

From: Richard Kahn <[REDACTED]>
To: Neale Attenborough <[REDACTED]>
Cc: Chris Lawler <[REDACTED]>
Subject: Next
Date: Thu, 24 Aug 2017 19:44:40 +0000

confirmed thank you

We have reviewed your statements that you sent to us along with the K-1's and some financials. Frankly, some of the numbers are inaccurate as a result of millie. Your annual financial statements were reviewed but not audited - shame on all of you... Your calculation of Ebitda includes things like adding back foreign exchange costs? board fees etc. That is not the way we look at what is unfortunately for all merely a personal service business.

Faith and Joel make up the business, nothing more. We calculate the Ebidta, which we think is an odd way of measuring value of a personal service biz with lots of competition and small growth opportunities if any. Giving you the benefit of the doubt, and ignoring how much you paid or if some of that money was repaid directly to the former owners of Claxon and not truly understanding what you described as a fixed tax payment per quarter (ie based on what I think looking back over the past three years) ebitda looks like 4-5 million. We have bought many small biz and usually pay mom and pops for 1- 3 times ebita or more usually 4 times net income. We are finding it difficult to get to more than a 15 million total value for Next (not including liabilities). The 18 million dollar bid that you mentioned Faith said was hardly legitimate. I think further review of the accounting tax etc. is probably a waste of all our time. As you rightly said, what you initially paid is somewhat if not totatly immaterial to todays value. You have not factored in the liabilities, both reputationally and fiscal yet. I think the 5 million cash offer or 6m over time is fair. I look forward to our conversation on tuesday. As another note, the current receivables have not been reviewed for years...

Rich

On Aug 24, 2017, at 3:28 PM, Neale Attenborough <[REDACTED]> wrote:

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