DREAM THINK, INC.

INTANGIBLE ASSET VALUATION REPORT

JUNE 30, 2017

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May 15, 2018

Mr. Matthew Anthony
Controller
Best Stuff, LLC
123 North Way
Sleepy, AK 12489

Dear Matt:

We have prepared and enclose herewith our Valuation Report (the "Report") of the fair value of the intangible assets (the "Acquired Intangible Assets") of Dream Think, Inc. ("DT" or the "Company") acquired by Best Stuff, LLC ("BS") as of June 30, 2017 (the "Transaction Date"). Our analysis was prepared in accordance with the Financial Accounting Standards Board Accounting Standards Codification ("ASC") 805 - *Business Combinations* (formerly SFAS 141R) and ASC 820 - *Fair Value Measurements and Disclosures.* We understand that our Report will be utilized by management for a purchase price allocation to satisfy financial reporting requirements.

Based on our valuation analysis and procedures, it is our conclusion that the fair values of the Acquired Intangible Assets as of the Transaction Date are as follows:

Intangible Asset Valuation Summary

Intangible Asset	Fair Value	Useful Life
Customer Relationships - Other	$ 2,580,000	10 Years
Customer Relationship - LARGE CUSTOMER	470,000	10 Years
Trademarks	210,000	10 Years
Goodwill	1,863,109	Indefinite

A description of the analysis, procedures and assumptions relied upon to reach this conclusion is presented in the accompanying Report. This letter should not be separated from, or considered independent of, the attached Report. This valuation is subject to the assumptions and limiting conditions detailed in **Appendix A** to this Report.

Very truly yours,

FIRM NAME

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1 INTRODUCTION

1.1 Overview

We have performed a valuation engagement and present our detailed report in conformity with the *Statement on Standards for Valuation Services No. 1* ("SSVS") of the American Institute of Certified Public Accountants. The American Institute of Certified Public Accountants defines an engagement to estimate value as "an engagement, or any part of an engagement (for example, a tax, litigation, or acquisition-related engagement), that involves determining the value of a business, business ownership interest, security, or intangible asset." More specifically, it defines a valuation engagement as "an engagement to estimate value in which a valuation analyst determines an estimate of the value of a subject interest by performing appropriate valuation procedures, as outlined in SSVS, and is free to apply the valuation approaches and methods he or she deems appropriate in the circumstances. The valuation analyst expresses the results of the valuation engagement as a conclusion of value, which may be either a single amount or a range."

SSVS addresses a detailed report as follows: "The detailed report is structured to provide sufficient information to permit intended users to understand the data, reasoning and analyses underlying the valuation analyst's conclusion of value."

Our analysis also conforms to the National Association of Certified Valuators and Analysts' ("NACVA") standards. NACVA defines a valuation engagement as one that "requires that a member apply valuation approaches or methods deemed in the member's professional judgment to be appropriate under the circumstances and results in a conclusion of value."

Although valuing a business or intangible asset is an imprecise science, by following established guidelines and references, a reasonable conclusion of value can be determined. These guidelines or practices include establishing the purpose of the valuation, determining the type of value being estimated, analyzing the industry and economic climate, evaluating the business' historical and projected operations, determining the appropriate valuation methodologies for both the business entity and the intangible assets, and applying the necessary steps associated with the appropriate valuation methodologies in arriving at a determination of value.

1.2 Purpose of Valuation

The purpose of the engagement is to render a conclusion as to the fair value of the intangible assets (the "Acquired Intangible Assets") of Dream Think, Inc. ("DT" or the "Company") acquired by Best Stuff, LLC ("BS") as of June 30, 2017 (the "Transaction Date") (collectively, the "Transaction"). The resulting estimates of value are to be used in the allocation of the purchase price of DT to satisfy financial reporting purposes and should not be used for any other purpose.

To comply with ASC 805 - *Business Combinations*, the acquiring entity must allocate the purchase price of the acquired entity to the assets and liabilities assumed as of the transaction date based on their respective fair values. To the extent that the purchase price exceeds the identifiable tangible and intangible assets of the acquired entity, the remainder is allocated to goodwill.

1.3 Type of Value to be Determined

While there are many types of value that can be determined, we have been engaged to render a conclusion of the "fair value" of the Acquired Intangible Assets. The term "fair value" is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date," according to ASC 820.

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ASC 820 states that the fair value of an asset or liability should be based on the assumptions that market participants would use in pricing the asset or liability. In developing market-participant assumptions, specific market participants need not be identified, but the characteristics of the relevant market participants must be considered. In our valuation analysis, we reviewed the assumptions made by DT/BS management to ensure that they were consistent with market-participant views and expectations. Whenever possible, we relied on observable inputs and considered the integrity of any unobservable inputs (such as management projections) used in our valuation analysis.

The inputs to the valuation methodologies used in determining the fair values of the Acquired Intangible Assets included Level 1, Level 2, and Level 3 inputs, as defined in ASC 820. Because inputs classified within Level 3 (unobservable inputs such as management projections) were significant to our valuation analysis, the concluded fair values presented in this Report fall in Level 3 of the fair value hierarchy.

1.4 Premise of Value

We have valued DT as a going concern and assumed that the Acquired Intangible Assets will continue to be integral to the Company's operations. It was assumed that management will maintain the Company's character and integrity as of the valuation date into the future.

1.5 Approach to Valuation

Our analysis included a study of DT's financial trends and a comparison of DT's historical and projected results to those of its industry peers. Our analysis also included a study of DT's identifiable intangible assets and the specific characteristics of these assets which drive their value.

Our conclusion of value is based on, among other things, our assessment of the risks facing DT, as well as the risks of the Acquired Intangible Assets, and the returns that would be realized on alternative investments with similar levels of risk.

Both internal and external factors which influence the value of the Company and the Acquired Intangible Assets were reviewed, analyzed and interpreted. Internal factors include the Company's financial position, results of operations and operational structure. External factors include, among other things, the status of the economy, the economic outlook, the status of the Company's industry, and the position of the Company within the industry.

1.6 Limiting Conditions of Valuation

The conclusion of value rendered in this Report is based on the information provided in whole or in part by the management of DT/BS. We have not audited this information and provide no assurance pertaining to its accuracy or completeness. A complete list of the documents that we reviewed in connection with this engagement is provided in **Appendix B**. We also had discussions and communications with Matthew Anthony (BS's Controller) on various dates regarding the Company's operations, historical financial results and future operational expectations. There were no material restrictions or limitations in the scope of our work or data available for analysis.

We have no present or contemplated financial interest in DT or BS. Our fees for this valuation engagement are based upon our normal hourly billing rates, and are in no way contingent upon the results of our findings. Our compensation is also not contingent on any action or event resulting from the analyses, opinions, conclusion in, or the use of, this Report.

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VALUATION FIRM is not a guarantor of value. Value is a question of fact and reasonable individuals can differ in their conclusions of value. VALUATION FIRM has, however, performed conceptually sound and commonly accepted methods of valuation in determining the conclusion of value included in this Report. The reported analyses, opinions and conclusion of value are limited only by the reported assumptions and limiting conditions and were developed in conformity with the AICPA and NACVA standards and are our personal, impartial, independent, unbiased, objective professional analyses, opinions and conclusions.

This valuation reflects facts and conditions existing at the valuation date. The valuation and Report are to be used only as of this date and are not valid as of any other date. Subsequent events have not been considered, and we have no obligation, although we reserve the right, to update our Report for such events and conditions. See **Appendix A**, attached hereto, that details our assumptions and limiting conditions.

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2 GENERAL INFORMATION

2.1 Company Background

DT manufactures and distributes an extensive line of Class I and Class II medical products for Neurophysiology, Polysomnography, Electromyography, and Intra-Operative Monitoring. The Company's products are manufactured by DT as well as third-party manufacturers and are supplied primarily to hospitals, clinics, doctors, and private monitoring groups. The Company was established in YEAR as a STATE C Corporation and it is headquartered in Sleepy, AK.

Organizational Structure and Ownership

As of the Transaction Date, the ownership of the Company was as follows:

Ownership Table

Investor	Ownership %
John Doe	46.8%
Jane Doe	22.0%
Chester A. Arthur	15.6%
Amy B. Good	15.6%
Total	100.0%

Products and Markets

The majority of the Company's products are FDA regulated and not sold directly to the general public. DT's products include reusable and disposable electrodes for Electromyography, Electroencephalogram, Intra-Operative Neurophysiologic Monitoring, Evoked Potentials, and Polysomnography testing and monitoring. Featured products include the following:

- Gold, Silver or Tin Disc Electrodes
- Subdermal Needles
- Monopolar and Concentric Needles
- "Stick-On" and Disposable Electrodes
- Pick-Up Electrodes
- Disposable Probes
- Respiration and Movement Sensors
- Gels, Preps, and Pastes

Subdermal needles have historically been the Company's largest product. The subdermal needles were originally produced in-house, but DT began outsourcing a portion of the product base in 2015 and continued to expand third-party involvement in 2016 and 2017. The utilization of outsourced manufacturing has helped the Company improve profit margins. DT fully or partially manufactures approximately products that account for approximately 55% of its revenue with the remaining 45% of revenue relating to products for which DT serves solely as a distributor.

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In order to differentiate from competitors, DT offers personalized service, innovative solutions, and a comprehensive portfolio of premium devices for neurodiagnostics and neuromonitoring including:

- Exclusive Disposable GoldSelect™ EEG Cup Electrodes
- Surgical Probes, Ribbon, MultiLead™, Paired and Single Subdermal Needle Electrodes
- Upgraded UltraPoint™ Monopolar Needle Electrodes, designed for patient comfort and quality recordings
- Fast, easy, and secure online ordering

In addition to DT's wide product base, the Company also works with technologists, doctors, and researchers to create products that are designed to fit custom needs. DT has assisted with custom packaging, lead extenders, custom plugs, supply sterilization, custom wire ribbons and wire twisting, as well as custom needle coating.

Locations

The Company's corporate offices and manufacturing operations are both located in a 7,500 square foot leased facility in Sleepy, AK.

Customers

DT has approximately 1,400 customers and nearly 10% of the Company's revenue is related to export sales outside of the U.S. and Canada through a distributor network that includes Peru, Columbia, Brazil, Norway and Australia.

DT's largest customers as of the Transaction Date were LARGE CUSTOMER and LARGE CUSTOMER #2:

> **LARGE CUSTOMER** – LARGE CUSTOMER comprised just over 25% of the Company's revenue in 2016. LARGE CUSTOMER is the only customer with a supplier contract as well as DT's only customer that benefits from early payment discounts. The most recent supplier contract began in November 2016 and is in place for three years. Although total sales volume in relation to LARGE CUSTOMER has increased over the years, the total sales dollars and gross margin have declined due to lower negotiated prices in the 2016 contract. LARGE CUSTOMER also primarily purchases subdermal needles from DT, which is one of the Company's lower margin products.
>
> **LARGE CUSTOMER #2** – LARGE CUSTOMER #2 comprised approximately 5% of the Company's revenue in 2016, making it DT's second largest customer. In the past, LARGE CUSTOMER #2 primarily purchased reusable electrodes, but during the second half of 2015 switched to purchasing disposable electrodes. LARGE CUSTOMER #2 also opened five additional locations in 2015. The product change to disposable electrodes, along with the newly opened locations, increased DT's sales to LARGE CUSTOMER #2 in 2016 compared to prior years.

DT's other significant customers (none of which represent more than 2.5% of revenue) include companies such as CUSTOMER #3, CUSTOMER #4, and CUSTOMER #5.

Employees

DT had approximately 25 employees as of June 30, 2017. The Company has a number of departments that aid in the overall operations including the production department, warehouse and operations department, administrative department, and officers and management department. DT was led by Amy B. Good (President and Chief Financial Officer), Chester Arthur (Vice President and Chief Operating Officer), and Penelope Cruz (Product Manager). Consulting Agreements with Ms. Boykins, Mr. Arthur, and Ms. Cruz were executed in connection with the Transaction. The Company's original owners, John Doe and Jane

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Doe, were not actively involved in the operation of the business as of the Transaction Date, but had performed consulting services as necessary in prior years.

Accounting and Tax Matters

The Company did not have audited or reviewed financial statements prepared by a third-party CPA.

DT is taxed as a C corporation.

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2.2 Transaction Overview

On June 30, 2017, BS acquired 100% of the outstanding stock of DT. For tax purposes, the Transaction was treated as a stock purchase for BS. The details of the Transaction are contained in the Stock Purchase Agreement By and Among Best Stuff, LLC, John Doe, Jane Doe, Chester A. Arthur, and Amy B. Good (the "Purchase Agreement").

The total purchase price and indicated enterprise value consisted of the following:

Purchase Price / Indicated Enterprise Value		
Purchase Price **[1]**	$	4,650,000
Plus: Net Working Capital Adjustment **[2]**		40,615
Total Cash Consideration		**4,690,615**
Plus: Interest-Bearing Debt Assumed **[3]**		-
Total Invested Capital Value		**4,690,615**
Less: Cash Purchased **[4]**		(22,738)
Enterprise Value	**$**	**4,667,877**

Footnotes:

[1] Based on flow of funds schedule and purchase agreement. Includes $465,000 of escrowed payments.

[2] Based on flow of funds schedule. Difference between projected closing net working capital of $895,615 and target net working capital upper collar of $855,000. No adjustments were made upon finalizing the net working capital calculation per management.

[3] No interest-bearing debt assumed.

[4] Based on opening balance sheet.

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2.3 Industry Overview[1]

In the valuation of any company or intangible asset, it is important to gain an understanding of the industry in which the company operates, including the industry's composition, trends and opportunities. Therefore, in determining the value of the Company's intangible assets, we analyzed the medical equipment and supplies manufacturing industry medical equipment and supplies wholesalers industry based on information obtained from FirstResearch.

2.3.1 Medical Equipment and Supplies Manufacturing Industry

Industry Overview

Companies in this industry manufacture medical equipment and supplies, including surgical and medical instruments, dental equipment, and surgical appliances. Major companies include Baxter International, Boston Scientific, Johnson & Johnson, and Stryker (all based in the U.S.), as well as B Braun (Germany), Essilor (France), Smith & Nephew (UK), and Terumo (Japan).

Global revenue for makers of medical equipment and supplies is about $350 billion. Major markets include the U.S., Japan, Germany, France, Italy, the UK, and China.

The U.S. medical equipment and supplies manufacturing industry includes approximately 11,000 establishments (single-location companies and units of multi-location companies) with combined annual revenue of nearly $90 billion.

Competitive Landscape

Demand is driven by population demographics and advances in medical knowledge and technology. The profitability of individual companies depends on the ability to develop superior products. Large companies have economies of scale in manufacturing and research and development ("R&D"). Small companies can compete successfully by specializing in a particular market segment, or through technical innovation. The U.S. industry is concentrated with the 50 largest companies accounting for about 60% of revenue.

Imports of medical equipment and supplies account for about 37% of U.S. production. Leading sources of imports include Mexico, China, and Ireland. The largest export markets for medical equipment and supplies are the Netherlands, Canada, and Japan.

Products, Operations, and Technology

Major products include surgical and medical instruments such as syringes, surgical clamps, and stethoscopes (about 40% of industry revenue) and surgical appliances and supplies such as surgical dressings, orthopedic devices, and hospital furniture (also about 40%). Other sources of revenue include ophthalmic goods (prescription glasses, contact lenses) and dental equipment and supplies (autoclaves, drills, and dentures).

Syringes are typically produced in assembly lines. The basic stages include needle formulation, plastic component molding, piece assembly, packaging, labeling, and shipping. Needles are produced from molten steel drawn through a die. The steel is rolled into a continuous, hollow wire and cut to form the needle. Plastic barrels and plungers can be made through extrusion or injection molding. The barrel moves down a conveyor and is held in place to receive the plunger, needle, and safety cap. The completed syringes are packed into boxes, stacked on pallets, and sent to distributors.

[1] FirstResearch – "Medical Equipment and Supplies Manufacturing" and "Medical Equipment and Supply Wholesalers"

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Sterility and safety are key in manufacturing. Steel is often coated with nickel to prevent corrosion, and the production plant must be free of disease-causing agents. Workers wear masks and sterile garments to prevent the spread of germs. Quality control agents use precise instrumentation like calipers, micrometers, or microscopes to ensure that products are the appropriate thickness, length, and width.

For many technically advanced products, manufacturing is labor-intensive. Large companies typically acquire components and materials from a variety of global suppliers. Many small manufacturers outsource manufacturing to facilities operated by contract manufacturers. Manufacturers of low-tech product like latex gloves, tape, syringes, and gauze are most concerned with maintaining a highly efficient, low-cost manufacturing environment. Companies that specialize in diagnostic and therapeutic devices generally emphasize technological innovation and precision.

Major inputs include stainless steel, silicone or latex rubber, plastic, aluminum, polymers, glass, paper, and natural fabrics. Companies may also purchase electronic or mechanical sub-assemblies, biological substances, or chemical and petrochemical products.

New product development is a major activity for most manufacturers. Patents are valuable and patent disputes are frequent. Large companies often buy small companies that have developed promising new technologies. Companies also license or acquire technologies, enter collaboration agreements, and engage third-party contract research organizations to further their preclinical research and clinical development efforts. Manufacturers often operate R&D facilities that include sterile research laboratories and clinical trial management centers.

Developments in biotechnology have advanced certain areas of medical supply manufacturing, creating products such as absorbable orthopedic implants and infection-resistant wound dressings. Other technological innovations include needle-free insulin pumps and balloon catheter devices. 3D-printed medical devices such as implants and dentures are also beginning to permeate the industry, potentially reducing manufacturing costs. Smart sensor technologies are being explored to improve product reliability and usefulness, including sensors that automatically test whether equipment is in stable working condition or that automate surgical processes such as suturing. Mobile applications and wearable technology can enhance the effectiveness of certain devices.

