and customized.

With DealSense, you get a brand new and awesome business valuation program that has the smarts and power to handle any assignment—from a basic business evaluation to a complex appraisal of a non-voting minority-interest in a tax or litigation-related matter. Pictured: the Valuation Conclusion Control Panel for selecting methods, applying discounts and reaching an Enterprise Equity-Level value.

5. The Purchase Price Package—the Heart of the Deal

DealSense provides a sensible way to price, structure and allocate an M&A transaction. The *Guideline Pricing and Allocation Tools* are effectively a **program within a program**. The analysis is driven from the first set of current-ownership projections—the actual benefit stream a buyer is acquiring.

The Guideline Pricing Tool is effectively a program within a program.

And, the cool thing is that you can play “what if...?” games by changing any combination of assumptions. A scorecard makes it easy to evaluate the impact of the pricing assumptions. Metrics include Firm-Level Cash Flows, Payback and IRR on Firm Cash Flows as well as dividends or distributions. This is a better way to arrive at a proposed purchase price.

Purchase Price: The process of setting an **initial purchase price** starts with eleven key assumptions for items related to cash flow, exit, and debt. These assumptions are applied to calculate a maximum price that will meet your investment hurdle rate based upon either a buy-hold or a buy-now-sell-later strategy. These two prices can be regarded as a bracket to work within.

You can play “what if...?” games by changing any combination of assumptions. A scorecard makes it easy to evaluate the impact of the pricing assumptions. Metrics include Firm-Level Cash Flows, Payback and IRR on Firm Cash Flows as well as dividends or distributions. Let’s call it a “deal-sensible” way to arrive at a proposed purchase price that meets or exceeds required ROI.

Price Allocation and Terms: In one streamlined dashboard that is rich in information and detail, you can:

- Allocate purchase price (in an asset transaction) between tangible and intangible assets and other items such as non-compete agreements. (Allocation also works in an equity purchase.)
- Set how the purchase price will be paid to the seller(s): cash, notes, debt and assumed liabilities.
- Set variable and fixed transaction costs.
- Set how the transaction will be funded: cash invested, debt and/or buyer equity. Contingent compensation (earn-out) to the seller can also be included as part of the deal terms.

Built-in scorecards offer real-time feedback and the ability to test deal assumptions based on both buy-hold or buy-now-and-sell-later strategies. Metrics include IRR on Invested Cash Flows (Firm-Level) and Dividends (Distributions), spread over IRR hurdle rate, PV, NPV, payback and investment turns.

PURCHASED ASSET		ALLOCATED AMOUNT
N/A	Tangible Assets	32,153,591
N/A	Intangible Assets	5,923,000
	Implied Goodwill	2,423,409
Total Allocated to Purchased Assets		40,500,000
INPUT OTHER TYPES OF PAYMENT		ALLOCATED AMOUNT
	Covenant Not-To-Compete	1,000,000
	Employment Agreement	0
	Management Agreement	500,000
	Lease Agreement with Seller	0
Total Payments to Seller		42,000,000
	Debt Paid-Off at Closing	0
	Input Buyer Transaction Costs	595,000
Total to Close		42,595,000
Less: Debt to Seller		4,515,400
Less Other Future Payments to Seller		1,500,000
Less: Assumed Liabilities		5,984,600
Less: Buyer Equity to Seller		0
Equals: Cash Required to Close		30,595,000
Buyer Cash Invested		25,000,000
Equals: New Debt Required		5,595,000
Add Contingent Payments		368,011

Step 2. Enter Terms of Payment to Seller Below:			
Cash at Close	Equity at Close	Future Payments	Input Terms For:
30,000,000	0	4,515,400	Debt / Equity
		5,984,600	Assumed Liabilities
		1,000,000	Non-Compete
		0	Other Contracts
		500,000	
		0	
30,000,000	0	12,000,000	

Preliminary Return on Investment		
MEASURE	BUY / SELL	BUY / HOLD
IRR on Invested Equity	47.76%	32.27%
Hurdle Rate	22.50%	22.50%
Spread	25.26%	9.77%
Present Value	42,042,134	36,438,200
Net Present Value	17,042,134	11,438,200
Profitability Index	1.7	1.5
Investment Turns	1.7	-
Payback (Years)	4.05	4.45
IRR on Invested Capital	44.90%	34.53%
IRR Based on Dividends	33.53%	17.23%

The Price Allocation and Terms Dashboard provides a 360-degree view of proposed deal structure and presents scorecard for evaluating how the form of payments to the seller and purchase price allocation impact Return on Investment at both the enterprise and investor levels.



6. Future Earnings Part Two: Post-Transaction

The future post-deal earnings projection engine in DealSense is driven by the purchase price, structure, and cost; the buyer’s operating assumptions and planned synergies; and the financing of the deal and business operations. DealSense provides complete control over every line-item included in the income statements as well as the balance sheets to develop thoughtful forward-looking statements. Cash flows and earnings are automatically calculated and validated.

