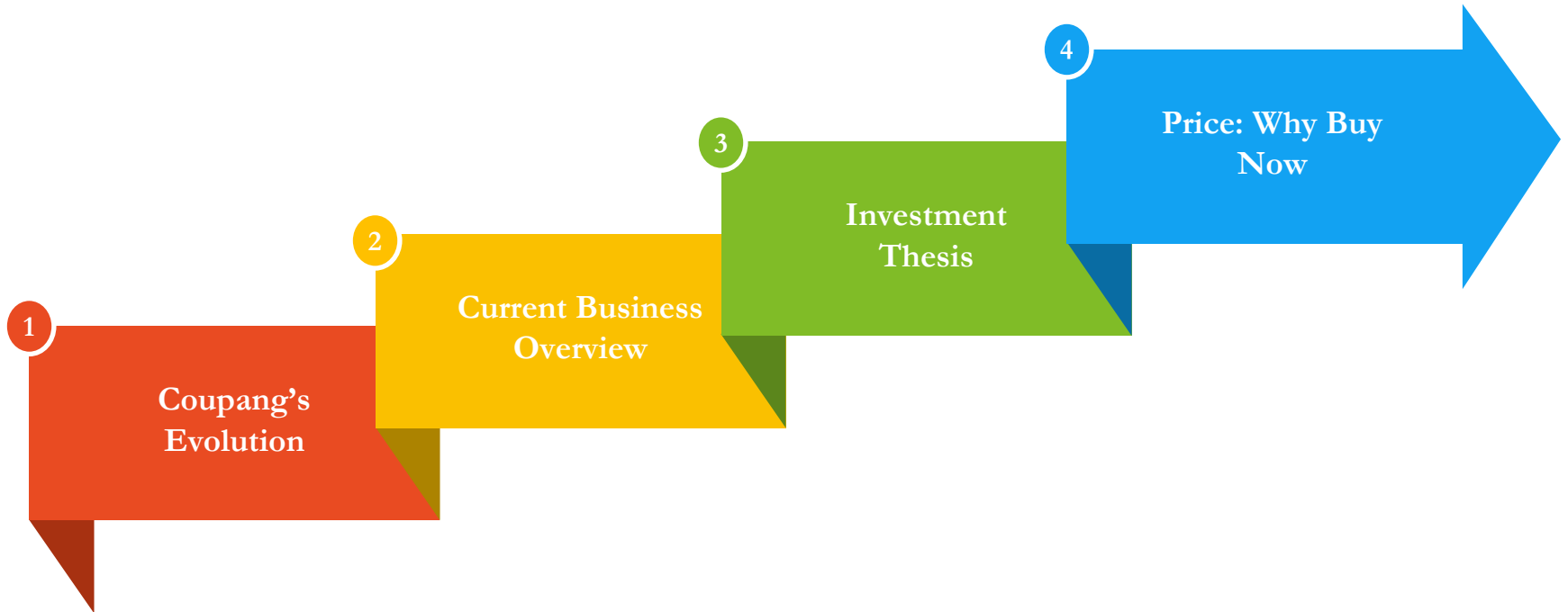




Coupang (NYSE: CPNG)

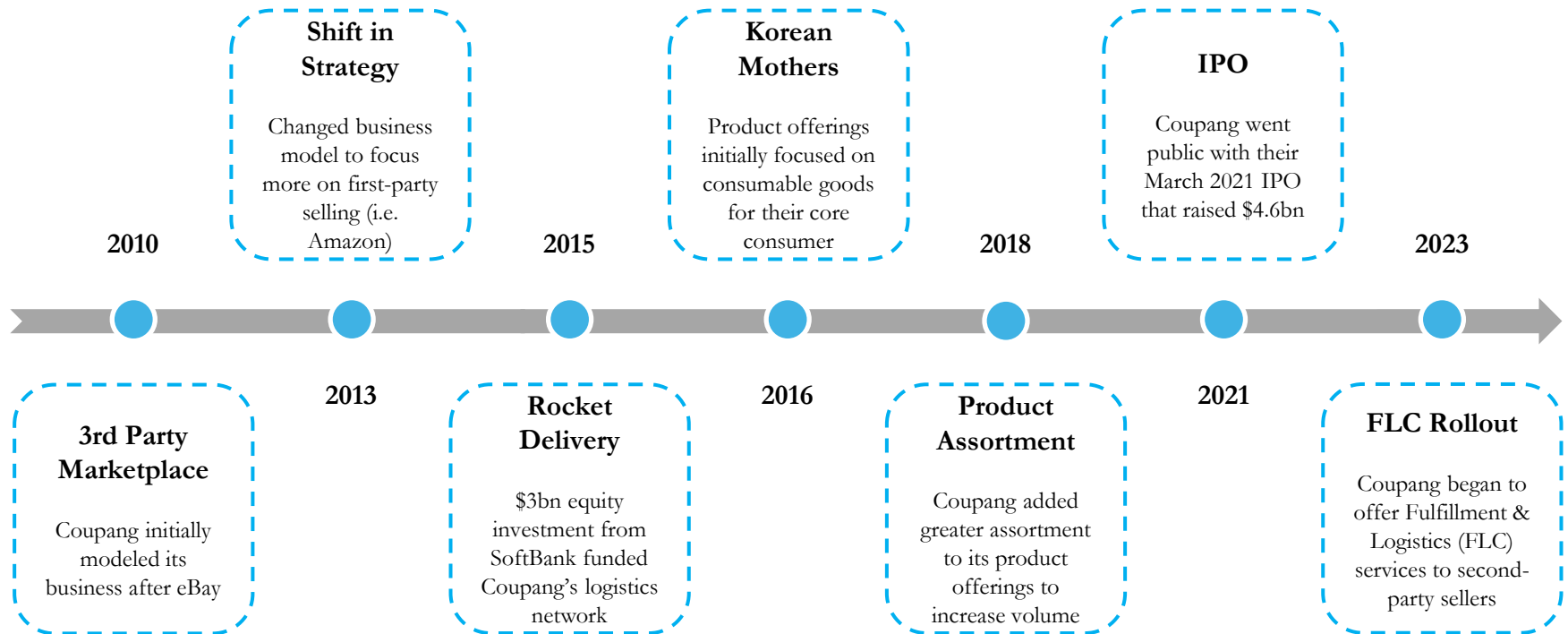
Jack Davis, Massimo Guacci, and Ted Heraty

Pitch Road Map



Evolution of Coupang

Coupang has changed drastically over the course of more than a decade, defined by their shift to 1st party selling and logistics services



Today, Coupang is known as the **“Amazon of South Korea”**, dominating the Ecommerce space while also expanding its reach into different industries

An Overview of Coupang

Today, Coupang offers a variety of services with its core online product commerce segment generating a significant majority of revenues

Company Overview

Providing mobile and web-based e-commerce services with access to products ranging from consumables to tech

Operating out of over 100 fulfillment centers covering over 4.7 million square meters across 30 Korean cities

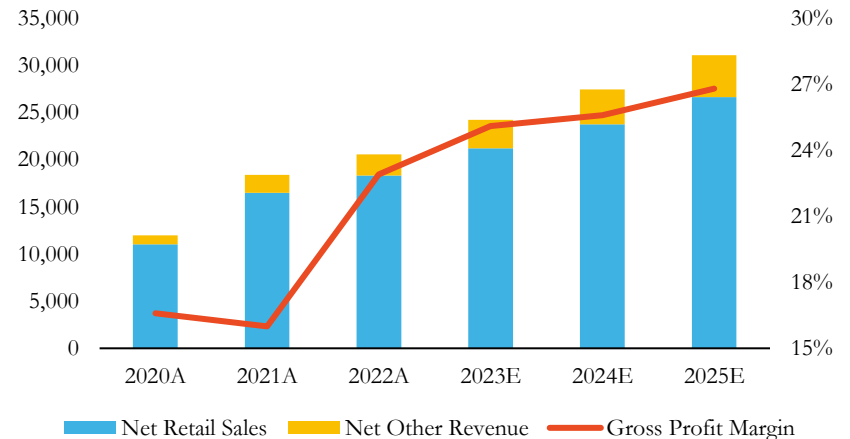
Maximizing efficiency through proprietary tech innovation powered by over 2,000 in-house specialists

Expanding offering to include other facets of life such as video streaming, food & grocery delivery, and luxury shopping

Segmentation Overview

Segment	Description	% of Sales	Notable Investments of Capital
Product Commerce	Segment focused on core e-commerce shopping and delivery services	89%	Logistics centers, hydrogen delivery trucks, proprietary AI & ML software, & inventories
Developing Offerings	Wide range of business segments attracting new customers for their core retail business	11%	Farfetch Inc., refrigerated Fresh delivery trucks, fintech development

Revenue Breakdown (\$mm)



Bom Kim – Founder & CEO



- Harvard Undergraduate who dropped out of HBS to start Coupang; has unrelenting focus on creating “WOW” experiences for end-consumers
- Coupang’s second largest shareholder at 10%; ensures alignment with shareholders regarding long term value creation – plays the role of visionary

1

Coupang provides an unparalleled customer experience through its end-to-end network that cannot be replicated by competitors

2

Coupang's profitability is misunderstood; its core retail business boasts strong unit economics which are set to improve as it integrates second-party sellers into FLC

Consumer Experience

Customer satisfaction is at the heart of Coupang's business strategy. Efficient deliveries and their WOW membership increases user stickiness

Delivery Time



- Coupang guarantees that 99% of products can be delivered on the same day of purchase with no additional shipping cost
- Other 1% is international, with delivery times that best other cross-border platforms

Rocket WOW



<p>Low Fees</p>	<p>At only \$36 annually (USD), WOW's 12mm premium subscribers (60% of total active users) contribute \$432mm annually to Coupang's bottom line</p>
<p>Dawn Delivery</p>	<p>WOW ensures all items ordered before midnight will be delivered by 7 AM the following morning, providing unparalleled execution time</p>
<p>Average Order Value</p>	<p>With access to all developing offerings, consumers are using WOW for all their shopping needs as shown by a 7% YoY increase in revenue per active customer</p>

Effortless Returns

Unlimited Frequency

Package Free

Timely

Coupang's obsession with their consumers has created an addictive shopping experience and a sticky customer base

The Delivery & Returns Process

Coupang's intricate delivery system completes orders within a day!