In addition, medical device manufacturers are implementing information technology tools to better manage daily operation, such as enterprise resource planning systems that aim to increase efficiencies in billing, logistics, and other functions. Some products must be labeled with barcodes that can be scanned by hospital inventory and clinical care management systems.

Sales and Marketing

Typical customers are medical supply distributors. Large manufacturers may sell products directly to hospital chains, governments, or other major end-users, as well as group purchasing organizations.

Major types of marketing include broadcast, online, and print advertising as well as direct mailings, catalog circulation, and automated bulletins via electronic purchasing systems. Manufacturers promote products through a combination of direct sales and sales representatives targeting hospitals, insurers, and individual doctors. Companies with products tied directly to a particular medical condition often sponsor medical conferences. The general adoption of a specialized technique, for example, the use of metal stents to open clogged arteries, can dramatically increase sales. Companies must gain regulatory approval for certain products before marketing them to the public. The actual cost of manufacturing a medical device may be small relative to the regulatory and marketing costs. Because of the large expense involved in such testing and documentation, small manufacturers often form marketing alliances with larger companies. Manufacturer sales tend to be through traditional channels, though some medical supply resellers specialize exclusively in online sales. The internet plays an important role in marketing product uses, features, and

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benefits to distributors, hospitals, and physicians. The FDA regulates online sales and marketing of medical devices by third parties. Companies may try to sell devices like contact lenses without a prescription, or may sell items like magnets and patches that purport to cure diseases, aches, and pains.

Finance

Receivables can be high, about 70 days' sales is typical because of manufacturer dependence on large buyers, including national health care programs outside the U.S. The fragile economic condition of certain European countries may contribute to high receivables. Inventories for makers of medical equipment and supplies average about 110 days' sales. The working capital to sales ratio for the industry is about 30%. Small manufacturers funded by venture capital may have large cash balances from periodic rounds of fundraising, but they can also be vulnerable to funding shortfalls.

The costs and availability of liability insurance are a major concern for companies, especially because manufacturers and distributors are routinely named in lawsuits even when their liability is questionable. Product defects can have serious consequences. Litigation over patents, licenses, and intellectual property rights are also common in an industry with rapidly evolving technology. For large device makers, R&D spending is often between 5% and 15% of revenue.

Regulation

The industry is heavily regulated by the FDA. The complexity and cost of following regulations depend on the category a medical device falls into, which include classes I, II, or III. Class III devices often require expensive clinical trials and pre-market approval before they can be marketed for use. Class II devices may need only a 510(k) pre-market notification.

In Europe and other countries, agencies comparable to the FDA enforce similar regulations. Products marketed in Europe need a CE mark of approval under the European Union Medical Device Directive, and products sold internationally often need an ISO 9000 certification of quality.

Manufacturing facilities are regularly inspected by the FDA and other agencies, and failure to meet quality standards can result in plant closures and sanctions. Medical device companies must also comply with product labeling and marketing rules, federal fraud and abuse laws, privacy and disclosure laws, and regulatory actions such as the Affordable Care Act that seek to limit growth of health care expenses.

Critical Issues and Business Challenges

Dependence on Regulators – All new medical devices require approval from the FDA and global regulatory agencies to be marketed, and from the government health care programs and commercial insurers that ultimately pay for use. Although some procedures have been streamlined, review for new devices can be lengthy and approval uncertain. Devices that get FDA approval may be unsuccessful if insurers judge them to be too expensive. The costs associated with such regulation can be high, particularly with higher-risk, Class III devices. Once a product is approved, companies may face sanctions if they don't comply with additional manufacturing, safety, labeling, and marketing regulations.

Health Care Cost Containment – Because of rapidly increasing health care costs, private insurers and government programs like Medicare have moved to limit payments for many medical treatments that require medical supplies or devices. Doctors and hospitals, in turn, have a greater incentive to resist price increases. Pricing pressures are enhanced by government initiatives, such as the Affordable Care Act, that encourage providers to explore alternative payment methodologies and reduce unnecessary procedure volumes. U.S. producer prices for medical equipment and supplies rose by about 10% between 2007 and 2015.

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Patent and Intellectual Property Issues – Patents and intellectual property are crucial to a company's success. Many companies spend around 10% of their revenues on intellectual property research and development, and must also expend resources in obtaining and defending their patent rights. Companies often acquire rivals to obtain their intellectual property, which in turn contributes to industry consolidation.

New Disclosure Rules – Under the federal Sunshine Act, medical device manufacturers will have to report to Medicare any payments to physicians and teaching hospitals, such as investment interests, ownership, or other transfers of value. The law took effect in 2014, requiring manufacturers to compile the information annually. The Sunshine Act is designed to make transactions between manufacturers and physicians transparent to patients and others.

Mandatory Product Labeling – The FDA is enacting structured product labeling requirements for the medical equipment industry, along the lines of the requirements for the labeling of pharmaceutical products. Unique device identifier (UDI) label requirements are being phased in over a period of seven years based on device class and type. Medical device manufacturers are concerned that requirements will disrupt reimbursement, supply chain, and procurement processes, as well as patient access to devices. The FDA has delayed implementation for certain products to give manufacturers more time to transition away from old labeling systems.

Product Liability – Companies in the industry are at risk of being held liable for injuries alleged to be caused by their products. They may be subject to product recalls, lawsuits, and FDA investigations, all at great expense. As a result, the cost and availability of liability insurance are a major concern for most companies.

Dependence on Large Customers – Buying groups act as distributors for most of the nation's nonprofit hospitals. Often, smaller medical device and supply companies can be shut out of sales to hospitals when a larger competitor has secured exclusive contracts with the purchasing group. Most large medical manufacturers sell heavily to purchasing groups.

Product Obsolescence Risks – Medical device manufacturing is highly specialized, and rapid industry innovation greatly increases the risk of technological obsolescence. Most medical device companies are small and specialize in just one type of device, targeted toward a particular market, so they can't spread the risk of obsolescence across multiple products and markets.

Competition from Alternative Products – Device manufacturers are concerned that advances in biotechnology may make certain devices obsolete. Biotech treatments like bone, organ, and tissue replacements may ultimately be more restorative than devices implanted into patients. Even preventive and pay-for-performance health care, with its proactive focus to reduce the risk of disease and debilitating conditions, may be considered competition for manufacturers.

Medical Device Tax – Medical device manufacturers say that a medical device tax put in place under the Affordable Care Act (ACA) poses a considerable financial burden for the industry. The 2.3% tax was implemented in 2013 but was suspended for two years in 2016. Although the tax provided funding for other ACA provisions, critics say that it limited investment in the industry, caused cutbacks in R&D, harmed domestic employment levels, and placed an inordinate burden on small startups with innovative products.

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Business Trends and Industry Opportunities

Specialization – Medical device manufacturers are increasingly specializing in one area of medicine and sometimes in just one type of treatment. AtriCure, for example, is focused on devices that treat atrial fibrillation. The high degree of specialization in a field of rapid innovation allows small companies to compete successfully, but also greatly increases the risk of technological obsolescence for any individual company.

Consolidation – Increased consolidation of manufacturers and distributors has been driven partly by customer consolidation: hospitals, doctors groups, clinics, purchasing groups, and MCOs. To buy in bulk at lower costs, customers form large buying groups, and sellers are more likely to get contracts with these groups if they can offer a wide product assortment. Other factors driving consolidation are shorter product life cycles and the high cost of new technology development.

Outsourcing Distribution – Strong sales and marketing skills are often necessary to convince health care providers to accept new technologies. Many medical product manufacturers outsource sales and marketing to networks of specialty distributors, who typically are small and local, selling a dozen manufacturers' lines.

Steady Demand – While many industries are affected by economic downturns, demand for medical technology remains largely undeterred due to its indispensable nature. Absorbable implants, minimally invasive surgical tools, and infection resistant wound care products are rapidly growing market segments. Additionally, medical instruments and supplies may come on the market faster than other medical or health care products, making medical device companies attractive to investors.

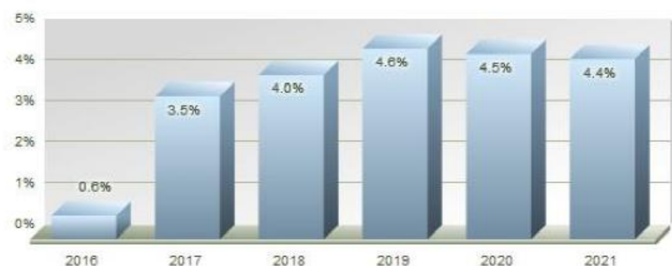
Favorable Demographics – Global demographic changes favor the medical device industry, quite aside from the pace of technological innovation. The proportion of the world's population older than 60 will nearly double, from 12% to 22%, between 2015 and 2050, according to the WHO. From 2015 to 2025, the number of Americans 65 and older is forecast to increase by 38%. Total U.S. population is forecast to increase by 8% during the same period.

Reprocessing Medical Devices – As the U.S. and other nations become increasingly concerned about health care costs, some analysts have pegged medical supply waste as part of the problem. Due to increasing concern over the volume of medical waste, some medical devices are now recycled or reprocessed for resale. New FDA rules stipulate that all hospitals and third-party medical device reprocessing facilities must comply with the same FDA regulations as original equipment manufacturers of medical devices.

Emerging Markets – Growth of health care infrastructure in developing nations creates a stronger demand for medical devices and equipment. Manufacturers can find additional opportunities in nations with burgeoning economies and aging populations, especially in Asian and Latin American countries such as India and Brazil. Such developing markets provide attractive alternatives to more saturated markets with higher regulatory standards.

Industry Forecast

Revenue (in current dollars) for U.S. medical instruments and supplies is forecast to grow at an annual compounded rate of 4% between 2017 and 2021, based on changes in physical volume and unit prices.



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2.3.2 Medical Equipment and Supply Wholesalers Industry

Industry Overview

Companies in this industry distribute professional medical equipment, instruments, and supplies to physicians, hospitals, and extended care facilities. Major companies include Henry Schein, McKesson Medical-Surgical, Owens & Minor, and Patterson Companies (all based in the U.S.), along with OneMed (Sweden), Yamashita Medical Instruments (Japan), and EBOS Group (Australia).

Worldwide, major markets for medical equipment and supplies include the US, Japan, Germany, France, Italy, the UK, and China. National distributors generally participate in international markets either through their foreign subsidiaries or through joint ventures with local companies. The medical equipment wholesale industry has been consolidating – many companies are gaining footholds in overseas markets by acquiring companies in targeted international markets.

The U.S. medical equipment and supplies distribution industry includes approximately 9,500 establishments (single-location companies and units of multi-location companies) with combined annual revenue of about $165 billion.

Competitive Landscape

Demand depends on the number of people receiving medical treatment and advances in medical technology. The profitability of individual companies depends on merchandising and efficient delivery systems. Large companies have economies of scale in purchasing, as well as highly developed infrastructure that allow for efficient distribution. Small companies can compete effectively by specializing in a product line or by serving a local market. The U.S. industry is concentrated with the top 50 companies accounting for about 75% of revenue.

Distributors compete directly with manufacturers to sell products to end users. Highly complex and expensive equipment, such as MRI machines, are sold by manufacturers' salespeople. Competition with product manufacturers and other distributors is based on price, customer service, breadth of product line, and value-added services.

Products, Operations, and Technology

Major products include medical and surgical instruments and equipment (about 55% of revenue), supplies (about 25%), and orthopedic and prosthetic appliances (10%). Other products include dental, veterinary, and laboratory equipment and supplies. Some companies carry more than 250,000 stock-keeping units (SKUs), while others specialize in niche markets and may carry only a few different items to serve a local market's specific needs.

Distributors buy high volumes of product from manufacturers and store these products at company-operated distribution centers. Some distributors also have assembly facilities for packaging instruments and supplies into custom and minor procedure trays and kits. Products are delivered to customers in units, pallets, or truckloads, generally delivered by company-owned or leased trucks. Common carriers are used as needed.

Ancillary services provided to end-users include supplier, inventory, resource, and clinical supply management services, as well as business process consulting. Companies may serve as third-party logistics and business process outsourcing providers to manufacturers.

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Online ordering systems play a major role in the industry. Distributors operate proprietary systems that allow customers to place orders directly and receive products the next business day. Inventory monitoring, automated vendor purchase order creation, order analysis, pricing, budget analysis, delivery scheduling, and automated billing are components of the most refined systems. Handheld bar code scanners reduce manual inventory and ordering errors. As health care information technology advances, suppliers are offering practice management solutions that are compatible with electronic health record (EHR) systems.

Internally, medical device suppliers are investing in automated warehouse tools and enterprise resource planning (ERP) systems to improve processes and shave costs. New demand forecasting, data warehousing, decision support, and e-commerce tools are used to enhance communication with manufacturers, sales representatives, and end-users. Owens & Minor recently implemented a voice recognition system at its distribution centers, as well as automated picking modules at larger facilities, to enhance speed and accuracy in its logistics operations. Some IT services are outsourced to third-party providers.

Sales and Marketing

Major end-users are physician offices, hospitals, dental offices, and alternative care facilities such as same-day surgical centers, clinics, extended care facilities, government agencies, and veterinarians. Many users belong to buying groups known as group purchasing organizations (GPOs) that set up long-term contracts directly with distributors based on cost-plus percentage. Alternatively, GPOs may negotiate pricing directly with manufacturers and then contract with distributors for distribution at a fixed price.

Marketing is through trade publications, product literature delivered directly to provider locations, social media, and product presentations by company and supplier sales personnel. Selling is by a combination of field sales consultants who make frequent calls on the customer, and telesales and electronic ordering when negotiated long-term contractual agreements are in place. Sales transactions vary from a few dollars for routine consumable supplies to several thousand for sophisticated analytical or diagnostic equipment.

Internet sales are a key component of the medical equipment distribution business. Large companies such as McKesson Medical-Surgical operate online sales portals that include sales histories, receivables details, inventories, and various ordering methods. Some offer handheld devices that allow customers to track inventories and submit new orders instantly over a wireless network.

Finance

Customers depend in large part on payments due them from insurers and Medicare and Medicaid payments from state and federal governments. Problems along the billing/reimbursement chain can slow prompt payment. For the U.S. industry overall, accounts receivable average about 40 days' sales. The industry is capital-intensive, with average annual revenue per employee in the U.S. of approximately $860,000.

The working capital turnover ratio for the industry in the U.S. is about 15%. Close monitoring of inventories is required because of the short life cycle of many products. New innovations in procedures and products can cause inventories to become obsolete quickly. Inventories typically amount to about 45 days' sales.

Regulation

Medical equipment and supplies are subject to tight regulation by federal agencies including the Food and Drug Administration (FDA), Environmental Protection Agency (EPA), Department of Transportation (DOT), and Occupational Safety and Health Administration (OSHA), as well as state agencies. Along with manufacturers and health care providers, distributors are at risk of product liability lawsuits when devices fail and injure patients. Other regulations include federal and state fraud, abuse, and privacy laws, as well as trade protection laws, tariffs, and such anti-corruption laws as the US Foreign Corrupt Practices Act and

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the UK Bribery Act. Medical wholesalers are also subject to foreign regulatory agencies including the European Medicines Agency (EMA).

Critical Issues and Business Challenges

Cost-Containment Efforts – Total health care spending continues to rise, and distributors are pressured by manufacturers, care providers, and insurers to contain costs. Health reform efforts in the U.S. and other countries encourage cost reduction methods such as alternative payment models and the reduction of unnecessary medical procedures. U.S. retail spending on durable medical equipment rose by 3.9% in 2015, the latest year for which official data is available. Overall U.S. health care spending increased by 5.8%.

Competition from GPOs – Many of the nation's hospitals and physician offices belong to group purchasing organizations (GPOs), which can negotiate bulk sales at reduced prices directly from manufacturers. Distributors working with GPOs are still paid for their services, but they don't have the opportunity to resell at a higher price.

Maintaining Supplier Base – Even large distributors may rely on just a few manufacturers for the bulk of their offerings. Small specialty wholesalers may, in some instances, depend on one or two companies for their entire revenue stream. The loss of a major supplier can significantly impact a company's financial performance.

Competition from Manufacturers – Product liability litigation continues to grow as medical devices are introduced. The wholesaler/distributor selling the product may be a named defendant in such lawsuits and be financially responsible for claims in excess of liability insurance coverage or manufacturer indemnification agreements. Adverse publicity can damage the distributor's reputation and monetary awards can increase product liability insurance premiums.

Obsolete Inventory – With new product innovations entering the market rapidly, existing products can become obsolete very quickly. International markets that lag the technology curve often buy these obsolete products, but pricing concessions to move them can still hurt distributors.

Business Trends and Industry Opportunities

Favorable Demographics – Demand for medical care, supplies, and equipment is expected to rise rapidly as the U.S. population ages. The number of Americans 65 and older is expected to increase by 38% between 2015 and 2025, compared to an 8% increase in the population as a whole. Health spending accounts for 17.8% of GDP in the U.S. and is projected to reach 19.9% by 2025.

Shifting Role of Wholesalers – Historically, distributors took title to manufactured goods, held them in inventory until the health care provider placed an order, then shipped the product from its distribution center to customers. Manufacturers are continuously examining ways to streamline the supply chain to end-users, including creating and managing the distribution function themselves. Wholesalers are developing decision support systems that add value over and above traditional inventory warehousing and shipping functions. Consulting and outsourcing services, computer systems, and software sales are also part of the comprehensive offerings aimed to help secure a wholesale distributor's position in the supply chain.

Consolidation – Consolidation among health care providers and distributors is changing the way medical equipment is distributed. Major players are acquiring smaller distributors to expand offerings and volume to absorb increasing system and infrastructure costs involved in offering value-added services. Small to medium players can't afford to spend the necessary dollars to develop the robust platforms to compete with supply chain value-added services. Many small distributors have excellent relationships with end-users and product lines that are non-competing, yet complementary, with those of the potential acquirer.

