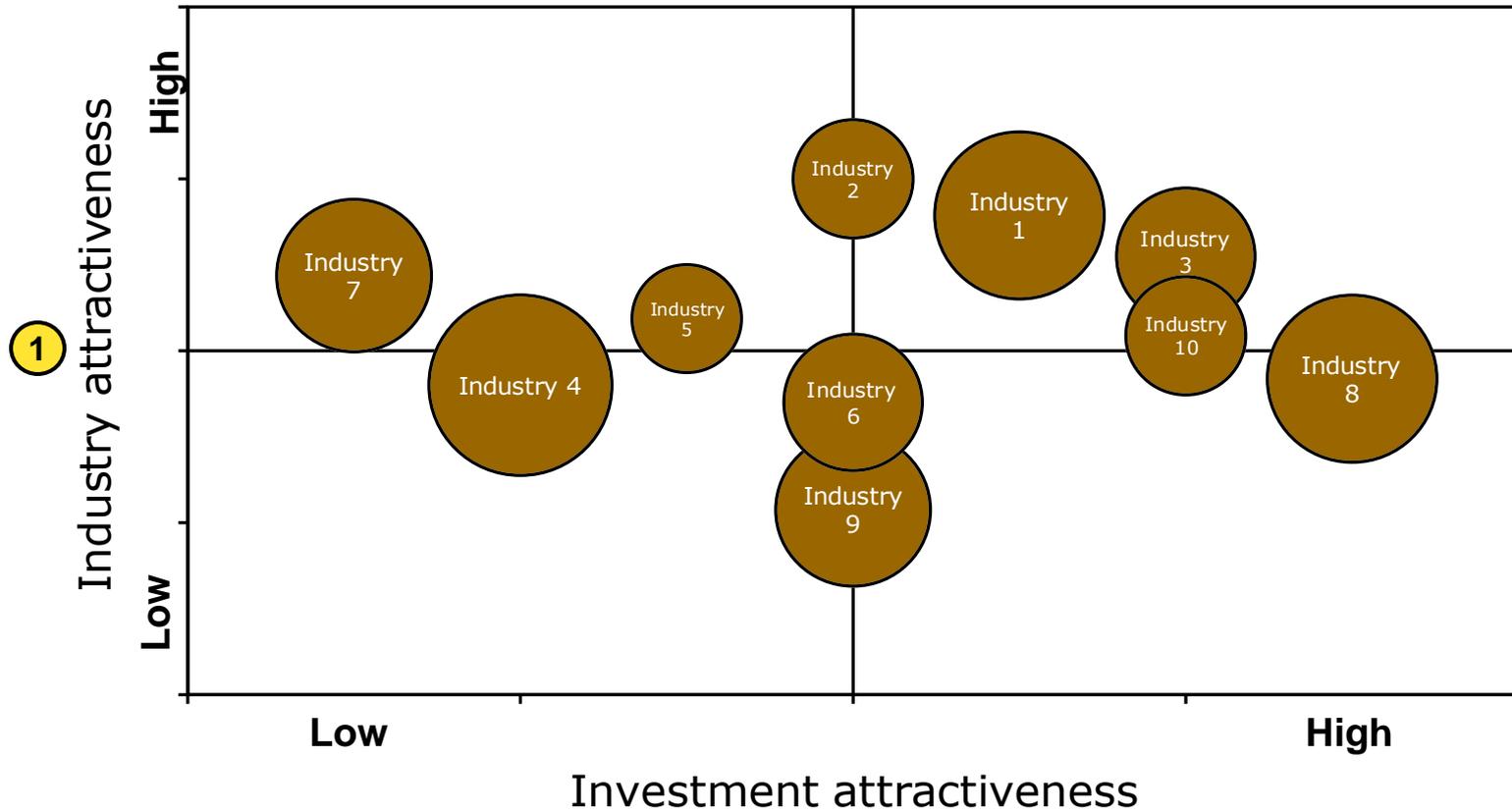


Duane Street Capital

Industry / Investment Attractiveness Matrix

ILLUSTRATIVE



EBITDA multiple



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Industry attractiveness: scoring criteria

1 Industry attractiveness

Weight = 20%

Macro trends

Strength of alignment	Score
All macro trends create tailwinds	5
Majority of trends are tailwinds	4
Mix of headwinds/tailwinds	3
Majority of trends are headwinds	2
Significant headwinds from macro trends	1

Weight = 20%

Barriers to entry / competitive advantage

Barrier description	Score
No competitive entrance possible	5
Major barriers to entry	4
Some barriers to entry	3
Minor barriers to entry	2
No barriers to entry	1

Weight = 10%

Supplier and customer strength

Ratio of co's/suppliers and co's/customers	Score
Company has power over suppliers and customers	5
Comp has power over supp or cust; on parity w/ other	4
Company has power parity w/ suppliers & customers	3
Supplier or customer have power over company	2
Suppliers and customers have power over company	1

Weight = 20%

Market growth

5 year historic growth	Score
20%+ CAGR	5
15-20% CAGR	4
10-15% CAGR	3
5-10% CAGR	2
< 5% CAGR	1

Weight = 15%

Competitive intensity

Competitive intensity	Score
Highly fragmented competitors, no major companies	5
Small companies have established position	4
Some major companies present; leadership unclear	3
Formidable competitors in leadership positions, but a target could be a player	2
Formidable competitors control most of market, no target could be a player	1

Weight = 15%

EBITDA margins

EBITDA margins	Score
>25%	5
20 - 25%	4
15 - 20%	3
10 - 15%	2
<10%	1

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Investment attractiveness: scoring criteria

2 Investment attractiveness

Weight = 10%

Investment entry point	
Equity check size	Score
<\$15M	5
\$15M - \$25M	3
\$25M +	1

Weight = 20%

Growth potential	
Growth opportunities / whitespace	Score
Whitespace/growth in current industry and adjacencies	5
Whitespace/growth in current industry but not adjacencies	4
Whitespace/growth in adjacencies	3
No whitespace/growth	2
Contracting markets	1

Weight = 10%

Risks and mitigants	
Risk/mitigant	Score
All risks have counterbalancing mitigants	5
>75% of risks have mitigants	4
60%- 75% of risks have mitigants	3
50- 60% of risks have mitigants	2
<50% of risks have mitigants	1

Weight = 20%

Revenue quality	
Strength of revenue	Score
Recurring with no seasonality	5
Recurring or no seasonality	3
Non-recurring and seasonal	1

Weight = 15%

Operational complexity	
Investment opportunity size	Score
Can be explained in one sentence, (<4 steps in process)	5
Moderate (4-6 steps in process)	3
Requires an advanced degree to understand (>6 steps in process)	1

Weight = 10%

Capital Intensity	
Capital requirements to run / build business	Score
Low	5
Medium	3
High	1

Weight = 15%

Other qualitative variables	
Strength of investment thesis	Score
Other variables	1-5