Coupang's Fulfillment and Logistics Network

Integrating cutting-edge technology, Coupang has built a robust logistics network that provides customers with a cost-effective, time-efficient service

Coupang's Market Dominance and Differentiation

Operates 100 fulfillment and logistics centers in over 30 cities nationwide

Over 70% of Koreans lives within 7 miles of a Coupang fulfillment center

The high frequency of grocery deliveries leverages their reverse logistics through returns

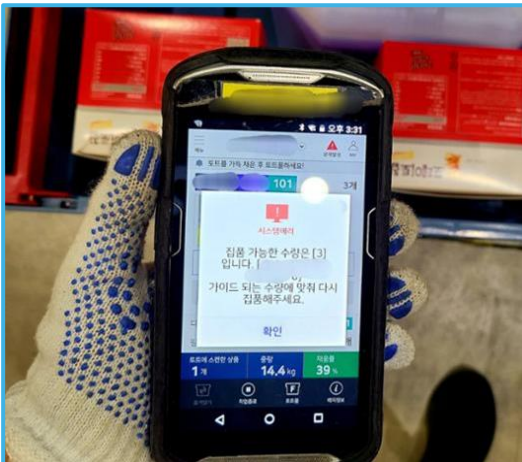
Vertical Integration at all levels from inventory storage to shipping and returns

Spatial Indexing



- Coupang's Machine Learning team developed a hexagonal spatial-index delivery management system
- Uses real-time data to map out the most ideal routes for deliverers

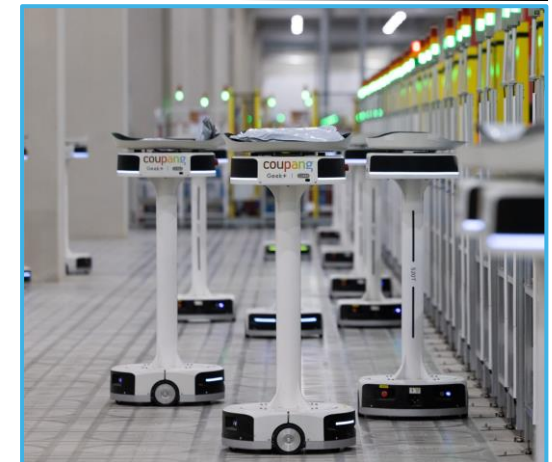
In House Capabilities



Employees are equipped with a personal digital assistant (PDA) that assigns tasks to be completed and contains a GPS to navigate products within Fulfillment Centers



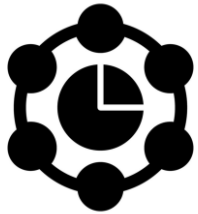
Coupang's auto bagger which facilitates the full packaging process requires only 5 seconds per package, 1/10th of the original time needed with manual labor



Automated guided vehicles (AGVs) carry shelves stocked with over 100 products and deliver them to workstations in under 2 minutes saving over 3 hours of labor

Why this Structure Can't be Replicated

Leading the way in market share, Coupang's wide reach in Korea continues to broaden as it continues to reinvest into its one of a kind infrastructure



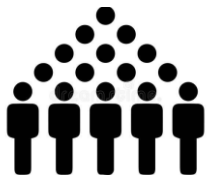
Market saturation for Coupang

With **Coupang's monthly users in 82% of households**, there is limited room for competitors to take market share. **Coupang continues to grow their top line, as its annual customer cohort are spending 15% more YOY**, even its oldest cohorts



CapEx and time required are unattainable

Coupang's wide scope of fulfillment centers across the country and **4.7 million square meters** in logistic infrastructure is irreplicable with the time and capital expenditures required. With this experience, Coupang looks to **use this playbook in other nations, including Taiwan**



Korea's dense population

Due to **Korea's dense population**, Coupang is able to **maximize its use of its wide scope of fulfillment centers** to provide a unique and efficient customer service experience



Indirect ad creation in wide business scope

Coupang's **alternate business segments** such as Coupang Play, Rocket Fresh, and Coupang Eats **generate extensive indirect ad creation** that drives sales in its product commerce segment

Indirect Ad Creation

Coupang Play, Rocket Fresh, and Coupang Eats generate extensive indirect ad creation, driving sales growth in its product commerce segment

Coupang Eats

Mobile Times Square Billboards on Every Corner

“Just as purchasing in one category helped spur engagement in other categories, we've seen **higher engagement on Eats lead to higher engagement in Product Commerce**... Since we launched the WOW membership savings program in early Q2, we've seen our **order volumes double**.”

- Gaurav Anand,
CFO



Coupang Play

Home Run Advertising Taking Center Stage

“Play has delighted customers by not just broadcasting, but creating from scratch unprecedented live sporting events in Korea. Some of **the most streamed live sporting events** over the past two years in Korea have been unique sports matches **created and exclusively streamed by Play**.”

- Bom Kim,
CEO



Coupang Fresh

A Refreshing Reminder on Every Doorstep

“Coupang deploys millions of Fresh bags to deliver groceries. Customers can leave their empty bags outside their doorsteps to be picked up by Coupang’s drivers on their next delivery... Rocket Fresh represents **Coupang’s second largest product segment**, and is the **leading online grocer** in South Korea.”

- Pranam Kolari,
VP of Search & Recs



Naver Comparison

Coupang possesses a structural advantage over top competitor Naver, and is positioned to continue to take market share from the legacy business

	COUPANG	NAVER
Business Model	E-commerce platform	Search engine, with a 3P marketplace
Logistics Capabilities	End-to-end, vertically integrated network	No capabilities, must outsource
Consumer Experience	WOW experiences drives loyalty	Fragmented experience creates lack of customer trust
Revenue (FWD)	\$28.8bn	\$10.7bn
Market Share	24.5%	23.3%
NTM TEV / FWD Revenue	1.06x	2.80x

1

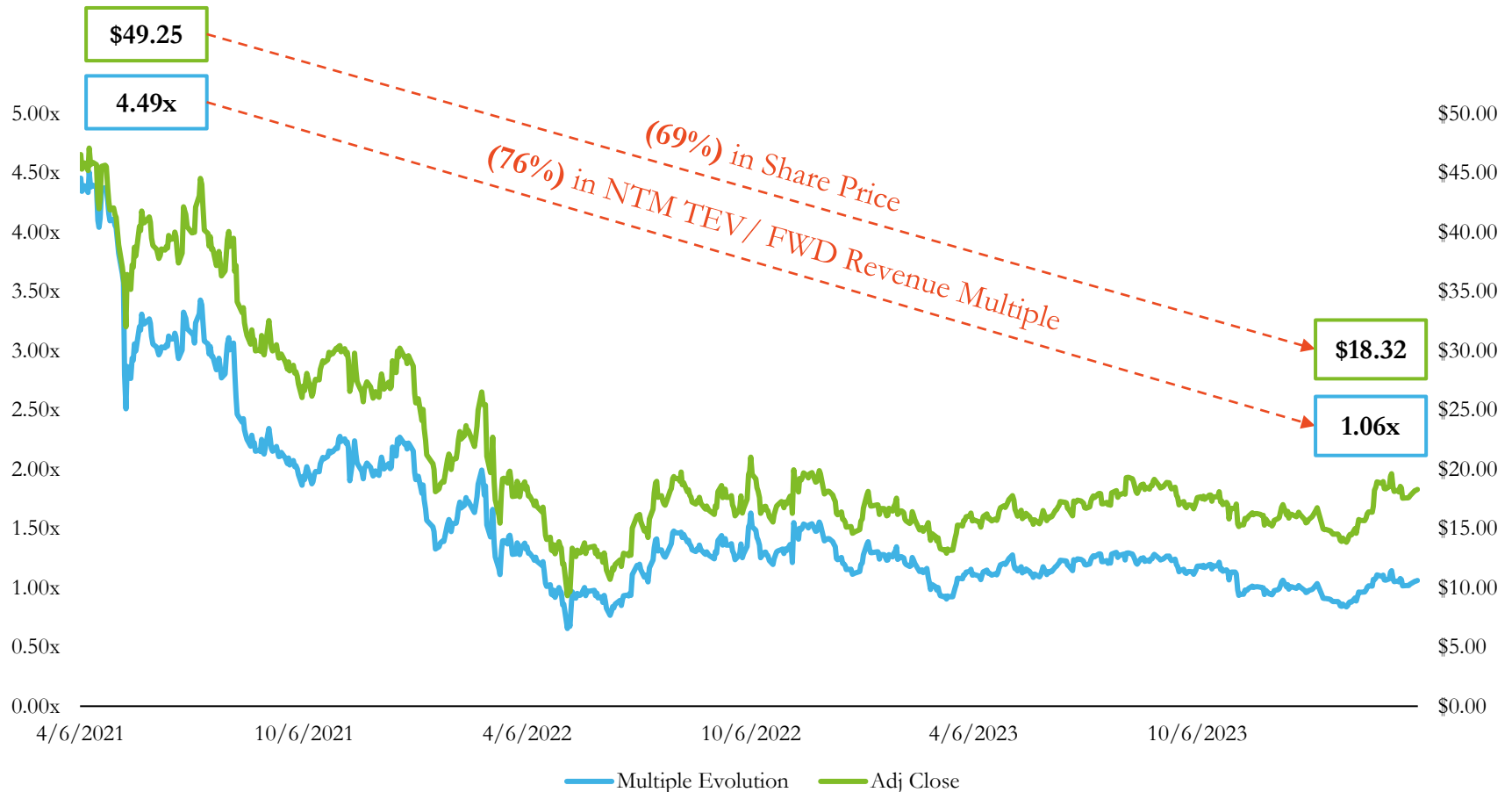
Coupang provides an unparalleled customer experience through its end-to-end network that cannot be replicated by competitors