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Health Care Reform – Governments in nations around the globe are working to control rising medical costs through health care reform laws. In the U.S., officials are working to increase access to health care for millions of Americans, which increases demand for medical equipment. However, distributors continue to see pressure to keep costs low. Medical providers have a greater incentive to resist price increases as private insurers and government payers move to limit payments for many medical treatments that require medical supplies or devices.

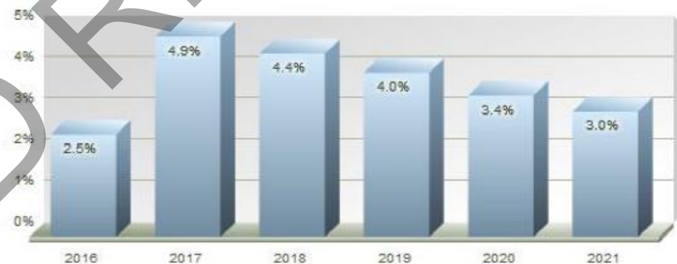
Increased Demand from Outpatient/Surgical Centers – Many noninvasive surgical procedures, and some invasive ones, have been transferred out of the hospital and into walk-in facilities that perform same-day services. This trend will continue as it is saves the payer money (no overnight hospital stay). In addition, new emergency and walk-in health clinics are being established to relieve overcrowded hospital emergency rooms. As a result of these trends, distributors focusing on the outpatient sector may enjoy strong demand.

New Product Introductions – Technology allows for the rapid introduction of new and innovative equipment, instruments, and supplies. Distributors that align with manufacturers introducing these products have the opportunity to add new lines and expand and improve existing ones. The rapid pace of these product introductions can accelerate when regulators streamline the review and approval processes.

Emerging Markets – Investment in health care infrastructure in developing nations creates a stronger demand for medical devices and equipment. Distributors can find additional opportunities in nations with burgeoning economies and aging populations, especially in Asian and Latin American countries such as South Korea and Brazil. Such developing markets provide attractive alternatives to more saturated markets with higher regulatory standards.

Industry Forecast

Domestic demand for U.S. medical instruments and supplies, an indicator for wholesalers, is forecast to grow at an annual compounded rate of 4% between 2017 and 2021.



2.3.3 Conclusion and Impact on the Company

As discussed throughout this section of the Report, there are both positive and negative aspects to the medical equipment and supplies manufacturing industry and medical equipment and supplies wholesalers industry, which impact the Company.

Beginning with the positive aspects, strong growth is projected for DT's industry in the near term (approximately 4% per year). Demand for medical supplies remains relatively steady because it is driven by individuals' health rather than disposable income. The health reform effort underway in the U.S. is also aiming to increase access to healthcare, which will in turn increase the demand for medical equipment and supplies. Additionally, the Company will have a favorable demographic in subsequent years as the U.S. population continues to age. Although the Company is much smaller than the larger competitors in its industry, smaller companies such as DT are able to succeed when specializing in certain markets (which the Company has done historically).

There are, however, negative aspects to the Company's industry that must be addressed, as well. There are numerous FDA regulations concerning medical device sterility and safety, as well as medical waste. In addition to the stringent regulations, companies in the industry may be held liable for injuries alleged to be caused by their products. The medical equipment and supplies industry has shown increased consolidation among health care providers, manufacturers, and distributors, which may put pressure on costs as well as sale prices. DT does not have any patented products, which forces them to compete more on price and service rather than the features of the products themselves. In addition, the focus on healthcare cost

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containment in the U.S. and the pace of innovation that is making products obsolete more quickly are risks in the Company's industry.

These industry risk factors and growth rates have been taken into consideration in our determination of DT's growth, industry risk and specific company risk rates utilized in our valuation analysis.

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2.4 Economic Outlook[2]

In the valuation of any company or a company's intangible assets, it is important to note the economic climate in which the subject company operates. Gaining an understanding of the economic outlook is essential to developing reasonable expectations about the future of the economy and its effect on DT as of the valuation date.

General Economic Conditions

The U.S. economy, as indicated by GDP, grew at an annual rate of 2.6% in the second quarter of 2017, which is faster than the 1.2% revised rate reported for the first quarter of 2017. The growth from the current quarter is due to an increase in consumer spending, which comprises about 70% of the economy. Imports, however, which are subtracted in the calculation of GDP, increased. The quarter ended with the economy in the third longest economic expansion in U.S. history. The first quarter's revisions came as the Commerce Department released its annual revisions of the past two years' worth of GDP data. It showed that growth averaged a 2.2% pace from 2014 to 2016, up from 2.1%. Total government spending grew 0.7% in the second quarter, following a decline last quarter. Private fixed investment, which includes residential and business spending, increased 2.2%. This marks the fifth consecutive quarter of increases. The trade deficit lessened in the second quarter, as the deficit decreased from a revised $46.4 billion in May to $43.6 billion in June. The goods deficit decreased $2.1 billion in June, to $65.2 billion, while the services surplus increased $0.6 billion, to $21.6 billion.

Job growth rebounded in June as employment rose by 222,000, which is the second largest monthly gain in 2017. It also continues the streak for job gains, which is now at a record 81 consecutive months. In addition, April and May figures were revised upward, showing job growth was better than originally stated. Job growth has averaged over 193,000 jobs per month over the past three months, well above the 80,000-jobs-a-month pace the White House Council of Economic Advisers believes is needed to maintain a low and stable unemployment rate. The unemployment rate dropped 0.1 percentage point in June, to 4.4%. The labor-force participation rate improved 0.1 percentage point, to 62.8%.

Wage growth had stagnated for years following the financial recession of 2008. However, 2016 saw a return in wage growth not seen in the years since the recession, with the trend continuing modestly through 2017. Average hourly earnings for all private-sector employees increased four cents in June, to $26.25. Real average hourly earnings that were seasonally adjusted from June 2016 to June 2017 increased 2.5%.

Gross Domestic Product

The Bureau of Economic Analysis (BEA) reported that the nation's economy - as indicated by GDP - grew at an annual rate of 2.6% in the second quarter of 2017. GDP growth for the second quarter represents an increase from the revised figure of 1.2% growth the economy experienced in the first quarter of 2017 and is much closer to the prediction of 3.0% to 4.0% growth as boasted by President Trump. Major revisions were also made to quarterly GDP figures dating back to the first quarter of 2014. The first-quarter results reflected positive contributions from personal consumption expenditures, nonresidential fixed investments, exports, and federal government spending that were offset by negative contributions from private residential fixed investment, and state and local government spending. Imports, which are a subtraction from GDP, increased.

Final sales of domestic product rose in the second quarter, increasing at a rate of 2.6%, slightly less than the rate of 2.7% in the first quarter. Final sales of domestic product are GDP minus the influence of private inventory investment, which tends to be volatile from quarter to quarter. Final sales to domestic purchasers,

[2] Economic Outlook Update – Q2 2017

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or GDP excluding trade and inventories, rose at a rate of 2.4% in the second quarter, the same rate in the first quarter.

At the end of the second quarter, the U.S. economy recorded its 96th consecutive month of growth since the great recession, which is the third longest period of economic expansion. Much of the second-quarter GDP growth was buoyed by investment from sectors such as information technology and oil and gas, which has been reinvesting in new infrastructure as global oil prices recover from previous lows. In addition, investments, which have been sluggish the past couple of years, have shown signs of a rebound, which is promising for future growth. Overall, the growth in investments, consumer spending, and exports offset less spending by state and local governments, as well as lower investment in housing and company inventories.

Consumer Spending

Consumer spending grew at a rate of 2.8% during the second quarter of 2017, rising from the revised first quarter rate of 1.9%. In 2016, consumer spending grew at a revised rate of 2.7%. Consumer spending, also referred to as “personal consumption,” accounts for approximately 70% of the U.S. GDP.

The second quarter’s figures in consumer spending were aided by a steady job market and household finances boosted by stock and home-equity gains. Disposable incomes, adjusted for inflation, posted the best back-to-back quarters since the first half of 2015.

Consumer spending on durable goods, which are items meant to last three years or more, such as computers, cars, and machinery, increased at a rate of 6.3% in the second quarter, after falling 0.1% in the first quarter. Revised figures to consumer spending on durable goods show growth of 5.5% in 2016. Overall, consumer spending on durable goods accounted for a 0.47-percentage-point decrease to the GDP. Consumer spending on nondurable goods - items such as food and gasoline - increased at a rate of 3.8% in the second quarter, an improvement from the rate of 1.1% in the prior quarter. Revisions to the GDP figures had consumer spending on nondurable goods at 2.8% in 2016.

Service expenditures grew at a rate of 1.9% in the second quarter of 2017, down from the 2.5% rate in the prior quarter. The decrease in spending on household services occurred most notably on recreation services, food services, and accommodations. In 2016, service expenditures grew at 2.3%.

U.S. retail and food services sales decreased in June, falling 0.2% from the previous month, even after May’s retail sales were revised to show a 0.1% decline versus the 0.3% that had been reported. Also, economists had predicted a 0.1% rise in retail sales. Total retail sales were up 2.8% when compared to June 2016 and were up 3.8% in the second quarter of 2017 when compared to April 2016 through June 2016. Most of the decline in June is attributed to the drop in sales at service stations, clothing stores, and supermarkets. Americans also cut back on spending at restaurants and bars, as well as on hobbies. Economists view retail sales as a key economic indicator since consumer spending accounts for nearly two-thirds of the U.S. economy.

The “Advance Monthly Retail Trade Report” painted a broad picture of the sales trends across all retail categories in June, with seven of the 13 major categories seeing greater sales. Building material and garden equipment and supplies dealers gained 0.5% from the previous month, while general merchandise stores and non-store retailers each gained 0.4%, and health and personal care stores gained 0.3%. Sales at miscellaneous store retailers had the biggest decline, at 3.1%, followed by gasoline stations, at 1.3%, and sporting goods, hobby, book and music stores and food services and drinking places, at 0.6% each.

The retail sales figures over the past year show broad-based gains across 12 of the 13 major categories as sales at non-store retailers had the biggest gains, at 9.2%, from one year ago, while sales at building material and garden equipment and supplies dealers were up 5.1% over the same period.

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Conversely, sales at sporting goods, hobby, book, and music stores were the only category to see a decline in sales over the past year, down 8.9%. Sales at traditional department stores (a subset of the general merchandise stores category) declined sharply, falling 3.9%.

Core retail sales decreased 0.2% in June, while revisions to core retail sales figures were revised dating back to May 2016. The core retail sales figure excludes sales of automobiles, gasoline, building materials, and food services and corresponds most closely with the consumer-spending component of gross domestic product. Over the past 12 months, core retail sales have grown at 2.4%.

Government Spending

Total government spending increased at a rate of 0.7% in the second quarter of 2017, after declining at a rate of 0.6% in the prior quarter. The second quarter rise in government spending added 0.12 percentage point to the GDP rate. In 2016, government spending increased 0.8%.

Federal government spending increased at a rate of 2.3% in the second quarter, ending the streak of two consecutive quarterly declines. Federal government spending added 0.15 percentage point to the second-quarter GDP rate. Overall, government spending has been an absentee player in GDP growth since 2010.

National defense spending increased at a 5.2% rate in the second quarter of 2017. National defense spending declined 0.7% in 2016. National defense spending is forecasted to be 3.1% of GDP in 2017. The second-quarter rise was the fourth increase in the past 10 quarters. Federal nondefense spending declined at a rate of 1.9% in the second quarter, marking the second consecutive month of declines after posting 11 consecutive quarters of increased spending.

State and local government spending declined at a rate of 0.2% in the second quarter, the third of the past five quarters in which it has declined. In 2016, state and local government spending grew at 1.2%.

Business Inventories

Businesses' inventory investments remained neutral to U.S. GDP in the second quarter of 2017, after slicing off 1.46 percentage points from GDP in the first quarter.

Consumer Prices and Inflation Rates

According to the Bureau of Economic Analysis, the price index for gross domestic purchases rose 0.8% in the second quarter of 2017, following an increase from 2.6% in the previous quarter. The price index for gross domestic purchases measures prices U.S. residents pay for goods and services. The "core" (less food and energy prices) personal consumption expenditures index increased 0.3% in the second quarter, compared to a 2.2% increase in the prior quarter. The core personal consumption expenditures index measures the prices consumers pay for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation trends.

Consumer prices were unchanged in June, after decreasing 0.1 percentage point in May. The Consumer Price Index is up 1.6% over the past 12 months. CPI is a measure of a basket of products and services - including housing, electricity, food, and transportation - and is used as a measure of inflation. CPI is comprised of three main indexes: the food index, the energy index, and the all items less food and energy index (also known as "Core CPI"). Core CPI is a measure of inflation that excludes volatile food and energy costs.

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Interest Rates

The Federal Open Market Committee (FOMC) met twice during the second quarter of 2017, issuing a statement from each meeting. In the first meeting, the FOMC cited continued strength in the labor market even as growth in economic activity slowed, coupled with inflation measurements near the 2.0% levels as reasons to maintain the target range for the federal funds rate between 0.75% and 1.00%. The federal funds rate is the interest rate at which a commercial bank lends immediately available funds in balances at the Federal Reserve to another commercial bank. The FOMC establishes a target rate and expands or contracts the money supply with the aim that the federal funds rate, a market rate, will approximate the target rate.

In the second meeting during the second quarter, the FOMC raised interest rates, increasing the federal funds rate to a range of 1.00% to 1.25%. Furthermore, based on the “dot plot” the FOMC released, it is expected that one more rate hike will occur in 2017 that would raise rates to between 1.25% and 1.50% by the end of 2017, with three additional rate hikes to follow in 2018. Following the rate hike, the FOMC cited expectations that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace, and labor market conditions will strengthen somewhat further. Inflation on a 12-month basis is expected to remain somewhat below 2% in the near term but to stabilize around the committee's 2% objective over the medium term. Near-term risks to the economic outlook appear roughly balanced, but the committee is monitoring inflation developments closely. The FOMC said that it wishes to maintain an accommodative policy to support some further strengthening in labor market conditions and a sustained return to 2% inflation. In making its decision to raise the federal funds rate, the FOMC acknowledged that economic conditions would evolve in a manner that will warrant only gradual increases in the federal funds rate. The federal funds rate is likely to remain below levels that are expected to prevail in the longer run. However, the actual path of the federal funds rate will depend on the economic outlook as informed by the incoming data.

The FOMC stated that it would continue to assess a wide range of information in determining the timing and size of future adjustments to the federal funds rate, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. The statement also noted that, based on the FOMC’s expectations of economic conditions, its outlook has not changed, and it will move along on the same course it has been on.

FOMC stated that it found that the labor market had continued to strengthen and that economic activity has been rising moderately so far this year. Job gains have moderated but have been solid, on average, since the beginning of the year, and the unemployment rate has declined. Household spending has picked up in recent months, and business fixed investment has continued to expand. It also noted that inflation has declined recently and, like the measure excluding food and energy prices, is running somewhat below 2.0%. Market-based measures of inflation compensation remain low and survey-based measures of longer-term inflation expectations are little changed, on balance.

To maintain accommodative financial conditions, the FOMC maintained its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. The committee anticipated that it would continue this policy until the federal funds rate normalizes to its longer-run level.

During the second quarter of 2017, the Board of Governors of the Federal Reserve raised the discount rate from 1.50% to 1.75%, which was effective June 15, 2017. The discount rate is the interest rate a commercial bank is charged to borrow funds, typically for a short period, directly from a Federal Reserve Bank. This is only the second time in a decade the FOMC has raised rates. The board of directors of each Reserve Bank establishes the discount rate every 14 days, subject to the approval of the Board of Governors.

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Unemployment

June marked the eighth anniversary of the end of the recession, when the economy hit rock bottom and jobless rates were double what they are today. June's job reported trumpeted job growth, as nonfarm payrolls added 222,000 jobs, topping the expectations of 178,000 new jobs, according to economists surveyed in a Bloomberg poll. The Labor Department also revised its estimates for job gains in April and May, raising the combined figure by 47,000 jobs. Since Inauguration Day, approximately 863,000 private-sector jobs have been added, a sign suggesting the economy is moving in the right direction. June's job report continues the streak of monthly gains for the 81st consecutive month, a figure that is the best on record. Employment growth has averaged just under 180,000 jobs per month in 2017, slightly below, but in line with, the average of 187,000 in 2016. Under the Obama administration, the White House Council of Economic Advisers noted that the economy had added over 16.0 million jobs since early 2010, which had been the longest streak on record. The current administration has not yet appointed a chairperson to the White House Council of Economic Advisers.

June saw job gains in the healthcare, social assistance, professional and business services, food services and drinking places, financial activities, and mining sectors. Healthcare posted gains of 37,000 jobs in June and has added an average of 24,000 jobs per month through the first half 2017 compared to 32,000 jobs per month in 2016. Employment in professional and business services continued to climb, posting gains of 35,000, and has added 624,000 jobs over the past 12 months. Employment in food services and drinking places added 29,000 jobs in June and has gained 277,000 jobs over the past 12 months. Employment in social assistance contributed 23,000 jobs in June and has added 115,000 jobs over the past 12 months. Employment in financial activities rose by 17,000 jobs for the month and has grown by 169,000 jobs over the past 12 months. Mining jobs continue to increase, adding 8,000 jobs in June and, since its recent low in October 2016, has added 56,000 jobs.