7. A Financial Blueprint

The financial blueprint will determine future cash flows, returns and risk. DealSense can accommodate seller financing, senior and junior debt as well as mezzanine and equity (common, preferred and convertible preferred) financing. A variety of term-debt options are available to engineer a financial blueprint including: flexible payment periods, direct or normal amortization, interest and/or principal deferral periods, balloon payments and equity kickers. This provides the ability to fine-tune a financial blueprint tailored to the needs of a specific deal.

8. Post Deal ROI and Sustainability

After the deal funding and operating assumptions have been entered, DealSense presents the Free Cash Flow returns on invested capital and equity along with other capital budgeting metrics. Business ratios, common-size percentages and measures of sustainability are calculated to identify any post-deal “hot spots” or loan covenant default risks. ROI is calculated at the entity as well as the individual-investor levels.

Historics (Unadjusted) ▾
Historics (Normalized) ▾
Analysis ▾
Projection Assumptions ▾
Projected Financial Statements ▾
Valuation ▾
Sell-Side Pitch Book ▾
Deal Structure ▾
Post-Deal Projection Assumptions ▾
Post Deal Projections ⌵
 Transaction Overview
 Acquisition Funding Summary
 Balance Sheet at Closing
 Income Statement Projections
 Balance Sheet Projections
 Statements of Retained Earnings
 Statements of Cash Flows
 Sources & Uses of Funds
 Depreciation Tables
 Amortization Tables
Post-Deal Statement Analysis ▾
Post-Deal ROI Review ▾
Consolidations ▾

Transaction Matrix™
 This matrix provides a bird's-eye view of the transaction details and funding along with a summary of the key financial metrics of the deal. Click on any of the buttons below to review the key numbers. Supporting schedules are included throughout the balance of the program.

Transaction Overview **Starting Balance Sheet** **Projections** **Capital Costs** **Returns**

Term Sheet Closing BS IS WACC FCF ROI (Equity)

Equity Summary BS CF FCF ROI (TIC)

Source / Uses of Funds RE FS Summary

Post-Deal Capital Structure Diligence **Equity Holder Returns Detail**

Loan Compliance Ratios Common-Size CF Equity Holders Equity Participant Summary

The DealSense Transaction Matrix provides an interactive flowchart of the transaction and analysis. A great overview!

9. Consolidations and Roll-Ups

DealSense provides a streamlined way to consolidate or combine two business entities. Adjustments can be made for related-party items. The consolidated statements are used to evaluate accretion/dilution and enterprise value creation as well as basic ratios and business percentages to once again zero-in on risks and hot spots.

10. Reporting and Presentations

DealSense includes (without additional charges and upsells) an on-board report writer that streamlines the preparation of “number oriented” reports and proposals. Say good-bye to tedious cutting, pasting and link maintenance.

Reports are completely editable using Microsoft Word as appropriate and necessary for each assignment—not a one-size fits all or cookie-cutter solution. The existing library of Reports in DealSense includes:

- ◆ Market Price Study / Opinion
- ◆ Sell-Side Pitchbook (CIM)
- ◆ Sell-Side Teaser or Fact-Sheet
- ◆ Calculation of Value
- ◆ Classic Business Valuation
- ◆ Buy-Side Acquisition Proposal
- ◆ Business Combination Report
- ◆ Transaction Term Sheet

These presentation-quality reports are in addition to the numerous schedules that are printable individually or in batches as well as exported to Excel for additional editing and formatting.

Engagement Seller Motives Pitch Book Options

Enter Company ID:

Example Plastics Company

Company ID No.

Use Company ID No. Instead of Name in Pitch Book

Company Location:

Enter Preparer Information:

Contact Person: Email:

Firm Name: Phone Number:

Address:

City: State: Zip:


Select to Exclude from Pitch Book:

- Standard Disclaimer and Notice
- Business Ratio Analysis
- RMA Industry Comparison
- Integra Industry comparison
- Free Cash Flow Summary
 - Exclude Nonoperating Income/Expenses from FCF
- Changes in Working Capital Summary
- Financial Projections
- Seller's Asking Price
- Proposed Seller Funding

Select Other Pitch Book Options:

- Inventory to be sold separately
- A/R to be sold separately
- Exclude Seller's Asking Price
- Exclude Seller Financing & Terms
- Exclude Seller's Motivations for Selling
- Exclude Seller's Post-Sale Involvement

The Intermediary Control Panel is a brand-new section of special interest to intermediaries and I-Bankers who work the sell-side—bringing a seller’s business to the market. There are three sections to define an engagement, seller’s motivations for selling, and generate a Pitchbook or Confidential Information Memorandum (CIM) to present a business to prospective buyers. This image shows the Pitchbook set-up screen.