2

Coupang's profitability is misunderstood; its core retail business boasts strong unit economics which are set to improve as it integrates second-party sellers into FLC

CPNG Stock Chart

Coupang IPO'd when Street consensus was bullish on growth stocks; their share price and valuation multiple have since seen a dramatic correction

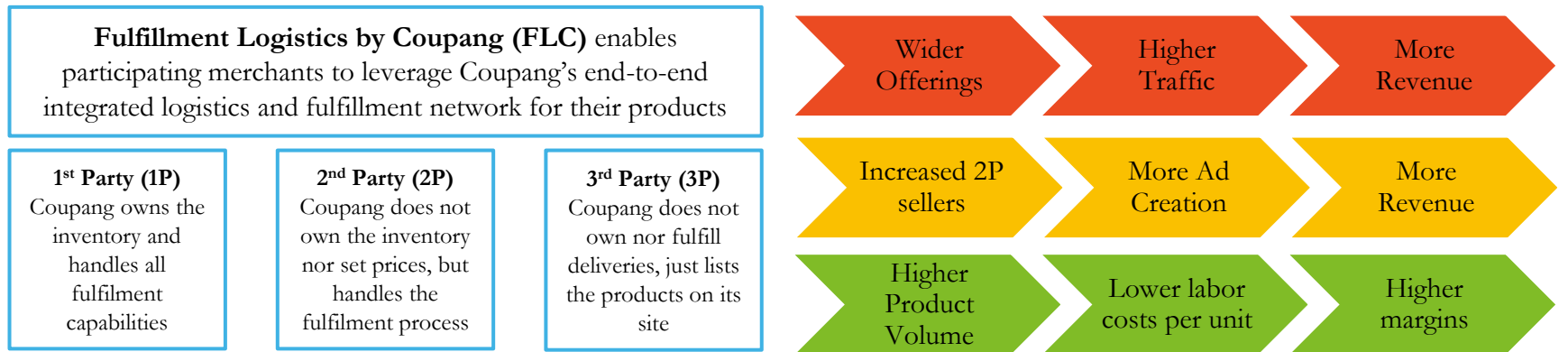


Driven by a misunderstanding of Coupang's profitability, the Company's share price and valuation multiple have dropped by (69%) and (76%) since March 2021 respectively, making now an attractive time to buy

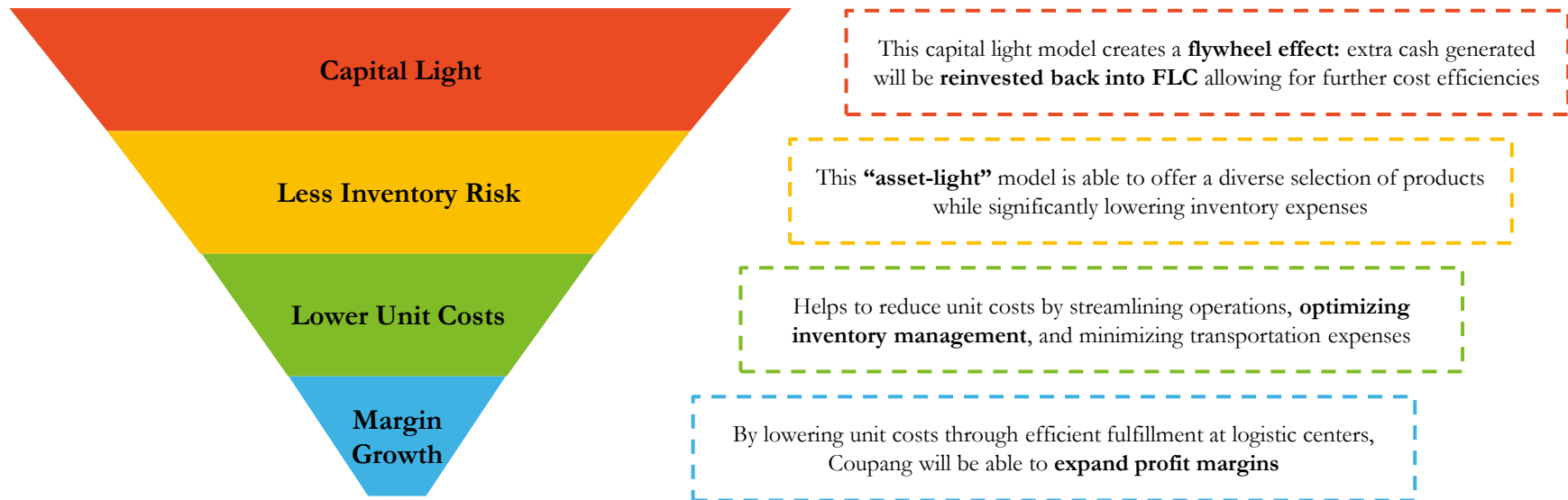
Coupang's Entry into FLC

From a qualitative perspective, Coupang onboarding 3P sellers onto its FLC platform bodes well for its future top line and bottom line growth

Long Runway for FLC



Advantages of Increased 2nd Party Sellers



Unit Economics

Coupang already boasts profitable unit economics with its current 1P model, and will see notable margin expansion as it transitions to FLC

Retail 1P		Retail 2P (FLC)	
Sale	100	Sale	100
(Product Costs)	(62%)	(1 – Take Rate) ¹	(70%)
(Return)	(2.5%)	(Return)	(2.5%)
(Inbound)	(7.5%)	(Inbound) ²	0
(Warehousing)	(3.3%)	(Warehousing) ³	0
(Outbound)	(6.7%)	(Outbound)	(6.7%)

1 Coupang charges a **30% take rate** on products sold through its FLC platform. This **replaces the product costs** they would incur from owning inventory

2 Coupang requires that **sellers cover any costs necessary for transporting** the good to Coupang's warehouses

3 Similarly, Coupang charges **sellers for any costs required for warehousing** the inventory

Profit per basket sale 18%

Profit per basket sale 20.8%

Coupang's 1P profit per basket sale provides them the ability to **cut costs without eating from its core business**

The 2P model will **increase Coupang's margins by nearly 3%**, a significant amount in a **low margin industry**

Second Party Sellers on Coupang

Coupang's FLC provides unparalleled benefits to 2P sellers, creating a WOW experience that can not be replicated by other fulfillment providers



1 Registration

- Second-party sellers can register on Coupang through their marketplace website for free with no additional cost

2 Verification

- Sellers from around the world need to complete their KYC verification – all that is needed is their personal details and passport

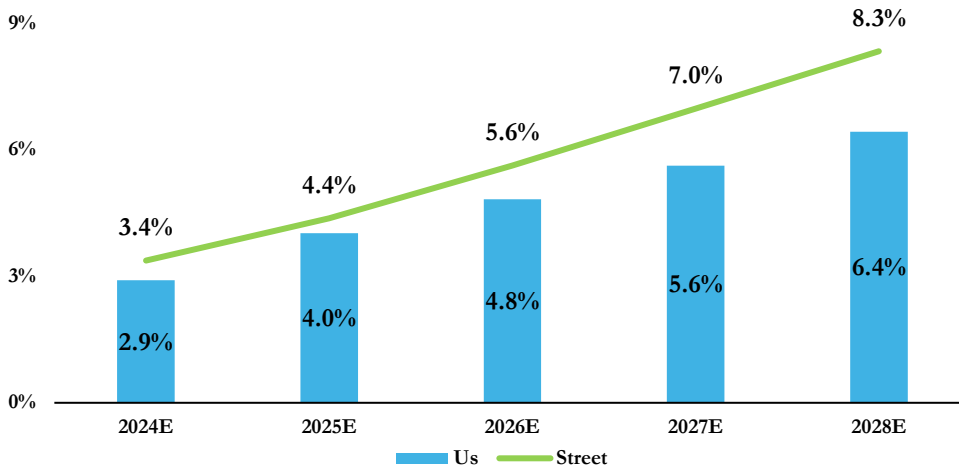
3 Product Listing

- You can now start listing your products in a simple manner – users can reference Coupang's free instructional videos if they have trouble

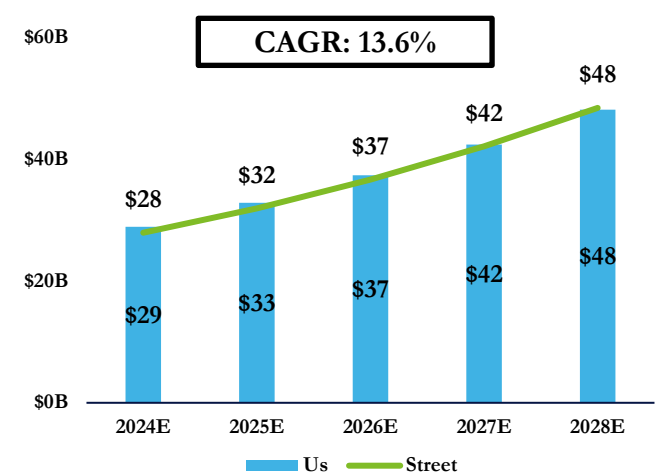
Operating Build Overview

While in line with consensus on top line growth, our margin expansion is far more conservative