Employment in other major industries, including construction, manufacturing, wholesale trade, retail trade, transportation and warehousing, information, and government showed little or no change over the month. The unemployment rate (also known as the U3 unemployment rate) increased 0.1 percentage point in June, to 4.4%. Since January 2017, the unemployment rate has improved 0.4 percentage point, and the number of unemployed has decreased by 658,000. At 4.4%, the unemployment rate remains below the longer-term level targeted by the Federal Reserve. The U3 unemployment rate is the official unemployment rate per the International Labour Organization definition and occurs when people who have actively looked for work within the past four weeks are still without jobs.

The report found that the labor-force participation rate improved in June, moving upward 0.1 percentage point, to 62.8%. The employment-population ratio, which is the share of the working-age population with a job, edged up 0.1 percentage point, to 60.1%, in June. The number of long-term unemployed (those jobless for 27 weeks or more) changed little in June, inching up to 1.7 million, or 24.3% of the unemployed.
The broadest measure of labor underutilization, the U6 unemployment rate, increased 0.2 point in June, at a seasonally adjusted 8.6%. Last month, the May report saw the U6 unemployment rate at 8.4%, its lowest level since 2007. U6 unemployment is broader than U3 and includes "marginally attached workers" and people who are looking for and want full-time work but have settled for part-time employment. Marginally attached workers are people who are not actively looking for work but who have indicated that they want a job and have looked for work (without success) sometime in the past 12 months. This class also includes "discouraged workers," those who have completely given up on finding a job because they feel that they would be unable to find one.

The Hamilton Project calculates that, if the economy adds 187,000 jobs a month, which is the average monthly rate of job creation for the past 12 months, then it will take until August 2017 to close the "jobs gap" left by the recession. Due to anticipated population growth, an additional 60,000 jobs are needed to close the gap by July. Consequently, if employment growth in July slightly exceeds its average over the previous 12 months, then the jobs gap will instead close in one month, rather than two. According to the Hamilton

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Project, the U.S. had a jobs gap of 130,000 jobs as of June 2017. The jobs gap is the number of jobs that the U.S. economy needs to create to return to prerecession employment levels while also absorbing the people who enter the labor force each month. The Hamilton Project was launched in 2006 as an economic policy initiative at the Brookings Institution. The Hamilton Project is guided by an advisory council of academics, business leaders, and former public policymakers.

Index of Leading Indicators

The Conference Board's Leading Economic Index (LEI) rose in June, climbing 0.6%, and follows monthly gains in April and May of 0.2% each, respectively. The index now stands at a reported 127.8, which is an all-time high for the index. This month's increase in the index was driven by positive contributions from the majority of its components, notably building permits, which finally improved after several months of weakness. In the first half of 2017, the leading economic index increased 2.5% (about a 5.0% annual rate), much faster than its growth of 1.5% (about a 3.0% annual rate) during the second half of 2016. The broad-based gains across the index point to continued growth in the U.S. economy and perhaps even moderate improvement in the GDP for the second half of 2017.

In June, eight of the 10 components that comprise LEI rose. The sole negative contributor was the indicator for jobless claims, which took off 0.05 percentage point from the index. The average workweek in manufacturing remained unchanged.

Consumer Confidence

June saw a rise of 1.3 points in the Consumer Confidence Index, after declining to 117.6 in May. The index now stands at 118.9 points, surpassing economists' expectations of a decline to 116.0, according to a survey by Thom-son Reuters. Consumers' assessment of present-day conditions also improved, climbing to a near 16-year high, but expectations for the short-term have eased somewhat as the expectations index dipped in June. Overall, consumers anticipate the economy will continue to expand in the coming months, but they do not anticipate growth to accelerate any further. The survey is a leading indicator of consumer attitudes and measures of confidence toward business conditions, short-term outlook, and personal finances and jobs.

Consumers' impressions of current economic situations soared in June to a near 16-year high. The Conference Board's Present Situation Index surged 5.7 points, to 146.3, up from 140.6 in May. The index measures consumers' confidence in the present and near-term future economy. Consumers' assessment of current conditions held steady in June as the percentage saying business conditions are "good" increased from 29.8% to 30.8%, while those saying business conditions are "bad" declined from 13.9% to 12.7%. Overall, consumers' assessment of the labor market remained positive as the percentage of consumers stating jobs are "plentiful" rose from 30.0% to 32.8%, while those claiming jobs are "hard to get" decreased slightly, from 18.3% to 18.0%.

Consumers were less optimistic about the short-term outlook in June. The Expectations Index declined 1.7 points, to 100.6, as the percentage of consumers expecting business conditions to improve over the next six months de-creased 1.1 percentage points, to 20.4%, and those expecting business conditions to worsen slightly decreased, by 0.4 percentage point, to 9.9%. Consumers' outlook for the labor market remained mixed, as the proportion expecting more jobs in the months ahead increased 0.7 percentage point, to 19.3%, but those anticipating fewer jobs increased 2.5 percentage points, to 14.6%. The percentage of consumers expecting an improvement in their incomes rose 3.1 percentage points, to 22.2%, but the proportion expecting a decline increased slightly, by 0.5 percentage point, to 9.2%.

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The Consumer Confidence Index is an indicator designed to measure the degree of optimism about the state of the economy that consumers are expressing through their savings and spending. A month-on-month decreasing trend in the Consumer Confidence Index suggests consumers have a negative outlook on their ability to secure and retain good jobs, whereas a rising trend in consumer confidence indicates improvements in consumer buying patterns. Opinions on current conditions make up 40% of the index (the Present Situation Index), while expectations of future conditions comprise the remaining 60% (the Expectations Index).

The Thomson Reuters/University of Michigan's Consumer Sentiment Index declined 2.0 points in June, to a reading of 95.1. During 2017, the index reached its lowest level as well as a seven-month low. However, the reading for June was ahead of economists' expectations of 94.5, according to a survey from Thomson Reuters. Despite the decline, consumer sentiment remains near historical highs through the first half of 2017, with the first six months of the year yielding the highest average for the index since the second half of 2000, when it averaged 107.0. Although uncertainty in the economy remains high, it has been offset by the resurgent strength in the personal financial situation of customers.

The Index of Consumer Expectations dropped sharply, moving down 3.8 points, to 83.9 in June. The Index of Consumer Expectations focuses on three areas: how consumers view prospects for their own financial situation, how they view prospects for the general economy over the near term, and their view of prospects for the economy over the long term.

The survey notes that the partisan gap has narrowed in the past six months, although mostly due to Republicans tempering their optimism. The difference on the Expectations Index between Democrats and Republicans was 45 index points (63.7 versus 108.7), but, among independents, the Expectations Index was exactly equal to the weighted difference between partisan extremes, at 80.5.

The Current Economic Conditions component rose in June and remains up 1.7 percentage points from its levels from one year ago. The index climbed 0.8 point, to a final reading of 112.5. Despite the bipartisan divide in Washington, D.C., the most important policies to consumers are those that directly or indirectly affect their jobs, incomes, or their financial security. Fortunately, increasing uncertainty about future prospects for the economy has thus far been offset by the resurgent strength in the personal financial situation of consumers. The combination of continuing improvements in personal finances and increasing concerns about the economic outlook is typical around cyclical peaks.

The Thomson Reuters/University of Michigan's Survey of Consumers is a rotating panel survey based on a nation-ally representative sample that gives each household in the contiguous U.S. an equal probability of being selected. Interviews are conducted by telephone throughout the month. The Index of Consumer Sentiment is composed of the Expectations Index and the Current Conditions Index and is intended to gauge how consumers feel the economic environment will change. The survey's Index of Consumer Expectations is an official component of the U.S. Leading Economic Index.

Business Optimism

The National Federation of Independent Business's (NFIB) Small Business Optimism Index declined 0.9 point in June, to 103.6. Despite the dip, the index has sustained its surge in optimism that started after the election. Since November, the index has surged to near-record levels and has remained at historically high levels for eight consecutive months, a streak last seen in 1983. In 2017, the index peaked at 105.9 and has fallen only 2.3 points to date despite the bipartisan struggles to pass healthcare or tax reform policies. The survey indicates small-business owners now, however, are less euphoric about the outlook for the second half of the year.

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Stock Markets

U.S. stock indices saw mostly positive gains in June, with four of the five indices rising over the month. The Russell 2000 Index led, with a gain of 3.5% in June. The Dow Jones Industrial Average followed with an increase of 1.7% in the June, while the S&P MidCap rose 1.6% and is up 6.0% on the year. The S&P 500 Index gained 0.6% in June, as financial stocks boosted the index, aided by expectations for further interest rate increases and improved lending margins, as well as positive results on bank stress tests. The Nasdaq Composite Index was the only index to retreat in June, falling 0.9% on the month as investors stayed away from technology and internet-related stocks that had led gains in recent months.

Market volatility reported its fourth lowest close in history when the VIX closed at 9.75, on June 2. In addition, during the second quarter of 2017, the VIX fell below a reading of 10.0 seven times, as the U.S. equities market has dissipated and market participants brushed aside unknown outcomes from healthcare bills, tax reform, and financial regulation. The Chicago Board Options Exchange Volatility Index (VIX)—a popular volatility measure—averaged 10.5 in June and fluctuated between a high reading of 11.5 and a low of 9.8.

Manufacturing

The Federal Reserve reported that total industrial production rose 0.4 percentage point in June, for its fifth consecutive month of increases, after an upward revision to 0.1% in the May reading. At 105.2% of its 2012 average, total industrial production in June was 2.0% above its levels from one year ago. Capacity utilization for the industrial sector increased 0.2 percentage point in June, to 76.6%, a rate that is 3.3 percentage points below its long-run (1972 to 2016) average.

The indexes for most of the major market groups were mixed in June. The output of consumer goods remained unchanged in June but rose at an annual rate of 6.1% in the second quarter. Consumer durables recorded a gain of 1.0% in June, the result of sizable increases in the index for automotive products, appliances, furniture, and carpeting. The indexes for consumer non-energy durables and for consumer energy products declined 0.3% and 0.4%, respectively. Business equipment posted a gain of 0.1%, with all of its major components recording little changes from May. Similarly, the output of defense and space equipment, construction supplies, and business supplies were nearly unchanged in June. The production of materials edged up 0.7%, with a gain of 1.0% for energy materials and durable and nondurable materials each posting an increase of 0.5%.

Manufacturing increased 0.2% in June, following a decline in May. Manufacturing is up 1.2% from the same period last year, as the sector has recovered from a rough patch in late 2015 and early 2016 caused by cutbacks in the energy industry and a strong dollar, which makes U.S. goods costlier in foreign markets. Nearly all major industry groups within durables posted gains. Within nondurables, plastic and rubber products registered an increase of more than 1.0%, and apparel and leather recorded a decrease of more than 1.0%. The other major components of nondurables posted gains or losses of 0.5% or less.

Capacity utilization for manufacturing rose 0.1 percentage point in June, to 75.4%, a rate that is 3.0 percentage points below its long-run average. The operating rate for durables and other manufacturing (publishing and logging) each advanced, while the rate for nondurables remained unchanged. The operating rate for each group remained below its respective long-run average, with the deficit being the greatest for other manufacturing. Utilization for mining moved up 1.1 percentage points, to 84.8%, but remained below its long-run average. The operating rate for utilities was unchanged, at 76.4%.

The estimates for industrial capacity for 2017 were revised in this month's release. The revisions reflect updated measures of physical capacity from various government and private sources as well as updated estimates of capital spending by industry. The revisions include the periods from the fourth quarter of 2016 to the fourth quarter of 2017, as capacity indexes for the industrial sector and for manufacturing are now

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expected to increase 1.1% and 0.7%, respectively, and each gain is 0.1 percentage point higher than previously estimated. Mining capacity is now expected to rise 2.7%. This increase is 0.5 percentage point higher than previously estimated, primarily reflecting faster capacity growth for oil and gas extraction. The increase in capacity for utilities is unrevised, at 0.7%.

Economic Outlook

The following table summarizes major economic indicators as well as estimates for these figures through 2026.

Historical Economic Data (2009-2016) and Forecasts (2017-2026)

	Historical Data (Annual % Change)								Consensus Forecasts (Annual % Change)					
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022-2026
Real GDP	(2.8)	2.5	1.6	2.2	1.7	2.4	2.6	1.5	2.2	2.4	2.2	2.1	2.1	2.1
Industrial production	(11.5)	5.5	2.9	2.8	1.9	2.9	0.3	(0.7)	1.8	2.3	2.4	2.5	2.4	2.3
Consumer spending	(1.6)	1.9	2.3	1.5	1.5	2.9	3.2	2.7	2.5	2.5	2.3	2.3	2.3	2.3
Real disposable personal income	(0.4)	1.0	2.5	3.2	(1.4)	2.7	3.5	2.6	1.9	2.8	2.5	2.3	2.2	2.3
Business investment	(15.6)	2.5	7.7	9.0	3.5	6.0	2.1	(0.7)	4.4	3.7	3.8	3.7	3.8	3.6
Total government spending	3.2	0.1	(3.0)	(1.9)	(2.9)	(0.9)	1.8	0.9	0.1	1.1	NA	NA	NA	NA
Consumer prices	(0.4)	1.6	3.2	2.1	1.5	1.6	0.1	1.2	2.3	2.2	2.3	2.3	2.3	2.3
10-Year Treasury bond yield	3.3	3.2	2.8	1.8	2.4	2.5	2.1	1.8	2.7	3.2	3.7	3.8	3.9	4.1
Unemployment rate	9.3	9.6	8.9	8.1	7.4	6.2	5.3	4.9	4.3	4.3	NA	NA	NA	NA
Housing starts (millions)	0.6	0.6	0.6	0.8	0.9	1.0	1.1	1.2	1.2	1.2	NA	NA	NA	NA

Source of historical data: U.S. Department of Commerce, U.S. Department of Labor, U.S. Census Bureau, and The Federal Reserve Board.
Source of forecasts: Consensus Forecasts—USA, June 2017.

Conclusion and Impact on the Company

The second quarter of 2017 marked the third longest economic expansion period in U.S. history. The U.S. economic growth rate, as indicated by GDP, increased 1.4% from the revised rate for the first quarter of 2017 and job growth was stronger than economists' expectations. Both consumer spending and consumer confidence have also increased compared to the first quarter of 2017.

While there were many positive economic factors, not all of the outlook was positive. Interest rates rose and are expected to continue rising, which will put upward pressure on discount rates. The unemployment rate increased in June, although it showed continued improvement earlier in 2017. The Small Business Optimism Index declined in June, and though optimism has continued, the outlook is less positive for the remainder of 2017. While consumers anticipate the economy to expand in the near months, they do not believe the growth will continue at such a quick pace the future.

The factors above, when considered as a whole, tend to have a slightly positive impact on the Company in the short-term and neutral over the long-term. These factors have been factored into the company specific risk and growth rates utilized in our valuation analysis.

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3 JUSTIFICATION OF PURCHASE PRICE

3.1 Overview

In most transactions, the purchase price is typically the best indication of fair value in an arm's-length transaction. In order to support this assertion, we first analyzed the Company's historical financial statements and considered whether the Company's projections were reasonable in light of historical performance. After this analysis, we determined the internal rate of return ("IRR") implied by the Transaction purchase price by applying the discounted cash flow method of valuation to the Company's projections. Finally, we independently determined the Company's weighted-average cost of capital ("WACC") and attempted to reconcile this figure to the IRR implied by the purchase price.

3.2 Financial Review

Income Statement Analysis

As presented in **Exhibit B-1**, the Company's revenues increased from $4.8 million in 2015 to $5.3 million in 2016 and increased further to $5.5 million during the trailing twelve months ("TTM") ended 4/30/2017. The revenue growth over the period analyzed was driven primarily by increases in disposable electrode sales, which have gained popularity in relation to reusable electrodes. Additionally, DT made an effort to expand its general marketing as well as improve its customer networking activities.

From 2015 through TTM 4/30/2017, the Company's gross profit as a percentage of revenues increased from 30.2% to 39.4% ($1.4 million to $2.2 million). The increase can be attributed to the Company outsourcing a portion of its manufacturing to third-parties in 2015 as well as negotiating lower pricing with the third-party manufacturers in 2016.

The Company reported pre-tax net income of $28,000 in 2015, which increased to $482,000 and then $618,000 in 2016 and TTM 4/30/2017, respectively. The changes in profitability are primarily a function of the increase in revenue coupled with improved gross profit margins.

DT's EBITDA was $52,000 (1.1% of revenue) in 2015 before increasing to $0.5 million and $0.6 million (9.7% and 11.7% of revenues) in 2016 and TTM 4/30/2017, which is consistent with the trend in pre-tax income discussed above. Based on the analysis in the Dream Think, Inc. Preliminary Draft Due Diligence Report prepared by CPA FIRM dated May 2017 (the "Due Diligence Report"), the Company's adjusted pro-forma EBITDA was determined to be $0.8 million in 2016 and $0.9 million in TTM 4/30/2017.

The above factors, which impact the operating risk associated with the Company, have been taken into account in determining its specific company risk.

Balance Sheet Analysis

As presented in **Exhibit B-2**, the Company's balance sheet grew modestly from 2015 ($1.1 million) to 2016 ($1.4 million) to 4/30/2017 ($1.5 million). The Company's current and total assets were primarily comprised of accounts receivable and inventory (79.6% of total assets) as of 4/30/2017. DT has modest fixed asset requirements based on its business model ($20,000 net book value as of 4/30/17).

The Company's current liabilities were primarily comprised of accounts payable (24.0%-45.6% of total assets) in all the years analyzed. The Company had only a modest interest-bearing debt balance ($55,000) as of 4/30/17.

As of the Transaction Date, the Company had sufficient non-cash, non-debt net working capital based on the projected net working capital requirements in the discounted cash flow analysis (**Exhibit B-5**).

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The above factors, which impact the financial risk associated with the Company, have been taken into account in determining its specific company risk.