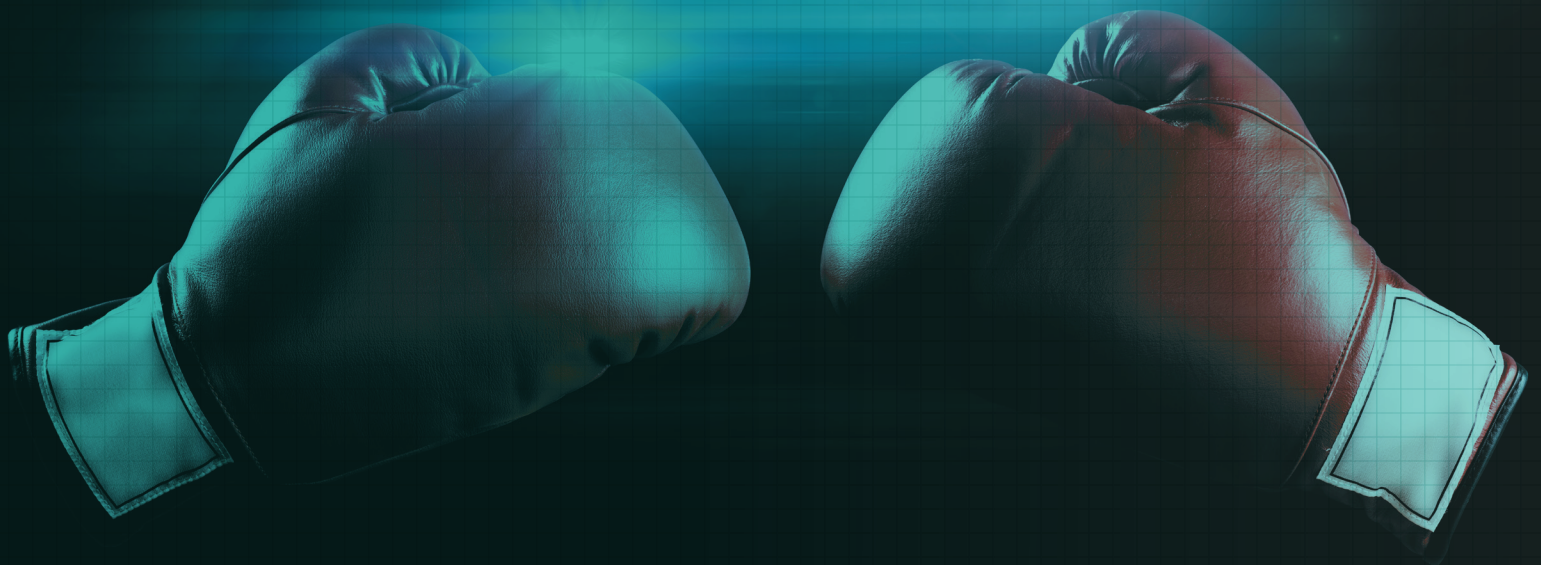


COMBINING NUMBERS AND NARRATIVE IN A PITCH BOOK OR CIM IS A WINNING COMBINATION. IMPROVE YOUR ODDS OF A POSITIVE OUTCOME—A DEAL AND PAYDAY.

DealSense Pitch Books can be edited in Microsoft Word. They are fully customizable—not “cookie cutter.” The reports are generated quickly and eliminate the aggravation of cutting, pasting and managing spreadsheet links.

Key Metrics in a completely customizable DealSense Pitch Book include:

- Financial snapshot of income statement and balance sheet data.
- Summary of up to 5 years of historic financial statements.
- Adjusted EBITDA—that ties back to income statement.
- Adjusted Free Cash Flow (total invested capital).
- Compound average growth rates for sales and net income along with adjusted EBITDA and FCF-TIC.
- Summary of Net Working Capital used in FCF.
- Summary of Historic Statement of Cash Flows.
- Presentation of data used for ratio analysis.
- Ratios include Liquidation, Debt Coverage, Leverage/Capitalization, Operating and Equity.
- Comparison of Ratios to Industry.
- Summary Financial Statement Projections for up to 5 years.
- EBITDA, Capital Expenditures and EBITDA – CapX.
- Projected Compound Annual Growth Rates.
- Acquisition and Transaction Information:
 - Assets: Historic Cost and Adjusted Value.
 - Proposed Asking Price (if desired).
 - Suggested Payment Terms (if desired).



DealSense[®] *vs* Spreadsheets

The appeal of spreadsheets is that they are flexible, but they are not without hidden problems. Spreadsheets also mean endless “formula editing,” “variable chasing,” and “time period and interval formatting.” It’s easy to miss something and futzing with spreadsheets can be time-consuming and very distracting.