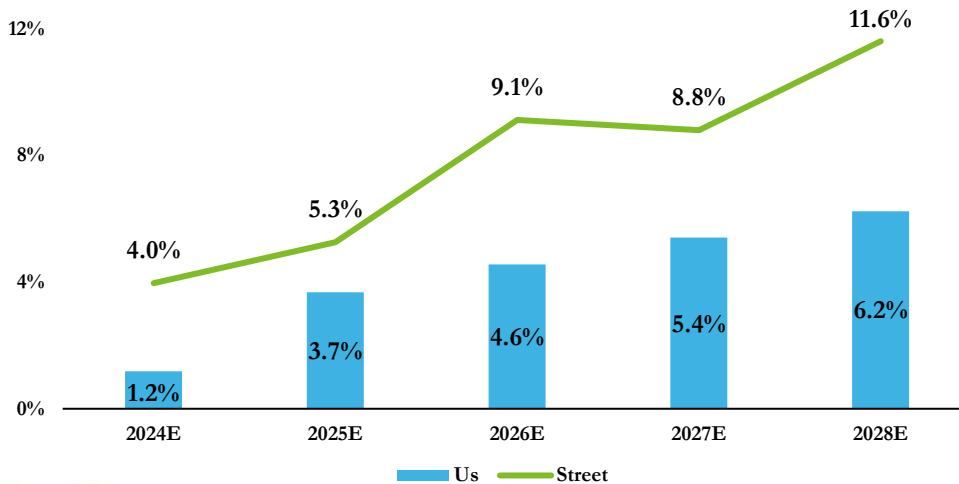
EBIT Margin vs Street Estimates



Revenue vs Street Estimates



FCF Margin vs Street Estimates



While we do project Coupang will see solid **margin expansion** when **moving towards FLC**, our model is far more conservative than street estimates. This difference is particularly amplified in the difference in **FCF margin**, which provides our valuation a **notable margin of safety**

Reverse DCF

Our Reverse DCF model shows that the market, if using our conservative margins and valuation multiple, implies single digit top line growth

1

Slower **implied revenue growth of 8.9%** represents belief that Coupang has reached saturation in Korea and will not see growth in average spend per customer

2

We kept **EBIT margins constant with our conservative assumptions**, while scaling down D&A, SBC, CapEx, and Change in NWC by depressed revenue

3

12.7x exit multiple represents a conservative valuation approach, which is significantly lower than Coupang's **current trading multiple of 25.8x**

	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	\$20,582,615.0	\$24,383,000.0	\$26,553,087.0	\$28,916,311.7	\$31,489,863.5	\$34,292,461.3	\$37,344,490.4	\$40,668,150.0
% Growth	11.8%	18.5%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
EBIT	(112,019.0)	473,000.0	770,039.5	1,162,435.7	1,517,811.4	1,927,236.3	2,397,516.3	2,732,899.7
% Margin	(0.5%)	1.9%	2.9%	4.0%	4.8%	5.6%	6.4%	6.7%
(-) Taxes	(1,063.0)	776,000.0	(164,480.4)	(267,360.2)	(349,096.6)	(443,264.4)	(551,428.7)	(628,566.9)
% Effective Tax Rate	0.9%	(164.1%)	21.4%	23.0%	23.0%	23.0%	23.0%	23.0%
NOPAT	(113,082.0)	1,249,000.0	605,559.1	895,075.5	1,168,714.8	1,483,972.0	1,846,087.5	2,104,332.8
(+) Depreciation & Amortization	230,965.0	275,000.0	309,476.2	339,043.8	357,764.2	372,501.9	381,987.5	384,720.7
(+) Stock-Based Compensation	249,345.0	262,266.0	396,968.7	420,645.6	451,942.5	485,478.4	521,403.8	559,878.4
(-) Capital Expenditures	(811,080.0)	(877,000.0)	(982,464.2)	(968,696.4)	(960,440.8)	(943,042.7)	(914,940.0)	(874,365.2)
(-) Change in Net Working Capital	15,698.0	1,249,500.0	(247,708.3)	268,195.7	294,083.1	322,383.9	353,316.6	420,161.5
UFCF (excl. SBC)	(428,154.0)	2,158,766.0	81,831.4	954,264.2	1,312,063.8	1,721,293.5	2,187,855.4	2,594,728.1
(-) Stub-Year								
Free Cash Flow	(428,154.0)	2,158,766.0	81,831.4	954,264.2	1,312,063.8	1,721,293.5	2,187,855.4	2,594,728.1
% Margin	(2.1%)	8.9%	0.3%	3.3%	4.2%	5.0%	5.9%	6.4%
Discount Period			0.63	1.63	2.63	3.63	4.63	5.63
Discount Factor			0.95	0.87	0.79	0.73	0.67	0.61
PV of UFCF			77,425.8	827,500.4	1,042,770.0	1,253,783.4	1,460,562.6	1,587,550.1
EBITDA	118,946.0	748,000.0	1,079,515.8	1,501,479.5	1,875,575.6	2,299,738.2	2,779,503.7	3,117,620.4
% Margin	0.6%	3.1%	4.1%	5.2%	6.0%	6.7%	7.4%	7.7%

Pro Forma

8.9%

1

Exit Multiple Method

Terminal EBITDA	3,117,620.38
Terminal Multiple	12.7x
Terminal Value	39,687,307.47
PV of Period Cash Flow	6,249,592.22
PV of Terminal Value	24,282,153.77
Total	30,531,745.98
Period Cash Flow	20.47%
Terminal Cash Flow	79.53%

3

Total EV	30,531,746.0
(-) Debt	(2,787,000.0)
(+) Cash	4,893,200.0
Equity Value	32,637,946.0
SHO	1,787,800.0
Share Price	\$18.26
Upside / (Downside)	0.1%

Base Case

Weighting the Exit Multiple Method and Perpetuity Growth Method equally, we modeled an upside of 32.6%

Exit Multiple Method	
Terminal EBITDA	4,182,591.29
Terminal Multiple	12.7x
Terminal Value	53,244,387.12
PV of Period Cash Flow	8,654,749.97
PV of Terminal Value	32,572,928.79
Total	41,227,678.76
Period Cash Flow	20.99%
Terminal Cash Flow	79.01%

Perpetuity Growth Method	
2029E UFCF	3,689,927.30
Perpetuity Growth Rate	2.00%
Terminal Value	52,932,951.66
PV of Period Cash Flow	8,654,749.97
PV of Terminal Value	32,382,404.20
Total	41,037,154.17
Period Cash Flow	21.09%
Terminal Cash Flow	78.91%

Blended Share Price	
Perpetuity Growth Method	50.00%
Exit Multiple Method	50.00%
Implied Share Price	\$24.19
Upside/(Downside)	32.6%

Total EV	41,227,678.8
(-) Debt	(2,787,000.0)
(+) Cash	4,893,200.0
Equity Value	43,333,878.8
SHO	1,787,800.0
Share Price	\$24.24
Upside / (Downside)	32.9%

Total EV	41,037,154.17
(-) Debt	(2,787,000.00)
(+) Cash	4,893,200.0
Equity Value	43,143,354.17
SHO	1,787,800.0
Share Price	\$24.13
Upside / (Downside)	32.30%

Commentary

1

Exit multiple of 12.7x represents the median of a comp set, including both Korean competitors and similar companies globally

2

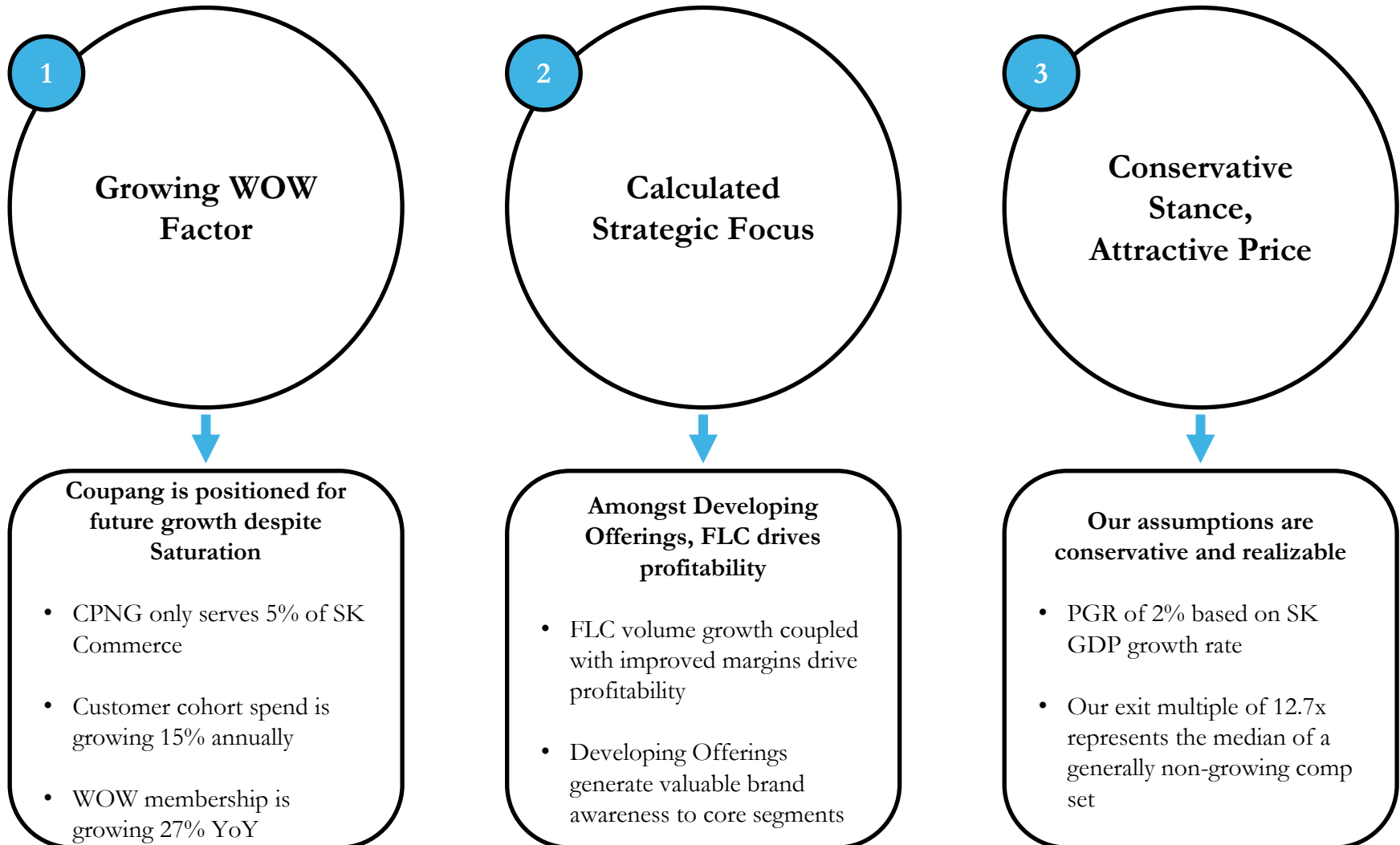
2.00% PGR represents a conservative estimate, below the Korean GDP growth rate projections of ~2.25% through 2028