Adjusted EBITDA Calculation

The adjusted EBITDA figures determined in the Due Diligence Report include management-identified adjustments for the elimination of certain non-recurring and non-business related expenses of the Company, as well as other pro-forma adjustments. Management believes that the normalized EBITDA accurately reflects the historical performance of the Company based on how it will operate going forward and provides a better comparability to the projected results.

Projections and Cash Flow Analysis

As presented in **Exhibit B-3**, management prepared projections for the Company from 2018-2022. Management projections did not include a projection for 2017, so an average of 2016 (using adjusted pro-forma EBITDA) and 2018 was used in developing a 2017 projection. In order to assess the reasonableness of management's projections, we compared certain historical ratios and growth rates for the Company against management's projections, which is presented in **Exhibit B-4**. The projections were used to develop the discounted cash flow analysis in **Exhibit B-5**.

The highlights of management's projections and the inputs to the discounted cash flow analysis are as follows:

- **Revenues** – Revenues are projected to be $6.04 million in 2017 and are expected to grow steadily in the following years. The Company's most recent full-year growth rate was 9.9% in 2016. The annual growth rate is projected to increase to 13.9% in 2017 and increase further to 20.0% by 2020 (continuing through 2022). This growth is expected to be fueled by increased sales to LARGE CUSTOMER (which is expected to grow via acquisition), expansion of products sold to existing customers and the addition of new customers. Beyond 2022, growth was projected to decline gradually to a long-term growth rate of 2.5% based on management's expectations for future growth and expectations for inflation/GDP growth.

- **EBITDA Margin** – Management expects EBITDA margins increase from 19.3%-29.6% over the projection period, which is continues the historical trend of growth in adjusted EBITDA margins in 2016 (14.6%) and TTM 4/30/17 (16.8%). The improvements in EBITDA margins are expected to be driven by potential headcount reductions, continued outsourcing of manufacturing, and economic of scale realized as a result of having a relatively fixed SG&A expense base. Following 2022, EBITDA margins were projected to be 29.5%, consistent with the Company's projected adjusted EBITDA margins in the preceding years. The Company's projected EBITDA margins are between the high (33.5%) and upper quartile (10.8%) of the guideline public companies in **Exhibit B-10**.

The following adjustments were made in utilizing the projections in the discounted cash flow analysis in **Exhibit B-5** to determine the Company's projected annual cash flow through 2025:

- **Income Taxes** – A 38.5% income tax rate was applied based on a combined rate for Federal, state and local income taxes for a STATE C Corporation such as the Company.

- **Depreciation Expense** – Depreciation expense was calculated so that the projected level of capital expenditures outpaced depreciation expense by the annual growth rate, which reflects the fact that annual capital expenditures slightly in excess of depreciation will be necessary to support future projected growth.

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- **Capital Expenditures** – Capital expenditures were projected to be 0.3% of revenue, consistent with the Company's historical levels (0.3% in 2016). The projected capital expenditure are consistent with the lower quartile (0.7%) and low (0.0%) of the guideline public companies in **Exhibit B-10**.

- **Net Working Capital** – Based on the Company's historical adjusted net working capital levels, which ranged from 15.4%-18.4% of revenue, the Company's projected net working capital was determined to be 17.5% of revenue. The Company's projected net working capital levels are consistent with the upper bound of the net working capital collar in the Transaction (15.5% of TTM 4/30/17 revenue) as well as the median (18.6%) of the guideline public companies in **Exhibit B-10**.

- **Residual Period Growth Rate** – The residual period growth rate of 2.5% applied in **Exhibit B-5** was based on consideration of the expected industry growth rates in **Section 2.3** and expected economic growth rates in **Section 2.4**.

- **Tax Benefit of Amortization of Intangible Assets** – The Transaction was structured in a manner (stock deal) that does not allow for BS to receive a step-up in basis for the acquired intangible assets. Therefore, no corresponding amortization benefit was included in the discounted cash flow analysis in **Exhibit B-5**.

In light of the Company's historical operations and the current industry/economic outlook, management believes that the projections are reasonable and attainable.

3.3 Discounted Cash Flow Method / Implied IRR

We calculated the IRR implied by the Transaction purchase price using the discounted cash flow method, which determines the value of a company based on the present value of its expected future cash flows. In determining the IRR implied by the transaction, we analyzed management's projections of the Company's future distributable cash flow, which represents the amount of cash that could be distributed to the investors each year without impairing the Company's operations (i.e. cash available for distribution after considering reinvestment requirements to support future growth). Because we are valuing the Company as a whole, we performed our discounted cash flow analysis on a "debt-free" basis, which requires estimating the cash flows available to satisfy the return requirements of both debt and equity investors.

Based on our discounted cash flow analysis, the IRR implied by the $4.7 million enterprise value indicated by the transaction purchase price was 33.7%, as presented in **Exhibit B-5**.

3.4 Weighted-Average Cost of Capital

In order to test the reasonableness of the IRR implied by the Transaction purchase price, we independently determined the Company's WACC. WACC, which represents the overall rate of return based on the individual rates of return for invested capital (debt and equity), is calculated by weighting the required returns on debt and equity in proportion to their estimated percentages in the expected capital structure. The three steps involved in determining the Company's WACC include estimating its:

1. Required return on equity;
2. Cost of debt; and
3. Appropriate capital structure.

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Required Return on Equity

Equity rates of return vary among particular sizes and types of businesses from one period of time to another. Providers of capital require returns that will compensate them for the time value of money, plus the inherent risk in the specific investment being made. The discount rate reflects the total rate of return that would be expected by a reasonable investor given the nature, size and risks inherent in the underlying investment.

In calculating the required return on equity for the Company, we utilized both a build-up method and the Capital Asset Pricing Model ("CAPM"), as summarized in **Exhibit B-6**.

Build-Up Method

The build-up method begins with a theoretical risk-free rate of return and then incorporates amounts to account for the risk of investing in any small, closely-held entity. The required return on equity is further adjusted for characteristics that are specific to the company being valued.

- **Risk-Free Rate**: Since an investment in a closely-held entity is generally a long-term investment, the risk-free rate must be expected to exist over a long-term investment horizon. Treasury rates incorporate a premium for the risk of holding the security over the long-term. In our valuation, we used the 20-year Treasury bond yield, which at June 30, 2017 was 2.61%.

- **Equity Risk Premium and Small Stock Risk Premium** – The next step in the build-up process was to incorporate an equity risk premium and small stock risk premium, which serve to value the additional return required by an average investor investing in a higher risk security (than a 20-year Treasury bond), such as the stock of a public or closely-held company. A widely utilized study in developing equity risk premiums is the *2017 Duff & Phelps Valuation Handbook*. The study includes the long-term expected equity risk premium as well as additional premiums related to size (based on market capitalization).

  The long-term supply-side expected equity risk premium as stated in *2017 Duff & Phelps Valuation Handbook* is 5.97%.

  Since the equity risk premium includes the general equity risk premium associated with the entire equity market, we must consider adding an additional premium associated with the Company's size relative to the market as a whole. Based on the *2017 Duff & Phelps Valuation Handbook* size premium data, the Company falls into the 10th decile. Therefore, we also added the 10th decile size premium of 5.59% in our build-up method to reflect the size premium associated with investing in a company the size of DT.

- ***Industry Risk Adjustment*** – The *2017 Duff & Phelps Valuation Handbook* provides information on the risk premiums associated with various industries. The industries most applicable to the Company are listed below along with the related industry risk adjustments:

Industry Risk Rates from the *Duff & Phelps 2017 Valuation Handbook*

SIC	Industry Description	Adjustment
384X	Surgical, Medical, and Dental Instruments and Supplies	(0.75%)
3841	Surgical and Medical Instruments and Apparatus	(0.73%)
3842	Orthopedic, Prosthetic, and Surgical Appliances and Supplies	(0.74%)
504X	Professional and Commercial Equipment and Supplies	0.17%
Average		**(0.51%)**

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Based on the industry risk adjustments indicated by the *2017 Duff & Phelps Valuation Handbook*, we applied a (0.50%) adjustment to account for the lower risk associated with the Company's industry compared to the market as a whole.

- **Specific Company Adjustments** – In addition to the components of the equity discount rate identified above, other risk factors must be evaluated for adjustments to the discount rate to account for risks specific to the Company. In the case of DT, a specific company adjustment was considered for the following factors: economic risk, financial risk, operational risk, key employee risk, projection risk and additional size risk.

Economic Risk

As stated in **Section 2.4** of this Report, the economy is expected to have a slightly positive impact in the short term, but a neutral impact on the Company over the long-term. Therefore, a material adjustment to specific company risk for this factor was not necessary.

Financial Risk

Given the fact that we are assuming a market-participant capital structure, no adjustment to specific company risk for this factor was necessary.

Operational Risk

The Company has a significant amount of customer concentration risk, with one customer representing approximately 25% of total revenue in 2016. This customer concentration translates to an increase in specific company risk.

Key Employee Risk

The three upper management individuals (CFO, COO, and Product Manager) were identified as integral to the Company's operation. Therefore, an increase to specific company risk for this factor was necessary.

Projection Risk

There is inherent risk associated with realizing any projection. Management projected significant revenue growth for DT at rates higher than what the Company has experienced in the past. In addition, the Company's projected EBITDA margins are projected to climb higher than historical normalized levels, ultimately reaching a margin between high and upper quartile EBITDA margins of the guideline public companies in **Exhibit B-10**. Based on these factors, a significant increase in specific company risk to account for projection risk was necessary.

Size

The *2017 Duff & Phelps Valuation Handbook* study indicates that size and risk are inversely related. Because the Company is smaller than many of the companies included in the 10th decile of the *2017 Duff & Phelps Valuation Handbook*, a slight increase to company specific risk for this factor was necessary.

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Specific Company Risk Conclusion

Based the analysis above, we concluded that an increase to the Company's required cost of equity of 22.5% (primarily related to operational risk and projection risk) was appropriate to account for its specific company risk.

Based on the application of the build-up method, the required return on equity was estimated to be 36.2% as detailed in **Exhibit B-6**.

CAPM Method

The CAPM method also begins with a theoretical risk-free rate of return and then incorporates amounts to account for the risk of investing in any small, closely-held entity based on the market volatility of comparable companies. Similar to the build-up method, the required return on equity is further adjusted for characteristics that are specific to the company being valued.

- **Risk-Free Rate**: Since an investment in a closely-held entity is generally a long-term investment, the risk-free rate must be expected to exist over a long-term investment horizon. Treasury rates incorporate a premium for the risk of holding the security over the long-term. In our valuation, we used the 20-year Treasury bond yield, which at June 30, 2017 was 2.61%.

- **Equity Risk Premium**– The next step in the build-up process was to incorporate an equity risk premium, which serves to value the additional return required by an average investor investing in a higher risk security (than a 20-year Treasury bond), such as the stock of a public or closely-held company. A widely utilized study in developing equity risk premiums is the *2017 Duff & Phelps Valuation Handbook*. The long-term supply-side expected equity risk premium as stated in *2017 Duff & Phelps Valuation Handbook* is 5.97%.

- **Beta**: Beta is a measure of systematic risk. Specifically, beta measures the relationship between changes in the rates of return for an individual stock relative to changes in the rates of return of a fully diversified stock portfolio. Because a freely-traded stock price is necessary in order to calculate beta, for us to apply CAPM to a privately-held company, similar publicly-traded companies had to be identified and analyzed. The guideline public companies that we identified (**Exhibits B-8**) differ from the Company in their respective stages of development and size, but they have comparable operational models and financial risks. They also reflect economic conditions for the Company's industry in general. Thus, the comparative analysis to the Company is based on the performance and characteristics of the sample as a whole rather than on any individual guideline company selected. As presented in **Exhibit B-7**, once the comparable public companies were identified, we unlevered their betas based on their respective capital structures and relevered the betas based on the expected capital structure for the Company (based on the analysis in **Exhibit B-9**). We selected a beta of 0.85, consistent with the median (0.91) and average (0.79) of the relevered betas, as being representative of risks associated with an equity investment in the Company.

- **Small Stock Risk Premium**: As discussed in the build-up method analysis, investments in small companies are riskier than investments in large companies, all other things being equal. As a result, we must add an additional premium associated with the Company's size relative to the market as a whole. Based on the *2017 Valuation Handbook* size premium data, the Company falls into the 10th decile. Therefore, we added the 10th decile size premium of 5.59% to reflect the size premium associated with investing in a company the size of DT.

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- **Specific Company Adjustments**: As discussed in the build-up method cost of equity analysis, we concluded that an increase to the Company's required return on equity of 22.5% was appropriate to account for its specific company risk.

Based on the application of the CAPM method, the required return on equity was estimated to be 35.8%, as detailed in **Exhibit B-3**.

The required rates of return suggested by the build-up method and CAPM method were 36.2% and 35.8%, respectively. Given the relative consistency of these suggested rates of return, we used 36.0% as the Company's required rate of return on equity in our valuation analysis.

Cost of Debt

Based on the financial condition of the Company, we estimated that it could borrow at a corporate bond interest rate of 4.26% (Barron's intermediate grade average bond yield as of June 30, 2017). After applying a 38.5% corporate income tax rate to account for the fact that interest is a deductible expense, the Company's after-tax cost of debt was estimated to be approximately 2.60%.

Capital Structure

In order to estimate an appropriate long-term capital structure for the Company, we analyzed the capital structures of comparable publicly-traded companies in the medical equipment and supplies manufacturing industry and medical equipment and supply wholesalers industry, as presented in **Exhibit B-9**. The comparable companies had a median debt capitalization of 8.8%. Based on this data point, a normalized capital structure of 7.5% debt and 92.5% equity was used for determining the Company's WACC.

WACC Conclusion

Based on the preceding analysis, which is summarized in **Exhibit B-6**, we estimated the Company's WACC to be 33.5%.

Given the significant revenue and EBITDA margin growth projected for the Company, DT has similarities to early-stage companies in regard to its projection risk. Therefore, as a reasonableness check on the calculated WACC, we also considered the rates of return required by venture capital firms. Various studies of required rates of return for venture capital firms by investment stage of the target company are presented in **Exhibit B-7**. The Company has characteristics similar to the "Rapid Growth Toward Liquidity" (30%-40%) and "Mezzanine / Bridge" (25%-35%) categories in the required rate of return by investment stage studies. In the venture capital rate of return studies, the Company has characteristics similar to "Mezzanine / Bridge" (25%-35%) stage companies. Given that the calculated WACC falls between these data points, and considering that the high growth projection risk for DT is similar to that of the companies included in the comparable stages of the rate of return studies, the WACC determined for DT was deemed to be reasonable and appropriate.

IRR / WACC Reconciliation

Based on the fact that the estimated WACC (33.5%) and IRR (33.7%) are consistent, the transaction purchase price appears to be representative of fair value.

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4 ACQUIRED ASSETS AND LIABILITIES

4.1 Overview

When a business combination occurs, it is necessary to allocate the purchase price among the various assets acquired based upon their respective fair values. In cases in which the purchase price exceeds the fair value of the tangible and identifiable intangible assets acquired, the excess balance is allocated to goodwill. Conversely, if the total fair value of the tangible and identifiable intangible assets acquired is greater than the purchase price, the difference is recorded as a bargain purchase gain.

4.2 Tangible Assets Acquired and Liabilities Assumed

As part of the Transaction, BS acquired the following assets and liabilities of the Company, which are presented at fair value according to management:

Tangible Assets Acquired and Liabilities Assumed		
Assets		
Cash	$	22,738
Accounts Receivable		821,067
Inventory		599,604
Prepaid and Other Current Assets		9,350
Fixed Assets		21,710
		1,474,469
Liabilities		
Accounts Payable		576,053
Accrued Expenses		10,934
Accrued Vacation Liability		15,976
		602,963
Net Tangible Assets Acquired	$	871,506

4.3 Identifiable Intangible Assets Acquired

An intangible asset should be recognized and recorded as an asset separate from goodwill when it:

1. Arises from contractual or other legal rights; or
2. Is "separable," meaning it can be separated from the other assets of the acquired entity (i.e., the assets can be separated and sold, transferred, licensed, rented or exchanged, regardless of whether there is an intent to do so).

On the following page are examples of intangible assets which meet the criteria for recognition as assets apart from goodwill (the list is not intended to be all-inclusive, so other intangible assets which are not included below may also be recognized as assets separate from goodwill if the contractual or separability tests are met):

- Artistic-related intangible assets
  - Plays, operas, ballets
  - Books, magazines, newspapers, other literary works
  - Musical works such as compositions, song lyrics, advertising jingles
  - Pictures, photographs
  - Video and audiovisual material, including motion pictures, music videos, television programs

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- Contract-related intangible assets
  - Licensing, royalty, standstill agreements
  - Advertising, construction, management, service or supply contracts
  - Lease agreements
  - Construction permits
  - Franchise agreements
  - Operating and broadcasting rights
  - Use rights such as drilling, water, air, mineral, timber cutting, and route authorities
  - Servicing contracts such as mortgage servicing contracts
  - Employment contracts
  - Noncompetition agreements

- Customer-related intangible assets
  - Customer lists
  - Order or production backlog
  - Customer contracts and related customer relationships
  - Non-contractual customer relationships

- Marketing-related intangible assets
  - Trademarks, trade names
  - Service marks, collective marks, certification marks
  - Trade dress (unique color, shape or package design)
  - Internet domain names

- Technology-related intangible assets
  - Patented technology
  - Computer software and mask works
  - Unpatented technology
  - Databases, including title plants
  - Trade secrets, such as secret formulas, processes, recipes

Based on our review of the details of the Transaction and discussions with management, we determined that the following intangible assets meet the contractual and/or separable criteria to be recognized as intangible assets separate from goodwill.

