

SOURCES	
Debt	\$ 15
Cash on B/S⁽¹⁾	\$ 14
Equity	
New OpenGate Equity	\$ 6
Rolled Faith / Joel Equity	8
Total Equity	\$ 14
Total Sources	\$ 43

USES	
Enterprise Value	\$ 29
Cash on B/S⁽¹⁾	14
Equity Value	\$ 43
Fees & Expenses	\$ 0.3
Total Uses	\$ 43

Commentary

A Transaction values Next at \$29M, net of cash, which implies a valuation of 5.6x LTM EBITDA.

B Next has ~\$15M of cash on the balance sheet, of which \$1M is estimated to be normal working capital.

C Transaction financed with \$15M of debt, \$14M of cash on the balance sheet and \$14M of equity (\$6M new equity from OpenGate; \$8M rolled from Faith/Joel). Faith/Joel assumed to roll equity to maintain 58% ownership; OpenGate to own 42%.

D Transaction results in \$18M cash proceeds to GGC and \$17M to Faith/Joel (Faith/Joel maintain their 58% ownership post transaction).

E Post transaction, leverage will be <3x and interest coverage is estimated to be ~5x.

PROCEEDS & PF OWNERSHIP			
	Cash Proceeds From:		
	Debt/Cash	Equity	Total
GGC	\$ 12	\$ 6	\$ 18
Faith / Joel	17	-	17
Total	\$ 29	\$ 6	\$ 35

VALUATION & LEVERAGE	
EV / LTM Revenue (\$36M) ⁽²⁾	0.8x
EV / LTM EBITDA (\$5.2M) ⁽²⁾	5.6x
Debt / LTM EBITDA	2.9x
Est. Interest / LTM EBITDA⁽³⁾	5.0x

PF Ownership	
GGC	0%
Faith / Joel	58%
OpenGate	42%
Total	100%

(1) Assumes ~\$15M of cash on the balance sheet, of which \$1M assumed to be normal working capital.
 (2) LTM financial stats as of 11/30/14.
 (3) Assumes interest rate of 7%.

Discussion Topic

Considerations

1 Ability to Transfer Units

- Per the 2008 Operating Agreement, GGC has the right to transfer its ownership units to a third party of its choice (the “Substituted Member”).
 - The Substituted Member will assume the Operating Agreement and will be subject to its provisions.
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2 Board Seats

- The Substituted Member will have the ability to appoint 2 of 4 Managers, consistent with GGC’s current rights.
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3 Leverage

- The transaction will be partially financed by raising third party debt to fund a dividend to all shareholders.
 - Pro forma for the transaction, Next’s leverage will be <3x EBITDA, and interest coverage is estimated to be 5x.
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