3

Outputs weighted evenly, resulting in a **32.6% upside** relative to current valuation

What Do You Need to Believe?

Despite the Street's belief in market saturation, historic growth and our analysis of Coupang's transition to FLC suggest long-term profitability



Buy Price

1

Coupang provides an unparalleled customer experience through its end-to-end network that cannot be replicated by competitors

2

Coupang's profitability is misunderstood; its core retail business boasts strong unit economics which are set to improve as it integrates second-party sellers into FLC

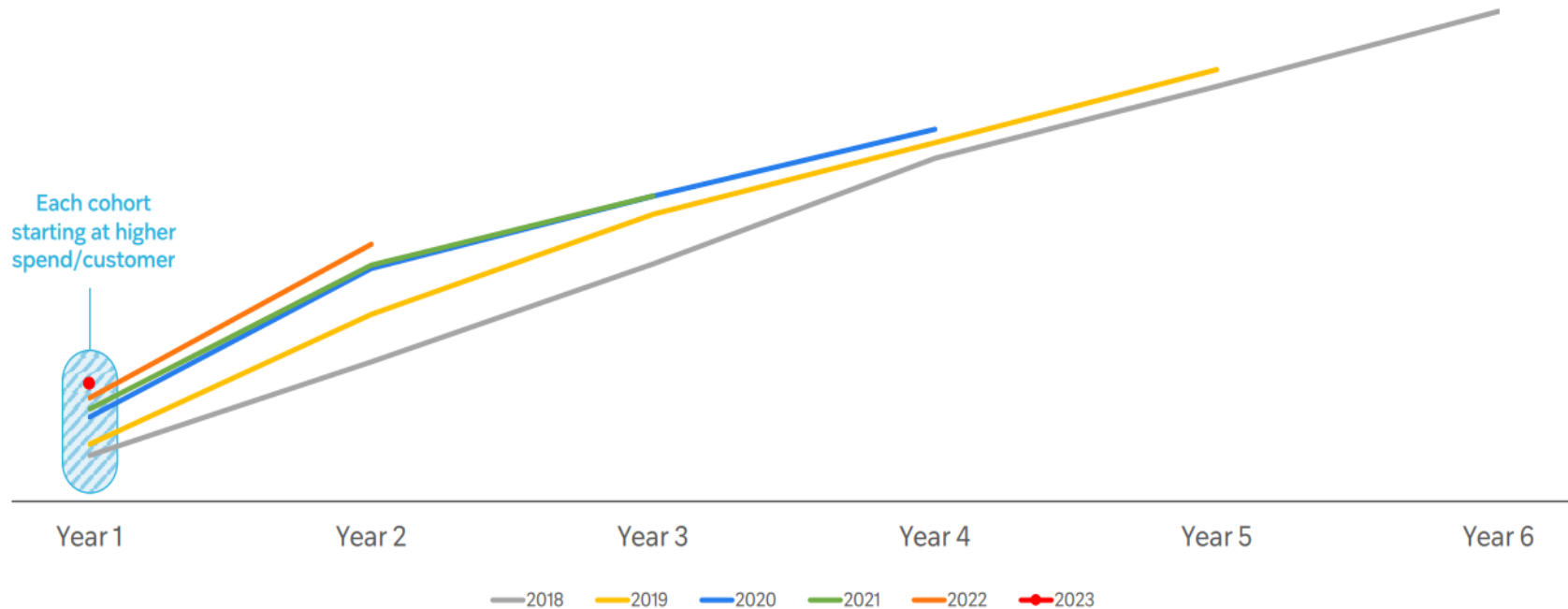
BUY:
Price Target: \$24.19
Upside: 32.6%

Appendix

Annual Wallet Spend

Coupang's annual customer cohorts are spending 15% more YoY – even their oldest cohorts

Spend per Customer by Cohort

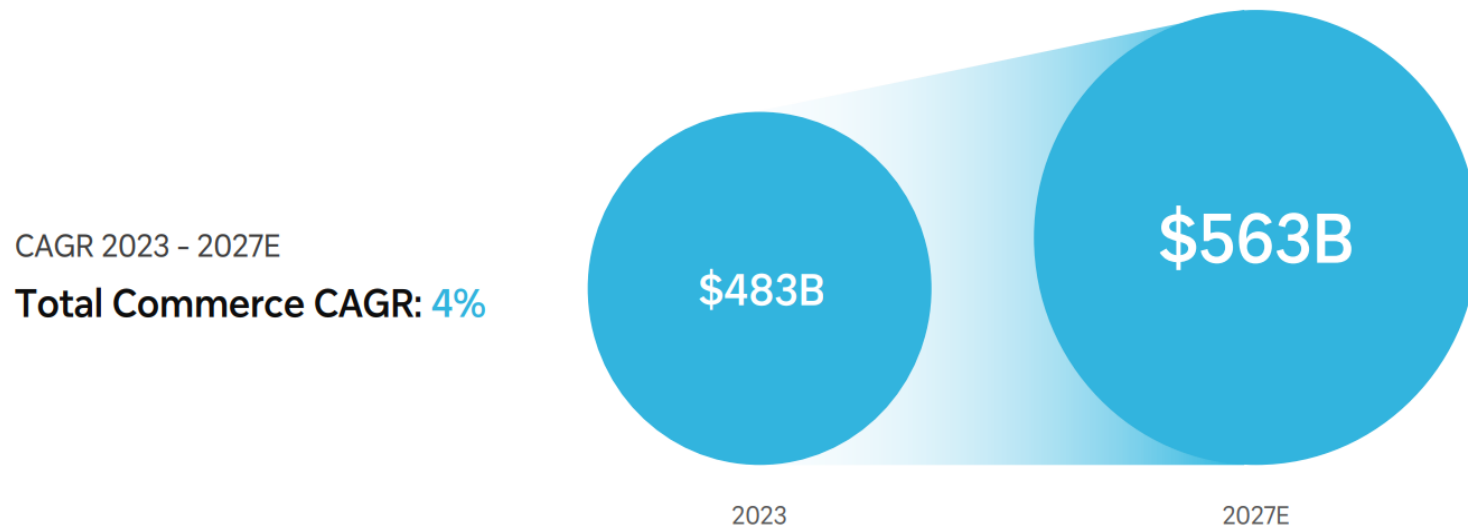


“There is still massive opportunity for us to continue to wow even our oldest customers with new selection at the best prices and a best-in-class delivery experience”
 – CFO Gaurav Anand

Room to Take From Traditional Commerce

While many may be concerned that Coupang has tapped out the Korean market, statistics show there is still significant room for top line growth

Korea is a massive and fast-growing commerce market



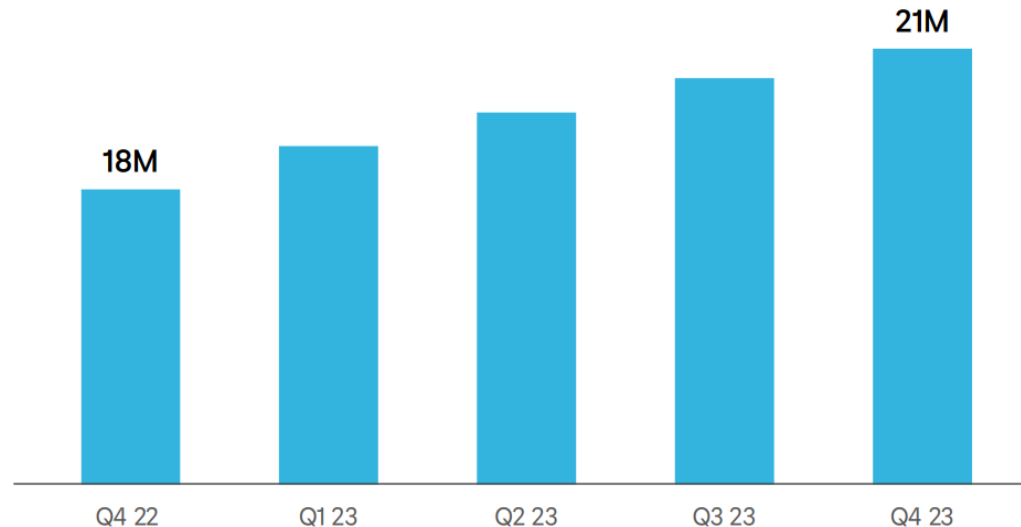
“We believe we are in the very early stages of our growth journey in Korea, as Coupang (\$21bn in FY23 Total Revenue) currently represents a **very small fraction (<5%) of total commerce spend in Korea**” – *CEO Bom Kim*