Customer Relationships

The Company has established relationships with a number of customers that have a history of purchasing products and services from the Company, which has provided it with a recurring revenue stream. Because the Company's customer relationships are a separable asset under ASC 805, they must be valued as such. As shown in **Exhibit C-1**, the Company's Customer Relationships were separated into two separate intangible assets: 1) LARGE CUSTOMER; and 2) Other. LARGE CUSTOMER is unique to DT as it represented nearly 25% of the Company's revenue in 2016 and is the only customer with a supplier contract. In addition, due to pricing concessions made as a result of LARGE CUSTOMER's large volume of purchases under their agreement, DT has lower gross profit margins on sales to LARGE CUSTOMER compared to its other customers. Based on these facts, we determined that it was appropriate to value the LARGE CUSTOMER relationship separate from the Company's other Customer Relationships.

A detailed analysis of the value of the Company's Customer Relationships with customers other than LARGE CUSTOMER is presented in **Section 5**. A detailed analysis of the value of the Company's Customer Relationship with LARGE CUSTOMER is presented in **Section 6**.

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Trademarks

The Company has various intangible assets that are marketing-related, which we have classified together into the “Trademarks” intangible asset. The Company’s Trademarks are valuable as a result of the brand recognition that they invoke, which gives the Company a competitive Best in relation to other companies in its industry. A detailed analysis of the value of the Company’s Trademarks is presented in **Section 8**.

Assembled Workforce

The Company has assembled a workforce that allows it carry out its operation. If the Company did not have its workforce in place, it would not be able to service its customers and would need to incur the time and expense to hire and train a comparable team of employees. Therefore, the Company’s Assembled Workforce has value separate from goodwill. A detailed analysis of the value of the Company’s Assembled Workforce is presented in **Section 9**.

4.4 Intangible Assets Considered but Not Valued

Artistic-Related Intangible Assets

The Company does not have any material artistic-related intangible assets.

Technology-Related Intangible Assets

The Company does not have any material technology-related intangible assets.

Contract-Related Intangible Assets

The Company does not have any material contract-related intangible assets.

Although the owners of DT (John Doe, Jane Doe, Chester Arthur and Amy B. Good) entered into a 4-year a noncompetition agreement in connection with the Transaction, we determined that there was not material value associated with this agreement

John and Jane Doe were of retirement age (which precipitated the sale) and were no longer actively involved in the business. Therefore, there is effectively no risk that either of these individuals would compete against the Company if not for the noncompetition agreement (and the impact of any potential competition would be negligible).

Chester Arthur and Amy B. Good were both planning on pursuing opportunities in other industries and were not expected to provide transition services to the Company for more than a few months after the Transaction Date (which indicates that the impact from their potential competition would be minimal). Given the fact that these individuals planned on pursuing opportunities in other industries and that the impact from their potential competition would be minimal, any potential value associated with their noncompetition agreement would be de minimis.

Other Intangible Assets

There were no other intangible assets identified as requiring analysis to determine their fair value as part of the Transaction according to management.

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4.5 Approaches to Value

There are three methods that can be applied to value intangible assets: the cost approach, the income approach and the market approach. A brief description of each approach is presented below:

Cost Approach

The cost approach is based on the *principle of substitution* and the *principle of equilibrium*. These economic ideologies state that an investor will pay no more for an investment than the cost to obtain an investment of equal utility. Additionally, the measure of cost needs to be adjusted for any obsolescence of the specific intangible asset. The common forms of obsolescence considered are technical obsolescence (loss in value from physical deterioration), functional obsolescence (loss in value resulting from capability characteristics) and economic obsolescence (loss in value from economic factors such as reduced demand, increased competition and/or input costs, etc.). In essence, the cost approach estimates value based on economic cost rather than historical cost.

Income Approach

The income approach is based on the *principle of anticipation*. The income approach estimates the value of an intangible asset as the present value of the expected cash flows derived from the ownership of the asset. This approach requires an analysis of the earnings capacity of the intangible asset (whether it is derived from past, present or expected financial information) along with the consideration of an appropriate rate of return sufficient to compensate the owner for the risk of the related investment. The sum of the present value of the intangible asset's projected cash flows is equal to its fair value. Generally, the income approach is applied using the multi-period excess earnings method ("MPEEM") or the relief from royalty method.

Market Approach

The market approach is based on the *principle of competition* and the *principle of equilibrium*, similar to the asset approach. Under the market approach, it is assumed that the value of an intangible asset can be measured by the selling or asking prices of similar assets, either individually or collectively, in the marketplace. This approach is based on the premise that a knowledgeable investor would not pay more for an asset than the amount for which the asset could be replaced. The best application of the market approach would be based on market sales of assets that are exactly the same as the intangible asset being valued, but few such exact sales exist. As a result, the sales and asking prices of assets similar to the intangible asset being valued must be utilized as a proxy for the intangible asset's market value after adjustments are made for any differences between the assets.

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5 CUSTOMER RELATIONSHIPS – OTHER

5.1 Overview

Historically, the Company has been able to develop meaningful relationships with its customers (the "Customer Relationships"). Based upon discussion with management and review of the Company's historical sales activity, the Company has had a strong customer retention rate historically. Overall, the Company has developed significant relationships with its customers, which suggests that these Customer Relationships are an intangible asset with material value. It should be noted that the "Customer Relationships – Other" valued in this section excludes LARGE CUSTOMER, which is valued separately in **Section 6**.

5.2 Valuation Methodology

Because there is a specific earnings stream that can be associated exclusively with the Customer Relationships – Other, we utilized the MPEEM in determining their value, which is a derivation of the income approach. In order to apply this valuation method, we used the Company's projections to estimate its cash flows attributable to its Customer Relationships and then discounted those cash flows back to the Transaction Date at a rate of return commensurate with the risk associated with the intangible asset. A detailed analysis of the value of the Company's Customer Relationships – Other is presented in **Exhibit C-2**.

5.3 Valuation Analysis

A number of key variables drive the value of the Customer Relationships determined by the application of the MPEEM. These variables are discussed in detail below.

Projected Customer Relationships Revenue

The Customer Relationships – Other relate to all customers of the Company as of the Transaction Date, excluding LARGE CUSTOMER. Because we are valuing only the Company's Customer Relationships that exist as of the Transaction Date, it was necessary to exclude from their value any revenues projected to be earned from customers expected to be added in the future. Keeping this in mind, and based on our analysis of the Company's historical customer revenue data in **Exhibit C-4**, it was estimated that the existing customer revenue growth rate would be 65.0% of the total company revenue growth rate (consistent with the Company's historical retained customer growth rate of 63.3% of total growth). This is also consistent with management's expectations for how the projected growth levels will be achieved.

To the extent that the Company has any "anonymous sales," these would need to be excluded from the Customer Relationships benefit stream. Based on the fact that the Company is able to specifically identify the customers with whom it does business, no adjustment for anonymous sales was necessary.

Finally, it was necessary to consider the attrition of existing Customer Relationships over time. Normally, an attrition rate is applied to the projected revenues in order to reflect the "wasting" nature of Customer Relationships. Based on an analysis of the Company's historical customer attrition rate and discussions with management, the Customer Relationship attrition rate was estimated to be 5.0% annually. The selected attrition rate is consistent with the Company's calculated historical revenue attrition levels, which ranged from 2.9%-5.3%, as shown in **Exhibit C-4**. This data supports management's belief that the Company will experience low levels of customer attrition in future years.

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EBIT Margin

The Company's EBIT margin for non-LARGE CUSTOMER customers per **Exhibit C-1** is projected to range from 23.9% to 32.1%. Because we are valuing only the Company's Customer Relationships existing as of the Transaction Date, any projected business development expenses related to attracting new customers needs to be added back to the EBIT margin used in the Customer Relationships valuation analysis. It should be noted that a portion of the Company's total business development expenses relate to entertaining and maintaining relationships with existing customers in addition to developing relationships with new customers.

The Company's business development expenses were identified and management estimated the percentage of those expenses that related to new customer development (vs. existing customer management), as presented in **Exhibit C-5**. The total new customer business development expenses as a % of revenue ranged from 3.5%-3.9% from 2015 to TTM 4/30/2017. Based on these data points, we increased the Company's EBIT margin by 3.7% for the estimated expenses related to new customer business development. After this modification, the adjusted EBIT margins used in valuing the Customer Relationships ranged from 27.6% to 35.8%.

Contributory Asset Charges

The total projected revenues and cash flows of the Company are not attributable exclusively to the purchased Customer Relationships. Therefore, in order to estimate the cash flow strictly attributable to the purchased Customer Relationships using the MPEEM, we must deduct contributory asset charges ("CACs") for the other tangible and intangible assets which contribute to the projected Customer Relationships' cash flows. By deducting the CACs, which represent the return on all other assets required to support the Customer Relationships, we are able to isolate the net cash flow specific to the Customer Relationships, which can then be discounted at an appropriate rate of return in order to determine their fair value. Because CACs take into account the assets necessary to support the Customer Relationships, they are applied throughout the entire projected life of the intangible asset.

The CACs are calculated on a "return on" basis. As a result, no amount for the "return of" the contributory assets is included in the analysis given that that life of net working capital is perpetual and the replacement costs for fixed asset and self-constructed assets (such as the assembled workforce) are included in the Company's normal operating costs, and therefore, are already factored into the debt-free cash flow from the Customer Relationships.

The contributory assets upon which CACs were calculated are detailed below and the supporting calculations are presented in **Exhibit C-3**:

- **Working Capital** – The "return on" working capital represents the charge for the utilization of the required level of working capital necessary to support the Customer Relationships at a rate of return commensurate with the risk associated with working capital-type assets. The working capital CAC was calculated based on the "return on" total required working capital as a percentage of total revenue – this percentage was then multiplied by the revenue projected specifically for the Customer Relationships.

- **Fixed Assets** – The "return on" fixed assets represents the charge for the utilization of the required level of fixed assets necessary to support the Customer Relationships at a rate of return commensurate with the risk associated with fixed assets. The fixed asset CAC was calculated based on the "return on" total required fixed assets as a percentage of total revenue – this percentage was then multiplied by the revenue projected specifically for the Customer Relationships.

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- **Trademarks** – The Trademarks were valued using the relief from royalty method. As such, the pre-tax royalty rate (1.00%) used in the Trademarks valuation analysis was converted into an after-tax royalty rate (0.62%), which represents the CAC for this intangible asset as a percentage of the revenue projected specifically for the Customer Relationships.

- **Assembled Workforce** – The CAC associated with the assembled workforce was calculated by multiplying the required rate of return for this intangible asset by its estimated fair value and then expressing the resultant figure as a percentage of total revenue – this percentage was then multiplied by the revenue projected specifically for the Customer Relationships. It was assumed that the fair value of the assembled workforce as of the Transaction Date would increase in-line with the Company's projected increases in revenue as new employees are added to support the additional business.

Required Rate of Return

A 33.5% rate of return was utilized in determining the fair value of the Customer Relationships, which is equal to the Company's WACC. This reflects the fact that the risk associated with the Customer Relationships is similar to the risk of the business as a whole.

Tax Rate and Amortization Benefit

The effective corporate tax rate used in our analysis is 38.5%, which is consistent with the estimated Federal, state, and local income taxes for a STATE C Corporation such as the Company.

The fair value of an intangible asset should not differ depending upon the tax structure of a particular transaction. Therefore, we projected that an acquirer of the Customer Relationships would experience an economic benefit stemming from the amortization of the intangible asset over a 15 year life for tax purposes. The present value of this tax amortization benefit was included as a component of our fair value estimate.

5.4 Valuation Conclusion

Based on the analysis described in the previous sections and detailed in **Exhibit C-2**, we determined the fair value of the Company's Customer Relationships to be $2,580,000 as of the Transaction Date.

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6 CUSTOMER RELATIONSHIP – LARGE CUSTOMER

6.1 Overview

The Company has a supply agreement with its largest customer, LARGE CUSTOMER, which suggests that the relationship is an intangible asset with material value. LARGE CUSTOMER is unique to DT as it represented nearly 25% of the Company's revenue in 2016 and is the only customer with a supplier contract. In addition, due to pricing concessions made as a result of LARGE CUSTOMER's large volume of purchases under their agreement, DT has lower gross profit margins on sales to LARGE CUSTOMER compared to its other customers. Based on these facts, we determined that it was appropriate to value the LARGE CUSTOMER relationship separate from the Company's other Customer Relationships - Other.

6.2 Valuation Methodology

Because there is a specific earnings stream that can be associated exclusively with the LARGE CUSTOMER relationship, we utilized the MPEEM in determining its value, which is a derivation of the income approach. In order to apply this valuation method, we used the Company's projections to estimate its cash flows attributable to the LARGE CUSTOMER relationship and then discounted those cash flows back to the Transaction Date at a rate of return commensurate with the risk associated with the intangible asset. A detailed analysis of the value of the Company's Customer Relationship – LARGE CUSTOMER is presented in **Exhibit D-1**.

6.3 Valuation Analysis

A number of key variables drive the value of the Customer Relationship with LARGE CUSTOMER determined by the application of the MPEEM. These variables are discussed in detail below.

Projected Customer Relationship Revenue

In order to value the Customer Relationship with LARGE CUSTOMER, it was necessary to consider the projected growth in sales to LARGE CUSTOMER along with the renewal rate of the existing contract / likelihood of customer retention.

The projected LARGE CUSTOMER revenue in **Exhibit C-1** is the starting point of the MPEEM in **Exhibit D-1**). Management expected sales to LARGE CUSTOMER to increase in-line with the Company's overall projected revenue growth rate. LARGE CUSTOMER has a history of making acquisitions (approximately one per year according to the Company's management) and had recently completed an acquisition just prior to the Transaction Date that was expected to increase its purchases from DT going forward. Based on these facts, revenue for the 6 months ended 12/31/17 was based on the Annualized YTD 4/3017 revenue of $1,415,000 adjusted for projected 2017 DT revenue growth of 13.9% per **Exhibit B-5**. All future revenue growth based on projected DT revenue growth in each year per **Exhibit B-5**.

Management estimated that there is an 85% likelihood that LARGE CUSTOMER will renew its contract with the Company at the end of the current contract period (current 3-year contract expires in November 2019) and for the subsequent contract renewal dates. This 85% renewal rate at the end of each 3-year contract period is consistent with the 5.0% attrition rate applied to the valuation of the Company's other Customer Relationships in **Exhibit C-2** (100% - 85% = 15% potential attrition over 3 year contract period; 15% attrition / 3 years = 5% attrition per year).

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EBIT Margin

The Company's EBIT margin for the LARGE CUSTOMER relationship per **Exhibit C-1** is projected to range from 5.9% to 19.1%. Similar to the Customer Relationships – Other, because we are valuing only the Company's relationship with LARGE CUSTOMER as of the Transaction Date, any projected business development expenses related to attracting new customers needs to be added back to the EBIT margin used in the LARGE CUSTOMER relationship valuation analysis. As described in the Customer Relationships – Other analysis in **Section 5** above, and as calculated in **Exhibit C-5**, we increased the Company's EBIT margin by 3.7% for the estimated expenses related to new customer business development. After this modification, the adjusted EBIT margins used in valuing the LARGE CUSTOMER relationship ranged from 9.6% to 22.8%.

Contributory Asset Charges

The total projected revenues and cash flows of the Company are not attributable exclusively to the purchased LARGE CUSTOMER relationship. Therefore, in order to estimate the cash flow strictly attributable to the purchased LARGE CUSTOMER relationship using the MPEEM, we must deduct contributory asset charges ("CACs") for the other tangible and intangible assets which contribute to the projected LARGE CUSTOMER relationship's cash flows. By deducting the CACs, which represent the return on all other assets required to support the LARGE CUSTOMER relationship, we are able to isolate the net cash flow specific to the LARGE CUSTOMER relationship, which can then be discounted at an appropriate rate of return in order to determine their fair value. Because CACs take into account the assets necessary to support the LARGE CUSTOMER relationship, they are applied throughout the entire projected life of the intangible asset.

An analysis of the applicable contributory asset charges is presented in **Section 5** above and the related calculations are included in **Exhibit C-3**.

Required Rate of Return

Because LARGE CUSTOMER has the ability to cancel its purchase contract with the Company at its discretion if 120 days' notice is given, the Company's contract with LARGE CUSTOMER is more like a customer relationship than a long-term contract with a fixed amount of revenue. Therefore, the risk associated with this intangible asset is similar to a customer relationship (WACC discount rate to reflect the overall risk of the business) rather than a fixed revenue contract (discount rate below WACC to reflect reduced risk associated with contracted revenue amounts).

Therefore, a 33.5% rate of return was utilized in determining the fair value of the LARGE CUSTOMER relationship, which is equal to the Company's WACC. This reflects the fact that the risk associated with the LARGE CUSTOMER relationship is similar to the risk of the business as a whole.

Tax Rate and Amortization Benefit

The effective corporate tax rate used in our analysis is 38.5%, which is consistent with the estimated Federal, state, and local income taxes for a STATE C Corporation such as the Company.

The fair value of an intangible asset should not differ depending upon the tax structure of a particular transaction. Therefore, we projected that an acquirer of the LARGE CUSTOMER relationship would experience an economic benefit stemming from the amortization of the intangible asset over a 15 year life for tax purposes. The present value of this tax amortization benefit was included as a component of our fair value estimate.

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6.4 Valuation Conclusion

Based on the analysis described in the previous sections and detailed in **Exhibit D-1**, we determined the fair value of the Company's SpecialyCare relationship to be $470,000 as of the Transaction Date.

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7 TRADEMARKS

7.1 Overview

The Company uses certain trademarks in marketing and advertising its products and services. For purposes of this valuation, we defined Trademarks as “any device used to identify the origin of goods or services,” which is meant to include items such as trade names, domain names and logos. The Trademarks have value due to the fact that they create customer recognition, which drives revenues and, ultimately, cash flows.