Another problem with spreadsheet is that everyone—to some extent or another—has the software and uses it. That works OK for a one-person shop, but more spreadsheets in an organization means more potential for errors and problems with inconsistent or incomplete models, baked-in biases, and asymmetrical analyses.

Valuation Software is a Half Measure, at best!

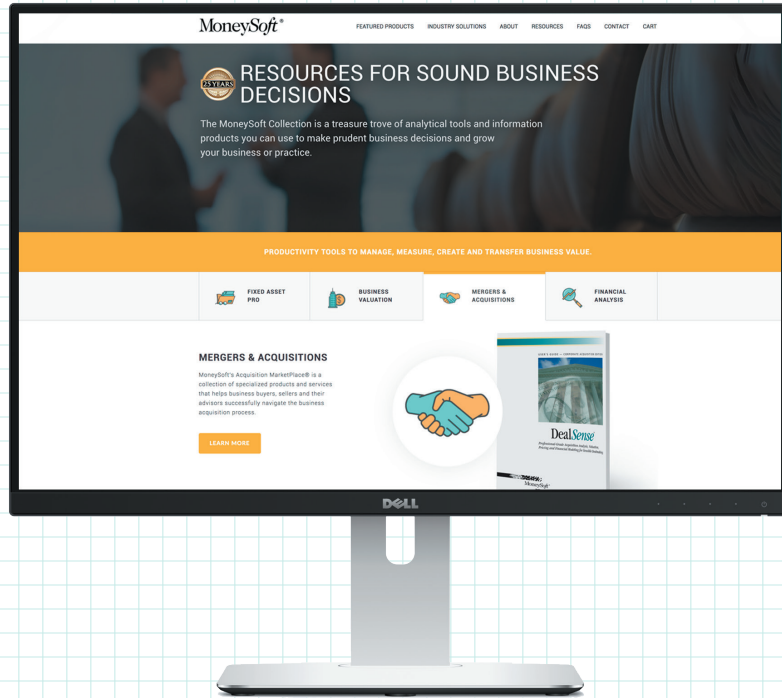
Turning to valuation software doesn’t get the buyer or M&A practitioner all the way home—it falls short. DealSense has strong valuation capabilities, but it goes way beyond valuation to address purchase price, deal terms, structuring, allocation, funding (debt and/ or equity) and post-deal operating assumptions and rolls them into detailed, line-item financial projections. The projections provide an estimate of free cash flows and ROI.

DealSense can also combine and consolidate two companies and analyze the economics of the business combination or merger.

So, when it comes to M&A dealmaking, DealSense is a complete system. You can say it does “much more than valuation without the hassles of spreadsheets.”

MoneySoft®

DealSense®



You can immediately download DealSense. Installation is quick and easy. And, technical support is there to help you get up and running.

Your subscription to DealSense also includes:

- Access to FREE technical support.
- Automatic access to all program improvements.
- Report Writer included without additional charge. Why should you pay more?

Handle more deal opportunities, get them to market faster and increase your closing rate—for a thriving M&A practice and an effective brand by adding DealSense to your practice.

Call Today to Arrange a Personal Online Demo
800-966-7797
www.moneysoft.com/dealsense



"As a boutique M&A firm, we have often been limited to the amount of deal flow that we can work on due to a limited amount of resources that are spent on financial models evaluating the subject opportunities. After finding out about Deal Sense, we have been able to double our capacity by utilizing the platform to help with easy to use financial analysis, valuations and post-close projections."

CS
Plano, TX

"As a dealmaker, using DealSense is a simple yet complete way to create both a powerful CIM summary to market my client's company as well as a summary opinion of value report I can use to defend our price range to potential buyers."

GR
Portsmouth, NH

"Our firm has been users since early versions, certainly for more than 10 years. We are particularly satisfied with the latest version, with even more robust modeling, valuation, and reporting capability. Our practice uses DealSense for almost every M&A transaction assignment and has made it a part of our internal assessment and evaluation process, and for external disclosure reports to buyers and lenders."

AB
Northfield, IL

"DealSense provides me a 360 view of a transaction from the historic, normalized, projected, valuation, transaction, and post-transaction. The software allows me to spend more of my time analyzing rather than being overwhelmed by Excel mechanics. The results are reliable, and I can knowledgeably advocate for my clients in front of banks, private equity, and hedge funds. DealSense's flexibility allows me to represent both the buy or sell side of a transaction and to level the negotiating field for middle-market enterprises."

FS
San Antonio, TX

"DealSense is an excellent go-to resource to guide us through the negotiating phase of most M&A transactions. In our experience, we typically arrive at the closing phase by using the DealSense model as the basis for developing and disclosing variable parameters in a "cause and effect" session. In difficult cases, we might have ten scenarios open for discussion, focusing on the mutually acceptable result of achieving the closing."

RL
Coarsegold, CA