Active Customer Growth

Coupang's active customers increased by 16% in FY2023; they have now captured 21M of the 51.6M Korean population (40.7%)

Active Customers

Up 16% YoY



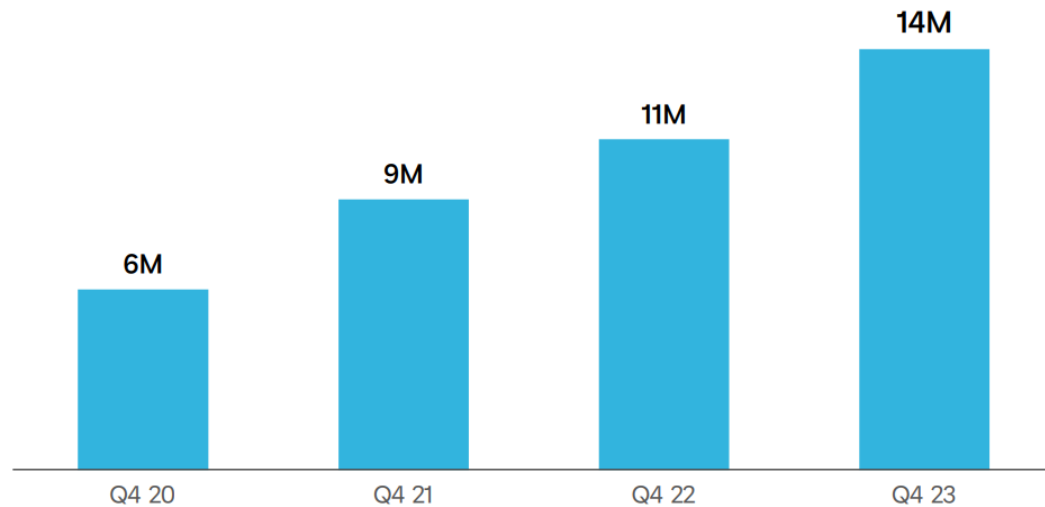
For reference, Amazon has 230M active US users of the 330M US Population (69.7%)

WOW Member Growth

Coupang's WOW members increased by 27% in FY2023; the premium subscription services 27.1% of the Korean population

WOW Members

Up 27% YoY



Amazon has 170M Prime users based in the US, which is 50.6% of the American population

Coupang Compared to Competitors

Coupang's consumer interaction KPIs rank ahead of all direct competitors in Korea

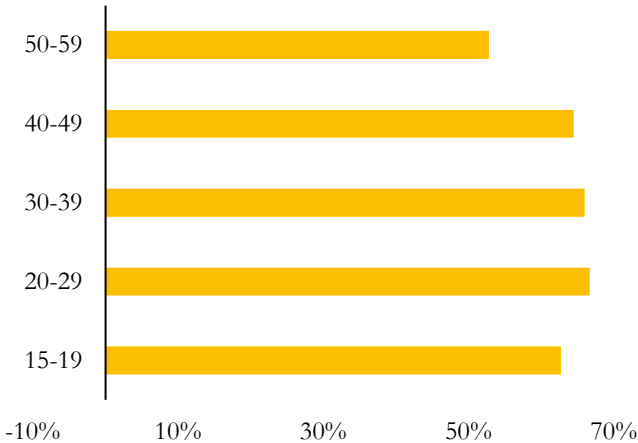
	Visits	Session Duration	Authority Score	Pages/Visit
	105.92M	12:38	76	4.28
	21.87M	5:09	73	4.18
	10.47M	6:44	61	3.46
	12.23M	9:42	59	3.65
	16.95M	6:50	63	3.52

South Korean E-Commerce Industry Trends

As Koreans continue to engage with E-commerce more frequently, Coupang is well positioned for future growth

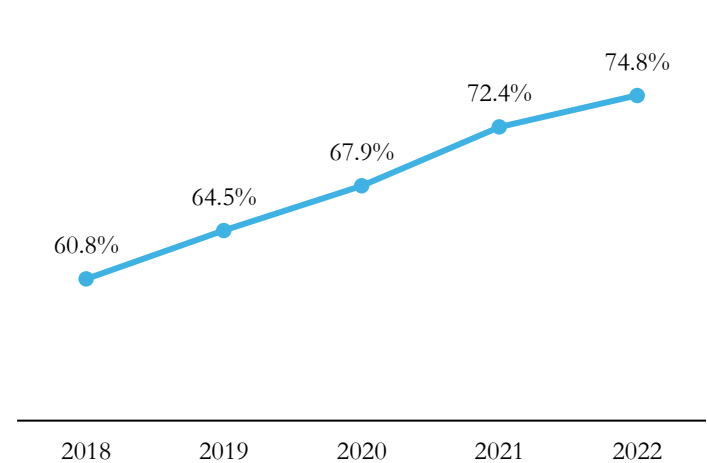
Rise of Mobile E-commerce

Share of Mobile Shopping Transaction Value

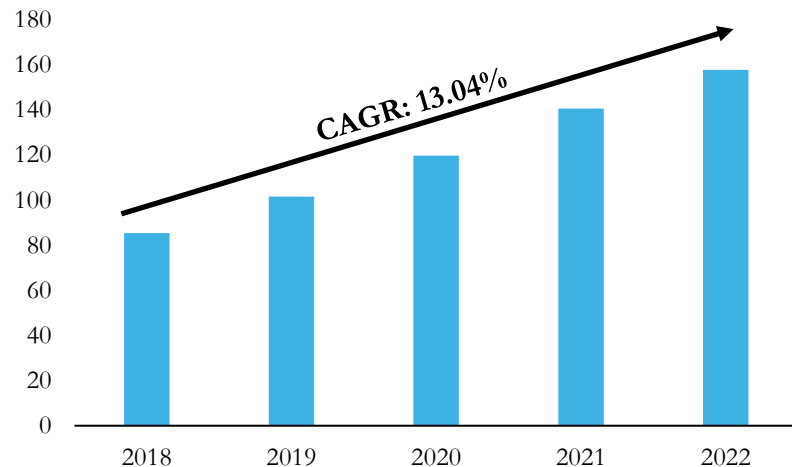


The rapid expansion of e-commerce is largely fueled by the surge in mobile-based shopping. In 2022, online retail grew by 10.4 percent, whereas mobile e-commerce experienced a sharper increase of 13.4 percent. Transactions conducted through mobile devices now constitute **74.4 percent of the overall e-commerce market value**

Share of Mobile Shopping Transaction Value

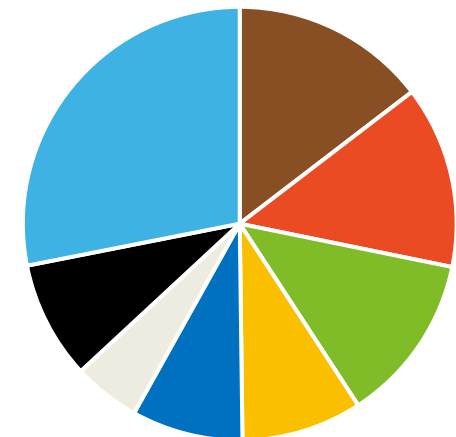


Market Size (\$B)



Product Share

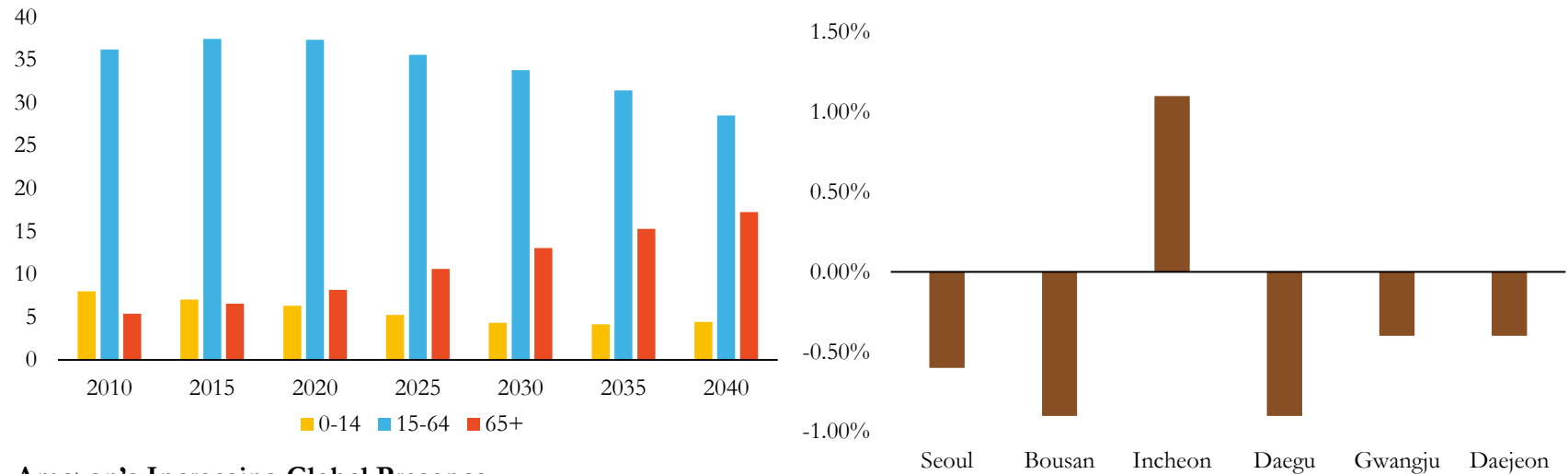
- Home Appliances & Electronics
- Food & Beverage
- Food Services
- Clothing
- Household Items
- Cosmetics