Management indicated that the Trademarks aid the Company in securing customers due to recognition and reputation of the Company’s “brand” in the marketplace. The Company uses its Trademark in marketing and advertising, including internet advertising on the following websites:

- WEBSITE
- WEBSITE
- WEBSITE
- WEBSITE
- WEBSITE
- WEBSITE
- WEBSITE
- WEBSITE

While not registered, the DT Trademarks had been in the marketplace for over NUMBER years as of the Transaction Date (the Company was established in YEAR), which means that customers have been exposed to them for a significant period of time. Including the Company’s name, DT also used the following Trademarks for particular products:

- TRADEMARK
- TRADEMARK
- TRADEMARK
- TRADEMARK
- TRADEMARK
- TRADEMARK
- TRADEMARK
- TRADEMARK
- TRADEMARK
- TRADEMARK
- TRADEMARK
- TRADEMARK
- TRADEMARK
- TRADEMARK
- TRADEMARK
- TRADEMARK
- TRADEMARK

According to management, while the DT Trademarks are beneficial to attracting potential customers to the Company, DT’s Customer Relationships are the primary driver of the Company’s business. The Trademarks may establish some level of credibility with potential customers, but it is still necessary for the Company to build a relationship with the potential customer in order to generate sales.

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7.2 Valuation Methodology

To value the Company's Trademarks, we utilized the Relief from Royalty Method, which is a hybrid income/market approach. Under this method, we assumed that if the Company did not own its Trademarks, it would be willing to pay a royalty as "rent" for their use. The benefit of ownership of the Trademarks is valued as the "relief" from the royalty expense that would otherwise have been incurred.

The first step in applying the Relief from Royalty Method was to determine an appropriate market royalty rate for the Company's Trademarks based on what would be negotiated between a willing licensee and a willing licensor if both had reasonably and voluntarily attempted to reach an agreement. In determining an appropriate royalty rate, it was necessary to consider license agreements involving comparable assets with similar risk and return characteristics. The estimated royalty rate was then multiplied by the Company's projected revenue to estimate the royalty savings. After determining the present value of the estimated royalty savings using a rate of return commensurate with the risk associated with the Trademarks and making an adjustment for the tax amortization benefit, we arrived at the fair value of the Trademarks.

A detailed analysis of the value of the Trademarks is presented in **Exhibits F-1 to F-3**.

7.3 Valuation Analysis

A number of key variables drive the value of the Trademarks determined by the application of the Relief from Royalty Method. These variables are discussed in detail below.

Projected Revenue

Because all of DT's activities incorporate the Company's Trademarks, the Company's total projected revenue was used as the applicable sales base for determining the value of the Trademarks. Therefore, we utilized the same projected revenue used in the discounted cash flow analysis in **Exhibit B-5**.

Royalty Rate

In order to determine an appropriate royalty rate for the Company's Trademarks, we reviewed 57 general trademark licensing agreements involving commercial products from RoyaltySource, a leading business license database (**Exhibit F-2**). Royalties related to commercial products were analyzed because brand recognition often plays an important role in purchasing. The average pre-tax royalty rates in this population ranged from 0.05% to 10.0% of revenues with a median of 2.50% and average of 3.13%. After removing any related-party royalty agreements, the remaining royalty rates had a median of 3.00%, an average of 3.57% and generally ranged between 1.0% and 5.0%.

There were a number of Company-specific factors that we considered in determining an appropriate royalty rate including the following:

- **Exclusivity** – The Company's Trademarks are not registered, meaning that their use is non-exclusive, although it does own a variety of domain names that are used to sell the Company's products. This puts the Company's Trademarks in a position similar to the guideline trademark royalty agreements analyzed, which are typically non-exclusive.

- **Legal Status and Breadth of Protection** – As discussed above, the Company's Trademarks are not registered, which creates additional risk compared to the companies involved in the guideline royalty agreements.

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- **Means of Promotion** – The Company's primary means of promotion are relatively limited compared to those of the companies involved in the guideline royalty agreements, which use a wide variety of promotional activities including print, radio, television and the internet. This would tend to have a downward impact on the royalty rate applicable to the Company's Trademarks.

- **Recognition, Establishment and Size** – A majority of the guideline royalty agreements relate to large, established, multinational companies that have extensive branding efforts and broad public recognition, which would tend to have a downward impact on the royalty rate applicable to the Company's Trademarks.

- **Other** – The Company sees the Trademarks and website as secondary drivers of the business and sees much more value in its Customer Relationships.

Based on the factors described above, we selected a 1.0% pre-tax royalty rate for our valuation analysis. This rate is consistent with the lower quartile (1.00%) royalty rate for transactions in the relevant population of royalty agreements that we examined, which takes into account the lower demand for the Company's Trademarks in relation to those which are the subject of the guideline royalty agreements.

As a cross-check on the selected royalty rate, we also analyzed the residual profit allocable to the Trademarks and other unidentified intangibles after taking into account the required returns on the Company's tangible assets and other identifiable intangible assets, as shown in **Exhibit F-3**. The average pre-tax margin attributable to Trademarks and other unidentified intangibles from 2017-2025 was 31.5%. Given the lower level of importance of the Trademarks to the Company's business and the rates of return associated with the other intangible assets, the selected royalty rate of 1.0% appears to be reasonable.

Required Rate of Return

A 36.0% rate of return was utilized in determining the fair value of the Trademarks, which is equal to the Company's cost of equity. This reflects the high likelihood that an intangible asset such as the Company's Trademarks would be financed entirely with equity.

Tax Adjustment and Amortization Benefit

The effective corporate tax rate used in our analysis is 38.5%, which is consistent with the estimated Federal, state, and local income taxes for a STATE C Corporation such as the Company.

The fair value of an intangible asset should not differ depending upon the tax structure of a particular transaction. Therefore, we projected that an acquirer of the Trademarks would experience an economic benefit stemming from the amortization of the intangible asset over a 15 year life for tax purposes. The present value of this tax amortization benefit was included as a component of our fair value estimate.

7.4 Valuation Conclusion

Based on the analysis described in the previous sections and detailed in **Exhibit F-1**, we determined the fair value of the Company's Trademarks to be $210,000 as of the Transaction Date.

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8 ASSEMBLED WORKFORCE

8.1 Overview

As of the Transaction Date, the Company's assembled workforce (the "Assembled Workforce") consisted of approximately 25 employees. Management believes that this is a reasonable number of employees to efficiently run the Company based on its current size.

8.2 Valuation Methodology

We utilized a cost approach to determine the value of the Company's Assembled Workforce, which is the most often-used approach in valuing assembled workforces. Our valuation analysis determined the "cost to replace" the Company's Assembled Workforce as of the Transaction Date because these costs are able to be avoided by purchasing the Company's already existing business. In order to assemble a workforce of comparable size and expertise to that of the Company, we considered the costs of recruiting, interviewing, training and lost efficiency that would have been incurred in creating such a workforce from scratch. After determining the cost to replace the Assembled Workforce, it was necessary to make adjustments for taxes, after which we arrived at the fair value of the asset.

A detailed analysis of the value of the Assembled Workforce is presented in **Exhibit G-1**.

8.3 Valuation Analysis

A number of key variables drive the value of the Assembled Workforce, which are discussed in detail below.

Compensation and Benefits

The compensation and benefits considered include the compensation, fringe benefits and other employer-borne expenses associated with each employee category. The annual compensation with benefits for each employee category served as the base for the employee inefficiency cost calculation as well as the estimated recruiting fees.

Recruiting and Interviewing Costs

The recruiting costs considered include any expenses incurred during the process of gathering qualified interview candidates such as advertising expenses, recruiting fees and the opportunity cost associated with reviewing resumes. The amount of time spent interviewing different candidates is driven by a number of factors including the number of candidates interviewing for a position, the number of times each candidate is interviewed, the length of interviews, the number of employees involved with the interview process and the salary levels of the positions being filled.

Training Costs

The training costs considered represent both the direct costs associated with training a new hire and the opportunity costs incurred by the trainers.

Inefficiency Costs

The inefficiency costs considered represent the time it takes for a new employee to become sufficiently oriented with his position to enable him to function proficiently at his level of responsibility. These costs were determined by multiplying the average time needed by a new employee to attain full productivity by the related compensation and benefit cost.

SANITIZED REPORT

Tax Adjustment and Amortization Benefit

If the Company's workforce were to be assembled as of the Transaction Date, the related expenses would be deductible for tax purposes. Because we are valuing the Assembled Workforce on an after-tax basis, it was necessary to consider the tax savings that would be recognized from these expenses. The effective corporate tax rate used in our analysis is 38.5%, which is consistent with the estimated Federal, state, and local income taxes for a STATE C Corporation such as the Company. Therefore, the replacement cost less the 38.5% tax savings represents the net out of pocket investment to recreate the Company's Assembled Workforce.

The fair value of an intangible asset should not differ depending upon the tax structure of a particular transaction. Therefore, we projected that an acquirer of the Assembled Workforce would experience an economic benefit stemming from the amortization of the intangible asset over a 15 year life for tax purposes. The present value of this tax amortization benefit was included as a component of our fair value estimate.

8.4 Valuation Conclusion

Based on the analysis described in the previous sections and detailed in **Exhibit G-1**, we determined the fair value of the Company's Assembled Workforce to be $130,000 as of the Transaction Date.

SANITIZED REPORT

9 WEIGHTED-AVERAGE RETURN ON ASSETS

In the weighted-average return on assets ("WARA") analysis, the required rate of return for each asset class is weighted based on the relative composition of such assets on the Company's balance sheet as of the Transaction Date. The sum of the different asset classes' weighted-average rate of return should be consistent with the Company's independently-derived WACC if the intangible asset values determined in the valuation analysis are reasonable. The rate of return for each asset class was based on the required returns on debt and equity in proportion to their estimated percentages in the expected capital structure. As such, some assets may require a rate of return greater than the overall required rate of return while others may require a lower rate of return based on their specific risk characteristics.

Weighted-Average Return on Assets ("WARA")

Asset Class	Normalized Operating Value	% of Total	Rate of Return	Weighted Average Return	Allocated Debt %	Allocated Equity %
Net Working Capital	$ 827,058	13.8%	24.3%	3.4%	35.0%	65.0%
Fixed Assets	21,710	0.4%	27.7%	0.1%	25.0%	75.0%
Customer Relationships - Other **[1]**	2,351,829	39.4%	33.5%	13.2%	7.5%	92.5%
Customer Relationship - LARGE CUSTOMER **[1]**	432,848	7.2%	33.5%	2.4%	7.5%	92.5%
Trademarks **[1]**	196,954	3.3%	36.0%	1.2%	0.0%	100.0%
Assembled Workforce **[1]**	120,485	2.0%	33.5%	0.7%	7.5%	92.5%
Goodwill	2,020,993	33.9%	37.5%	12.7%	n/a	n/a
Total Operating Assets	5,971,877	100.0%	**WARA**	**33.7%**	Cost of Debt	2.6%
Cash	22,738		**WACC**	**33.5%**	Cost of Equity	36.0%
Deferred Tax Liability	(1,304,000)					
			IRR	**33.7%**		
Total Invested Capital	$ 4,690,615					

Footnotes:
[1] Excludes present value of tax amortization benefit for purposes of calculating the WARA since there was no step-up in basis of the acquired intangible assets based on the structure of the Transaction.

Based on our analysis, the WARA is consistent with the WACC and IRR determined in **Section 3**, which supports the estimated rate of return for the Company and the allocation of intangible assets determined in this Report.

SANITIZED REPORT

10 CONCLUDED ALLOCATION OF PURCHASE PRICE

Based on the analysis summarized in this Report, we determined the purchase price allocation for the Transaction to be as follows (also presented in **Exhibit H-2**):

Purchase Price Allocation

	Fair Value	Useful Life **[1]**
Assets		
Cash	$ 22,738	
Accounts Receivable	821,067	
Inventory	599,604	
Prepaid and Other Current Assets	9,350	
Fixed Assets	21,710	
Customer Relationships - Other	2,580,000	10 Years
Customer Relationship - LARGE CUSTOMER	470,000	10 Years
Trademarks	210,000	10 Years
Goodwill	1,863,109	Indefinite
	6,597,578	
Liabilities		
Accounts Payable	576,053	
Accrued Expenses	10,934	
Accrued Vacation Liability	15,976	
Deferred Tax Liability	1,304,000	
	1,906,963	
Total Cash Consideration	**$ 4,690,615**	

Footnotes:

[1] The useful lives presented in this report are suggested based on the financial considerations of each individual intangible asset. Management has the ultimate responsibility for selecting the useful life of each intangible asset for financial reporting purposes.

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EXHIBIT A-1
DREAM THINK, INC.
PURCHASE PRICE CALCULATION
VALUATION DATE - JUNE 30, 2017

Purchase Price / Indicated Enterprise Value		
Purchase Price **[1]**	$	4,650,000
Plus: Net Working Capital Adjustment **[2]**		40,615
Total Cash Consideration		**4,690,615**
Plus: Interest-Bearing Debt Assumed **[3]**		-
Total Invested Capital Value		**4,690,615**
Less: Cash Purchased **[4]**		(22,738)
Enterprise Value	**$**	**4,667,877**

Footnotes:

[1] Based on flow of funds schedule and purchase agreement. Includes $465,000 of escrowed payments.

[2] Based on flow of funds schedule. Difference between projected closing net working capital of $895,615 and target net working capital upper collar of $855,000. No adjustments were made upon finalizing the net working capital calculation per management.

[3] No interest-bearing debt assumed.

[4] Based on opening balance sheet.

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EXHIBIT A-2
DREAM THINK, INC.
TANGIBLE ASSETS ACQUIRED AND LIABILITIES ASSUMED
VALUATION DATE - JUNE 30, 2017

Tangible Assets Acquired and Liabilities Assumed		
Assets		
Cash	$	22,738
Accounts Receivable		821,067
Inventory		599,604
Prepaid and Other Current Assets		9,350
Fixed Assets		21,710
		1,474,469
Liabilities		
Accounts Payable		576,053
Accrued Expenses		10,934
Accrued Vacation Liability		15,976
		602,963
Net Tangible Assets Acquired	$	871,506

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EXHIBIT B-1
DREAM THINK, INC.
HISTORICAL INCOME STATEMENTS
VALUATION DATE - JUNE 30, 2017

	12/31/2015		12/31/2016		TTM 4/30/2017	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenue	$ 4,796,000	100.0%	$ 5,269,000	100.0%	$ 5,508,000	100.0%
Cost of Sales	3,350,000	69.8%	3,243,000	61.5%	3,338,000	60.6%
Gross Profit	1,446,000	30.2%	2,026,000	38.5%	2,170,000	39.4%
Operating Expenses	1,420,000	29.6%	1,545,000	29.3%	1,555,000	28.2%
Operating Income	26,000	0.6%	481,000	9.2%	615,000	11.2%
Other Income (Expense)						
Interest Income, Net	2,000	0.0%	1,000	0.0%	3,000	0.1%
Pre-Tax Net Income	28,000	0.6%	482,000	9.2%	618,000	11.2%
Income Tax	16,000	0.3%	151,000	2.9%	151,000	2.7%
Net Income	$ 12,000	0.3%	$ 331,000	6.3%	$ 467,000	8.5%

Other Information						
EBITDA (Reported)	52,000	1.1%	$ 513,000	9.7%	$ 647,000	11.7%
EBITDA (Adjusted Pro-Forma) **[1]**	n/a	n/a	769,000	14.6%	928,000	16.8%
Net Working Capital **[2]**	504,000	10.5%	605,000	11.5%	886,000	16.1%
Adjusted Net Working Capital **[1]**	n/a	n/a	813,000	15.4%	1,016,000	18.4%
Average TTM Adjusted Net Working Capital **[1]**	n/a	n/a	n/a	n/a	913,000	16.6%
Depreciation Expense	26,000	0.5%	32,000	0.6%	32,000	0.6%
Capital Expenditures	n/a	n/a	16,000	0.3%	14,000	0.3%

Footnotes:

[1] Per Draft CPA FIRM due diligence report dated 4/30/2017.

[2] Excludes cash, prepaid Federal income taxes, state income tax payable and interest-bearing debt.