Risks and Mitigants

Amazon has entered into the market, yet Coupang's unparalleled consumer experience has fended off this attempt from the global legacy business

Decrease in Korean Population



Amazon's Increasing Global Presence



Overview

- In 2021, 11Street teamed up with Amazon to enable customers to purchase global brands and Amazon products on their website
- Amazon products offered include digital products, household appliances, fashion, cosmetics, books, toys and kitchen utensils
- South Korea is the first country where Amazon teamed up with an online retailer

Rebuttal

- Amazon has failed to enter the Korean market for years, proving the strength of Coupang's moat and highlighting the winner-takes-most dynamics of the Korean e-commerce industry
- Amazon arranges their delivery to South Korea only when orders are placed taking **about 6-10 days for customers to receive their order** which is incomparable to Coupang's same-day delivery
- Customers have to pay taxes on orders over 200 dollars

DCF Base Case

Our Base Case provides us an upside of 32.6%

	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	\$28,865,344.8	\$32,808,676.6	\$37,306,494.4	\$42,378,324.3	\$48,100,053.9	\$54,560,282.9
<i>% Growth</i>	18.4%	13.7%	13.7%	13.6%	13.5%	13.4%
(-) Operating Expenses	(28,028,249.8)	(31,489,767.8)	(35,508,321.3)	(39,996,662.4)	(45,012,030.4)	(50,893,831.9)
(+) Depreciation & Amortization	336,425.6	384,681.7	423,848.4	460,334.5	492,003.4	516,140.3
EBITDA	1,173,520.6	1,703,590.5	2,222,021.4	2,841,996.4	3,580,026.9	4,182,591.3
<i>% Margin</i>	4.1%	5.2%	6.0%	6.7%	7.4%	7.7%
(-) Depreciation & Amortization	(336,425.6)	(384,681.7)	(423,848.4)	(460,334.5)	(492,003.4)	(516,140.3)
EBIT	837,095.0	1,318,908.8	1,798,173.0	2,381,661.8	3,088,023.5	3,666,451.0
<i>% Margin</i>	2.9%	4.0%	4.8%	5.6%	6.4%	6.7%
(-) Taxes	(178,803.5)	(303,349.0)	(413,579.8)	(547,782.2)	(710,245.4)	(843,283.7)
<i>% Effective Tax Rate</i>	21.4%	23.0%	23.0%	23.0%	23.0%	23.0%
NOPAT	658,291.5	1,015,559.8	1,384,593.2	1,833,879.6	2,377,778.1	2,823,167.3
(+) Depreciation & Amortization	336,425.6	384,681.7	423,848.4	460,334.5	492,003.4	516,140.3
(+) Stock-Based Compensation	431,536.9	477,267.8	535,422.8	599,949.9	671,573.0	751,131.4
(-) Capital Expenditures	(1,068,017.8)	(1,099,090.7)	(1,137,848.1)	(1,165,403.9)	(1,178,451.3)	(1,173,046.1)
(-) Change in Net Working Capital	(16,135.7)	430,686.1	495,090.5	562,947.0	640,133.7	772,534.4
UFCF (excl. SBC)	342,100.5	1,209,104.8	1,701,106.9	2,291,707.2	3,003,036.8	3,689,927.3
<i>% Margin</i>	1.2%	3.7%	4.6%	5.4%	6.2%	6.8%
FCF For Discounting	342,100.5	1,209,104.8	1,701,106.9	2,291,707.2	3,003,036.9	3,689,927.4
Discount Period	0.64	1.64	2.64	3.64	4.64	5.64
Discount Factor	0.95	0.87	0.79	0.73	0.67	0.61
PV of UFCF	323,643.4	1,048,361.3	1,351,800.5	1,669,068.4	2,004,516.6	2,257,359.8

Perpetuity Growth Method	
2029E UFCF	3,689,927.30
Perpetuity Growth Rate	2.00%
Terminal Value	52,932,951.66
PV of Period Cash Flow	8,654,749.97
PV of Terminal Value	32,382,404.20
Total	41,037,154.17
Period Cash Flow	21.09%
Terminal Cash Flow	78.91%

Exit Multiple Method	
Terminal EBITDA	4,182,591.29
Terminal Multiple	12.7x
Terminal Value	53,244,387.12
PV of Period Cash Flow	8,654,749.97
PV of Terminal Value	32,572,928.79
Total	41,227,678.76
Period Cash Flow	20.99%
Terminal Cash Flow	79.01%

Total EV	41,037,154.17
(-) Debt	(2,787,000.00)
(+) Cash	4,893,200.0
Equity Value	43,143,354.17
SHO	1,787,800.0
Share Price	\$24.13
<i>Upside / (Downside)</i>	32.30%

Total EV	41,227,678.8
(-) Debt	(2,787,000.0)
(+) Cash	4,893,200.0
Equity Value	43,333,878.8
SHO	1,787,800.0
Share Price	\$24.24
<i>Upside / (Downside)</i>	32.9%

Blended Share Price	
Perpetuity Growth Method	50.00%
Exit Multiple Method	50.00%
Implied Share Price	\$24.19
<i>Upside/(Downside)</i>	32.6%

DCF Bull Case

Our Bull Case provides us an upside of 56.3%

	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	\$29,048,217.3	\$33,234,002.0	\$38,038,641.8	\$43,494,027.8	\$49,690,577.2	\$56,734,026.9
<i>% Growth</i>	<i>19.1%</i>	<i>14.4%</i>	<i>14.5%</i>	<i>14.3%</i>	<i>14.2%</i>	<i>14.2%</i>
(-) Operating Expenses	(27,938,575.4)	(31,592,242.3)	(35,855,223.8)	(40,649,518.4)	(46,043,288.8)	(52,399,547.3)
(+) Depreciation & Amortization	297,453.7	336,245.0	366,169.5	391,446.2	409,388.2	416,569.6
EBITDA	1,407,095.6	1,978,004.7	2,549,587.5	3,235,955.7	4,056,676.6	4,751,049.2
<i>% Margin</i>	<i>4.8%</i>	<i>6.0%</i>	<i>6.7%</i>	<i>7.4%</i>	<i>8.2%</i>	<i>8.4%</i>
(-) Depreciation & Amortization	(297,453.7)	(336,245.0)	(366,169.5)	(391,446.2)	(409,388.2)	(416,569.6)
EBIT	1,109,641.9	1,641,759.7	2,183,418.0	2,844,509.4	3,647,288.4	4,334,479.7
<i>% Margin</i>	<i>3.8%</i>	<i>4.9%</i>	<i>5.7%</i>	<i>6.5%</i>	<i>7.3%</i>	<i>7.6%</i>
(-) Taxes	(231,471.3)	(369,395.9)	(491,269.1)	(640,014.6)	(820,639.9)	(975,257.9)
<i>% Effective Tax Rate</i>	<i>20.9%</i>	<i>22.5%</i>	<i>22.5%</i>	<i>22.5%</i>	<i>22.5%</i>	<i>22.5%</i>
NOPAT	878,170.6	1,272,363.8	1,692,149.0	2,204,494.8	2,826,648.5	3,359,221.7
(+) Depreciation & Amortization	297,453.7	336,245.0	366,169.5	391,446.2	409,388.2	416,569.6
(+) Stock-Based Compensation	428,228.8	476,542.4	538,018.6	606,698.2	683,444.2	769,256.7
(-) Capital Expenditures	(929,543.0)	(947,169.1)	(969,985.4)	(978,615.6)	(968,966.3)	(936,111.4)
(-) Change in Net Working Capital	(109,366.2)	536,567.4	521,966.1	597,621.1	684,217.2	829,704.8
UFCF (excl. SBC)	564,944.0	1,674,549.5	2,148,317.7	2,821,644.7	3,634,731.9	4,438,641.3
<i>% Margin</i>	<i>1.9%</i>	<i>5.0%</i>	<i>5.6%</i>	<i>6.5%</i>	<i>7.3%</i>	<i>7.8%</i>
FCF For Discounting	564,944.0	1,674,549.6	2,148,317.8	2,821,644.8	3,634,732.0	4,438,641.4
Discount Period	0.64	1.64	2.64	3.64	4.64	5.64
Discount Factor	0.95	0.87	0.79	0.73	0.67	0.61
PV of UFCF	534,464.0	1,451,927.8	1,707,180.8	2,055,026.1	2,426,170.8	2,715,395.1

Perpetuity Growth Method	
2029E UFCF	4,438,641.33
Perpetuity Growth Rate	2.00%
Terminal Value	63,673,446.01
PV of Period Cash Flow	10,890,164.60
PV of Terminal Value	38,953,037.77
Total	49,843,202.37
Period Cash Flow	21.85%
Terminal Cash Flow	78.15%

Exit Multiple Method	
Terminal EBITDA	4,751,049.25
Terminal Multiple	12.7x
Terminal Value	60,480,856.94
PV of Period Cash Flow	10,890,164.60
PV of Terminal Value	36,999,930.94
Total	47,890,095.54
Period Cash Flow	22.74%
Terminal Cash Flow	77.26%

Total EV	49,843,202.37
(-) Debt	(2,787,000.00)
(+) Cash	4,893,200.0
Equity Value	51,949,402.37
SHO	1,787,800.0
Share Price	\$29.06
Upside / (Downside)	59.31%

Total EV	47,890,095.5
(-) Debt	(2,787,000.0)
(+) Cash	4,893,200.0
Equity Value	49,996,295.5
SHO	1,787,800.0
Share Price	\$27.97
Upside / (Downside)	53.3%

Blended Share Price	
Perpetuity Growth Method	50.00%
Exit Multiple Method	50.00%
Implied Share Price	\$28.51
Upside / (Downside)	56.3%

DCF Bear Case

Our Bear Case provides us an upside of 5.3%

	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	\$28,693,532.3	\$32,414,623.5	\$36,636,980.8	\$41,371,525.1	\$46,684,401.3	\$52,653,139.6
<i>% Growth</i>	17.7%	13.0%	13.0%	12.9%	12.8%	12.8%
(-) Operating Expenses	(28,228,697.1)	(31,526,462.8)	(35,340,031.7)	(39,576,000.9)	(44,284,823.1)	(49,788,808.8)
(+) Depreciation & Amortization	373,589.8	430,547.2	477,975.2	524,384.1	568,090.8	606,959.1
EBITDA	838,425.0	1,318,707.9	1,774,924.3	2,319,908.3	2,967,669.0	3,471,289.9
<i>% Margin</i>	2.9%	4.1%	4.8%	5.6%	6.4%	6.6%
(-) Depreciation & Amortization	(373,589.8)	(430,547.2)	(477,975.2)	(524,384.1)	(568,090.8)	(606,959.1)
EBIT	464,835.2	888,160.7	1,296,949.1	1,795,524.2	2,399,578.2	2,864,330.8
<i>% Margin</i>	1.6%	2.7%	3.5%	4.3%	5.1%	5.4%
(-) Taxes	(101,613.0)	(208,717.8)	(304,783.0)	(421,948.2)	(563,900.9)	(673,117.7)
<i>% Effective Tax Rate</i>	21.9%	23.5%	23.5%	23.5%	23.5%	23.5%
NOPAT	363,222.2	679,442.9	992,166.1	1,373,576.0	1,835,677.3	2,191,213.1
(+) Depreciation & Amortization	373,589.8	430,547.2	477,975.2	524,384.1	568,090.8	606,959.1
(+) Stock-Based Compensation	441,650.8	485,862.8	542,007.5	603,982.9	672,442.1	748,148.5
(-) Capital Expenditures	(1,205,128.4)	(1,247,963.0)	(1,300,612.8)	(1,344,574.6)	(1,377,189.8)	(1,395,308.2)
(-) Change in Net Working Capital	(93,254.8)	497,570.7	470,902.9	532,417.6	602,164.8	724,324.6
UFCF (excl. SBC)	(119,920.3)	845,460.6	1,182,438.8	1,689,786.1	2,301,185.2	2,875,337.0
<i>% Margin</i>	(0.4%)	2.6%	3.2%	4.1%	4.9%	5.5%
FCF For Discounting	(119,920.3)	845,460.7	1,182,438.9	1,689,786.1	2,301,185.3	2,875,337.0
Discount Period	0.64	1.64	2.64	3.64	4.64	5.64
Discount Factor	0.95	0.87	0.79	0.73	0.67	0.61
PV of UFCF	(113,450.3)	733,061.5	939,636.1	1,230,684.5	1,536,033.1	1,759,023.9

Perpetuity Growth Method	
2029E UFCF	2,875,336.98
Perpetuity Growth Rate	2.00%
Terminal Value	41,247,444.94
PV of Period Cash Flow	6,084,988.71
PV of Terminal Value	25,233,647.33
Total	31,318,636.04
Period Cash Flow	19.43%
Terminal Cash Flow	80.57%

Total EV	31,318,636.04
(-) Debt	(2,787,000.00)
(+) Cash	4,893,200.0
Equity Value	33,424,836.04
SHO	1,787,800.0
Share Price	\$18.70
Upside / (Downside)	2.50%

Exit Multiple Method	
Terminal EBITDA	3,471,289.86
Terminal Multiple	12.7x
Terminal Value	44,189,519.92
PV of Period Cash Flow	6,084,988.71
PV of Terminal Value	27,033,498.99
Total	33,118,487.70
Period Cash Flow	18.37%
Terminal Cash Flow	81.63%

Total EV	33,118,487.7
(-) Debt	(2,787,000.0)
(+) Cash	4,893,200.0
Equity Value	35,224,687.7
SHO	1,787,800.0
Share Price	\$19.70
Upside / (Downside)	8.0%

Blended Share Price	
Perpetuity Growth Method	50.00%
Exit Multiple Method	50.00%
Implied Share Price	\$19.20
Upside/(Downside)	5.3%

Operating Build

	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E
Net Retail Sales	16,487,975	18,338,177	21,223,000	24,567,745	27,518,331	30,820,531	34,426,533	38,351,157	42,608,136
Net Other Revenue	1,918,397	2,244,438	3,160,000	4,297,600	5,290,346	6,485,964	7,951,792	9,748,896	11,952,147
Total Revenue	18,406,372	20,582,615	24,383,000	28,865,345	32,808,677	37,306,494	42,378,324	48,100,054	54,560,283
<i>% Growth</i>		11.8%	18.5%	18.4%	13.7%	13.7%	13.6%	13.5%	13.4%
COGS	(15,455,244)	(15,872,742)	(18,193,000)	(21,389,220)	(24,147,186)	(27,271,047)	(30,766,663)	(34,680,139)	(39,337,964)
Gross Profit	2,951,128	4,709,873	6,190,000	7,476,124	8,661,491	10,035,447	11,611,661	13,419,915	15,222,319
<i>% Margin</i>	16.0%	22.9%	25.4%	25.9%	26.4%	26.9%	27.4%	27.9%	27.9%
Operating, General, and Administrative Expenses	(4,445,090)	(4,821,892)	(5,717,000)	(6,639,029)	(7,342,582)	(8,237,274)	(9,229,999)	(10,331,892)	(11,555,868)
EBIT	(1,493,962)	(112,019)	473,000	837,095	1,318,909	1,798,173	2,381,662	3,088,023	3,666,451
<i>% Margin</i>	-8.1%	-0.5%	1.9%	2.9%	4.0%	4.8%	5.6%	6.4%	6.7%
(+) Depreciation & Amortization	201,480	230,965	275,000	336,426	384,682	423,848	460,335	492,003	516,140
Note: EBITDA	(1,292,482)	118,946	748,000	1,173,521	1,703,591	2,222,021	2,841,996	3,580,027	4,182,591
<i>% Margin</i>	-7.0%	0.6%	3.1%	4.1%	5.2%	6.0%	6.7%	7.4%	7.7%
(-) Other Expense	(10,913)	(6,715)	(19,000)	(34,638)	(32,809)	(37,306)	(42,378)	(48,100)	(54,560)
(-) Tax (expense)/Benefit	1,002	(1,063)	776,000	(178,803)	(303,349)	(413,580)	(547,782)	(710,245)	(843,284)
<i>Effective Tax Rate</i>	-0.1%	0.9%	164.1%	21.4%	23.0%	23.0%	23.0%	23.0%	23.0%
NOPAT	(1,492,960)	(113,082)	1,249,000	658,292	1,015,560	1,384,593	1,833,880	2,377,778	2,823,167
<i>% Margin</i>	-8.1%	-0.5%	5.1%	2.3%	3.1%	3.7%	4.3%	4.9%	5.2%
Capital Expenditures	(671,799)	(811,080)	(877,000)	(1,068,018)	(1,099,091)	(1,137,848)	(1,165,404)	(1,178,451)	(1,173,046)
Accounts Receivable	175,350	184,463	314,000	230,923	262,469	298,452	339,027	384,800	436,482
Inventory	1,421,501	1,656,851	1,666,000	2,138,922	2,354,351	2,590,750	2,845,916	3,121,212	3,442,072
Prepaid Expenses and Other Current Assets	232,447	303,166	316,000	432,980	492,130	559,597	635,675	721,501	818,404
Non-Cash Current Assets	1,829,298	2,144,480	2,296,000	2,802,825	3,108,950	3,448,799	3,820,618	4,227,514	4,696,958
Accounts payable	3,442,720	3,622,332	5,099,000	5,347,305	6,036,796	6,817,762	7,691,666	8,670,035	9,834,491
Accrued expenses	304,293	298,869	352,000	490,711	557,748	634,210	720,432	817,701	927,525
Deferred revenue	93,972	92,361	97,000	144,327	164,043	186,532	211,892	240,500	272,801
(-) Short-term borrowings	(7,811)	(175,403)	(282,000)	(230,923)	(262,469)	(298,452)	(339,027)	(384,800)	(436,482)
(-) Current portion of long-term debt	(341,717)	(128,936)	(203,000)	(173,192)	(196,852)	(223,839)	(254,270)	(288,600)	(327,362)
(-) Current portion of long-term operating lease obligations	(287,066)	(325,924)	(386,000)	(461,846)	(524,939)	(596,904)	(678,053)	(769,601)	(872,965)
Other current liabilities	266,709	418,681	526,000	577,307	656,174	746,130	847,566	962,001	1,091,206
Non-Cash Current Liabilities	3,471,100	3,801,980	5,203,000	5,693,689	6,430,501	7,265,440	8,200,206	9,247,235	10,489,214
Net Working Capital	(1,641,802)	(1,657,500)	(2,907,000)	(2,890,864)	(3,321,550)	(3,816,641)	(4,379,588)	(5,019,722)	(5,792,256)
Change in NWC		(15,698)	(1,249,500)	16,136	(430,686)	(495,090)	(562,947)	(640,134)	(772,534)