Source:

Draft CPA FIRM due diligence report dated 4/30/2017

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EXHIBIT B-2
DREAM THINK, INC.
HISTORICAL BALANCE SHEETS
VALUATION DATE - JUNE 30, 2017

	12/31/2015		12/31/2016		4/30/2017	
	Amount	Percent	Amount	Percent	Amount	Percent
ASSETS						
Current Assets						
Cash	$ 33,000	2.9%	$ 166,000	12.0%	$ 175,000	11.0%
Accounts Receivable	524,000	45.6%	610,000	44.0%	689,000	43.2%
Inventory	510,000	44.4%	512,000	36.9%	580,000	36.4%
Prepaid Federal Income Taxes	1,000	0.1%	32,000	2.3%	84,000	5.2%
	1,068,000	93.0%	1,320,000	95.2%	1,528,000	95.8%
Fixed Assets						
Property, Plant and Equipment, Net	27,000	2.3%	19,000	1.4%	20,000	1.3%
Other Assets						
Notes Receivable	54,000	4.7%	47,000	3.4%	46,000	2.9%
TOTAL ASSETS	$ 1,149,000	100.0%	$ 1,386,000	100.0%	$ 1,594,000	100.0%
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities						
Accounts Payable	$ 524,000	45.6%	$ 431,000	31.1%	$ 382,000	24.0%
Accrued Expenses	6,000	0.5%	86,000	6.2%	1,000	0.1%
State Income Tax Payable	2,000	0.2%	22,000	1.6%	-	- %
	532,000	46.3%	539,000	38.9%	383,000	24.1%
Non-Current Liabilities						
Notes Payable	156,000	13.6%	55,000	4.0%	55,000	3.4%
TOTAL LIABILITIES	688,000	59.9%	594,000	42.9%	438,000	27.5%
Shareholders' Equity						
Shareholders' Equity	461,000	40.1%	792,000	57.1%	1,156,000	72.5%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,149,000	100.0%	$ 1,386,000	100.0%	$ 1,594,000	100.0%

Source:
Draft CPA FIRM due diligence report dated 4/30/2017

SANITIZED REPORT

EXHIBIT B-3
DREAM THINK, INC.
PROJECTED INCOME STATEMENTS
VALUATION DATE - JUNE 30, 2017

	12/31/2017 [1]		12/31/2018		12/31/2019		12/31/2020		12/31/2021		12/31/2022	
	Amount	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**
Revenue	$ 6,037,000	100.0%	$ 6,805,000	100.0%	$ 7,940,000	100.0%	$ 9,528,000	100.0%	$ 11,433,600	100.0%	$ 13,720,320	100.0%
Cost of Sales	n/a	n/a	4,219,000	62.0%	4,923,000	62.0%	5,907,600	62.0%	7,089,120	62.0%	8,506,944	62.0%
Gross Profit	n/a	n/a	2,586,000	38.0%	3,017,000	38.0%	3,620,400	38.0%	4,344,480	38.0%	5,213,376	38.0%
Operating Expenses	n/a	n/a	1,021,750	15.0%	1,148,000	14.5%	1,148,000	12.1%	1,148,000	10.0%	1,148,000	8.4%
EBITDA	$ 1,166,625	19.3%	$ 1,564,250	23.0%	$ 1,869,000	23.5%	$ 2,472,400	25.9%	$ 3,196,480	28.0%	$ 4,065,376	29.6%

Other Information												
EBITDA	$ 1,166,625	19.3%	$ 1,564,250	23.0%	$ 1,869,000	23.5%	$ 2,472,400	25.9%	$ 3,196,480	28.0%	$ 4,065,376	29.6%
Capital Expenditures **[2]**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net Working Capital **[2]**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Footnotes:

[1] Management projections did not include a projection for 2017, so an average of 2016 (Adjusted Pro-Forma EBITDA) and 2018 was used in developing a 2017 projection.

[2] Management did not include projections for capital expenditures or net working capital.

Source:

Management-prepared projections for 2018-2022

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EXHIBIT B-4
DREAM THINK, INC.
HISTORICAL AND PROJECTED FINANCIAL SUMMARY
VALUATION DATE - JUNE 30, 2017

	Historical				**Projected [3]**					
	12/31/2015	12/31/2016	TTM 4/30/2017	Historical Average	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Income Statements										
Revenue	$ 4,796,000	$ 5,269,000	$ 5,508,000	$ 5,191,000	$ 6,037,000	$ 6,805,000	$ 7,940,000	$ 9,528,000	$ 11,433,600	$ 13,720,320
Gross Profit	1,446,000	2,026,000	2,170,000	1,880,667	n/a	2,586,000	3,017,000	3,620,400	4,344,480	5,213,376
EBITDA (Reported)	52,000	513,000	647,000	404,000	1,166,625	1,564,250	1,869,000	2,472,400	3,196,480	4,065,376
EBITDA (Adjusted Pro-Forma) **[1]**	n/a	769,000	928,000	848,500	n/a	n/a	n/a	n/a	n/a	n/a
Growth Rates										
Revenues	n/a	9.9%	4.5%	n/a	13.9%	12.7%	16.7%	20.0%	20.0%	20.0%
Gross Profit	n/a	40.1%	7.1%	n/a	n/a	n/a	16.7%	20.0%	20.0%	20.0%
EBITDA (Reported)	n/a	886.5%	26.1%	n/a	51.7%	34.1%	19.5%	32.3%	29.3%	27.2%
EBITDA (Adjusted Pro-Forma) **[1]**	n/a	n/a	20.7%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Margins										
Gross Profit	30.2%	38.5%	39.4%	36.2%	n/a	38.0%	38.0%	38.0%	38.0%	38.0%
EBITDA (Reported)	1.1%	9.7%	11.7%	7.8%	19.3%	23.0%	23.5%	25.9%	28.0%	29.6%
EBITDA (Adjusted Pro-Forma) **[1]**	n/a	14.6%	16.8%	16.3%	n/a	n/a	n/a	n/a	n/a	n/a
Balance Sheet										
NWC (Reported) **[2]**	504,000	605,000	886,000	665,000	n/a	n/a	n/a	n/a	n/a	n/a
As a % of Revenues	*10.5%*	*11.5%*	*16.1%*	*12.8%*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Adjusted NWC **[2]**	n/a	813,000	1,016,000	914,500	n/a	n/a	n/a	n/a	n/a	n/a
As a % of Revenues	*n/a*	*15.4%*	*18.4%*	*17.6%*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Capital Expenditures	n/a	16,000	14,000	15,000	n/a	n/a	n/a	n/a	n/a	n/a
As a % of Revenues	*n/a*	*0.3%*	*0.3%*	*0.3%*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*

Footnotes

[1] Per Draft CPA FIRM due diligence report dated 4/30/2017.
[2] Excludes cash, prepaid Federal income taxes, state income tax payable and interest-bearing debt.
[3] Based on projections in **Exhibit B-4**.

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EXHIBIT B-5
DREAM THINK, INC.
DISCOUNTED CASH FLOW ANALYSIS - IMPLIED IRR
VALUATION DATE - JUNE 30, 2017

	6 Months ended 12/31/2017 [1]	*Year ended 12/31/2018*	*Year ended 12/31/2019*	*Year ended 12/31/2020*	*Year ended 12/31/2021*	*Year ended 12/31/2022*	*Year ended 12/31/2023*	*Year ended 12/31/2024*	*Year ended 12/31/2025*
Revenue **[1]**	$ 3,018,500	$ 6,805,000	$ 7,940,000	$ 9,528,000	$ 11,433,600	$ 13,720,320	$ 15,092,352	$ 15,846,970	$ 16,243,144
EBITDA **[2]**	583,313	1,564,250	1,869,000	2,472,400	3,196,480	4,065,376	4,452,244	4,674,856	4,791,727
Depreciation **[3]**	(7,948)	(18,111)	(20,415)	(23,820)	(28,584)	(34,301)	(41,161)	(45,277)	(47,540)
Earnings Before Income Taxes (EBIT)	575,365	1,546,139	1,848,585	2,448,580	3,167,896	4,031,075	4,411,083	4,629,579	4,744,187
Income Taxes (38.5%) **[4]**	(221,516)	(595,264)	(711,705)	(942,703)	(1,219,640)	(1,551,964)	(1,698,267)	(1,782,388)	(1,826,512)
After-Tax Net Income	353,849	950,875	1,136,880	1,505,877	1,948,256	2,479,111	2,712,816	2,847,191	2,917,675
Adjustments to Determine Cash Flow									
Depreciation	7,948	18,111	20,415	23,820	28,584	34,301	41,161	45,277	47,540
Capital Expenditures **[5]**	(9,056)	(20,415)	(23,820)	(28,584)	(34,301)	(41,161)	(45,277)	(47,541)	(48,729)
Change in Net Working Capital **[6]**	(229,417)	(134,400)	(198,625)	(277,900)	(333,480)	(400,176)	(240,106)	(132,058)	(69,330)
Debt-Free Net Cash Flow	**123,324**	**814,171**	**934,850**	**1,223,213**	**1,609,059**	**2,072,075**	**2,468,594**	**2,712,869**	**2,847,156**
x Present value factor @ 33.70%	0.9300	0.7479	0.5594	0.4184	0.3129	0.2341	0.1751	0.1309	0.0979
Months for PV factor	3.0	12.0	24.0	36.0	48.0	60.0	72.0	84.0	96.0
Years for PV factor	0.25	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00
Present Value Net Cash Flows	**$ 114,691**	**$ 608,918**	**$ 522,955**	**$ 511,792**	**$ 503,475**	**$ 485,073**	**$ 432,251**	**$ 355,115**	**$ 278,737**

Fair Value of Company	
Sum of PV Net Cash Flows	$ 3,813,007
Plus: Residual Value	915,685
Plus: PV of Amortization Benefit **[7]**	-
Indicated Fair Value of Company	**$ 4,728,692**

Residual Value	
2025 Cash Flow	$ 2,847,156
x Growth Factor	102.5%
Available Cash Flow	2,918,335
x Residual Multiple **[8]**	3.205
	9,353,264
x PV Factor	0.0979
= Residual Value	$ 915,685

Implied IRR Reconciliation	
Indicated Fair Value of Company (Rounded)	$ 4,700,000
Enterprise Value (Rounded)	$ 4,700,000
Difference	-
Implied IRR	**33.7%**
WACC	**33.5%**

Residual Value Inputs	
Residual Growth Rate	2.50%
Capitalization Rate	31.200%
Residual Multiple	3.205

Growth and Margin Analysis

	Transaction Date 6/30/2017	**6 Months ended 12/31/2017**	**Year ended 12/31/2018**	**Year ended 12/31/2019**	**Year ended 12/31/2020**	**Year ended 12/31/2021**	**Year ended 12/31/2022**	**Year ended 12/31/2023**	**Year ended 12/31/2024**	**Year ended 12/31/2025**
Growth Rates										
Revenue		*13.9%*	*12.7%*	*16.7%*	*20.0%*	*20.0%*	*20.0%*	*10.0%*	*5.0%*	*2.5%*
Margins										
EBITDA		*19.3%*	*23.0%*	*23.5%*	*25.9%*	*28.0%*	*29.6%*	*29.5%*	*29.5%*	*29.5%*
EBIT		*19.1%*	*22.7%*	*23.3%*	*25.7%*	*27.7%*	*29.4%*	*29.2%*	*29.2%*	*29.2%*
Net Working Capital [6]										
Required Level of Net Working Capital	*$ 827,058*	*$ 1,056,475*	*$ 1,190,875*	*$ 1,389,500*	*$ 1,667,400*	*$ 2,000,880*	*$ 2,401,056*	*$ 2,641,162*	*$ 2,773,220*	*$ 2,842,550*
As a % of Net Revenues		*17.5%*	*17.5%*	*17.5%*	*17.5%*	*17.5%*	*17.5%*	*17.5%*	*17.5%*	*17.5%*
Capital Expenditures [5]										
Projected Capital Expenditures		$ 9,056	$ 20,415	$ 23,820	$ 28,584	$ 34,301	$ 41,161	$ 45,277	$ 47,541	$ 48,729
As a % of Net Revenues		*0.3%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*

Footnotes

[1] Based on projections in **Exhibit B-3**. The activity for the remainder of 2017 was based on 6 months of the projected full-year activity. Following 2022, growth was projected to decline gradually to a long-term growth rate of 2.5% based on management's expectations for future growth and expectations for inflation/GDP growth.

[2] Based on projections in **Exhibit B-3**. The activity for the remainder of 2017 was based on 6 months of the projected full-year activity. Following 2022, EBITDA margins were projected to be 29.5%, consistent with the Company's projected 2022 EBITDA margin. The projected EBITDA margins are consistent with the upper quartile (10.8%) and high (33.5%) EBITDA margins of the guideline public companies in **Exhibit B-11.**

[3] Depreciation expense was calculated so that the projected level of capital expenditures outpaced depreciation expense by the annual growth rate, which reflects the fact that annual capital expenditures slightly in excess of depreciation will be necessary to support future projected growth. Amortization expense was not subtracted in determining net income because the Transaction was structured as a stock purchase, meaning that there will be no step up in the tax basis on the acquired intangible assets.

[4] 38.5% effective income tax rate was used to reflect the combined Federal, state and local income tax liability for a STATE C Corporation such as the Company.

[5] Capital expenditures were projected to be 0.3% of revenue, consistent with the Company's historical capital expenditure levels (0.3%). The projected capital expenditure level is consistent with the lower quartile (0.7%) and low (0.0%) of the guideline public companies in **Exhibit B-11**.

[6] Excludes cash, prepaid Federal income taxes, state income tax payable and interest-bearing debt. Net working capital was projected to be 17.5% of revenue, consistent with the Company's historical adjusted working capital levels (15.4%-18.4%). The projected working capital levels as a percentage of revenue are also consistent with upper bound of the net working capital collar in the Transaction (15.5%) as well as the median (18.6%) of the guideline public companies in **Exhibit B-11**.

[7]

[8] The residual multiple is based on the Gordon Growth Model and is equal to: [1 / (WACC - Long-Term Growth Rate)].

SANITIZED REPORT

EXHIBIT B-6
DREAM THINK, INC.
WEIGHTED-AVERAGE COST OF CAPITAL
VALUATION DATE - JUNE 30, 2017

Return on Equity

Build-Up Method		CAPM Method		
Risk Free Rate of Return **[1]**	2.61%	Risk Free Rate of Return **[1]**		2.61%
Market Equity Risk Premium **[2]**	5.97%	Market Equity Risk Premium **[2]**	5.97%	
Small Stock Risk Premium **[3]**	5.59%	Selected Equity Beta **[6]**	0.85	5.07%
Industry Risk Premium **[4]**	(0.50%)	Small Stock Risk Premium **[3]**		5.59%
Specific Company Adjustments **[5]**	22.50%	Specific Company Adjustments **[5]**		22.50%
	36.17%			35.77%
Return on Equity - Build-Up	**36.20%**	**Return on Equity - CAPM**		**35.80%**

Concluded Return on Equity	**36.00%**

Cost of Debt

Fixed Rate, Pre-Tax Cost of Debt **[7]**	4.26%
Less: Income Taxes (38.5%)	(1.64%)
Calculated Cost of Debt	2.62%
Cost of Debt	**2.60%**

Weighted-Average Cost of Capital [8]

Equity Allocation of Capital Structure	92.5%	33.30%
Debt Allocation of Capital Structure	7.5%	0.20%
Calculated WACC		33.50%
WACC		**33.50%**

Footnotes:

[1] 20-Year U.S. Treasury rate at June 30, 2017.
[2] Supply-side equity risk premium from the *2017 Duff & Phelps Valuation Handbook* .
[3] 10th decile size premium from the *2017 Duff & Phelps Valuation Handbook* .
[4] Based on industry risk premiums (reductions) from the *2017 Duff & Phelps Valuation Handbook* for 384X - Surgical, Medical, and Dental Instruments and Supplies (-0.75%); 3841 - Surgical and Medical Instruments and Apparatus (-0.73%); 3842 - Orthopedic, Prosthetic, and Surgical Appliances and Supplies (-0.74%); and 504X - Professional and Commercial Equipment and Supplies (0.17%).
[5] Based on consideration of economic risk, financial risk, operating risk, projection risk and other company-specific factors. Specifically, company-specific risk takes the following into account:
- Projected increases in EBITDA (19.3%-29.6%) margins compared to historical levels (Adjusted EBITDA: 14.6%-16.8%).
- Projected revenue growth (9.6%-20.0%) in excess of historical levels (4.5%-9.9%).
- Customer concentration risk (1 customer (LARGE CUSTOMER) comprised over 25% of revenue in 2016).
- The Company is smaller in size compared to many companies in the 10th decile used for the size premium from the *2017* Duff & *Phelps Valuation Handbook* .

[6] Based on analysis in **Exhibit B-8**.
[7] Barron's intermediate grade average bond yield at June 30, 2017.
[8] Based on consideration of the guideline public companies' capital structures in **Exhibit B-10**. A debt weighting of 7.5% was used in calculating the Company's WACC, which is consistent with the median (8.8%) debt capitalization percentage of the guideline public companies.

SANITIZED REPORT

EXHIBIT B-7
DREAM THINK, INC.
RATES OF RETURN BY INVESTMENT STAGE / VENTURE CAPITAL RATES OF RETURN
VALUATION DATE - JUNE 30, 2017

Rates of Return by Investment Stage

Investment Stage	Rate of Return	Mid-Point Rate of Return	Description of Investment Stage
Seed	50% - 80%	65.0%	These investments are usually in companies less than a year old. The company uses the money for product development, prototype testing, and test marketing (in experimental quantities to select customers). This stage involves further study of market penetration potential, formulation of a management team and refining the business plan.
Early Development	40% - 60%	50.0%	Funding only proceeds through the early development stage (or "first stage") if the prototypes look promising enough that further technical risk is considered minimal. Likewise, the market studies look good enough so that management is comfortable with setting up a modest manufacturing or R&D process. These companies are unlikely to be profitable.
Expansion	35% - 50%	42.5%	Companies in this stage (the "second stage") have shipped enough product to enough customer so that they have "real" feedback from the market. Companies may not know quantitatively what speed of penetration will occur later, or what the ultimate limits of penetration will be, but they may know the qualitative factors that will determine the speed and limits of penetration. These companies need more capital for manpower, equipment, purchases, inventories and receivables financing.
Profitable But Cash Poor	30% - 50%	40.0%	Companies in this stage (the "third stage") are likely experiencing rapid sales growth and positive margins have likely taken away most of the downside investment risk. However, the rapid expansion requires more working capital than can be generated from internal cash flow. New venture capital funding may be used for further expansion of manufacturing facilities, expanded marketing or product enhancements. At this stage, banks may be willing to supply some credit to the extent that fixed assets or receivables can secure it.
Rapid Growth Toward Liquidity	30% - 40%	35.0%	Companies in this stage (the "fourth stage") may still need some outside cash to sustain rapid growth, but they are successful and stable enough so that the risk to outside investors is greatly reduced. The company may prefer to use more debt financing in order to limit the degree of equity dilution. Although the cash-out point for the venture capital investors is thought to be within a few years, the form (e.g. IPO or acquisition) and timing of the exit are still uncertain.
Mezzanine / Bridge	25%- 35%	30.0%	In bridge or mezzanine investment situations, companies may have some idea which form of exit (IPO or acquisition) is most likely and the approximate timing, but they still need more capital to sustain rapid growth in the meantime. A bridge financing may also correspond to a limited cash out of early investors or management, or a restructuring of positions among venture capital investors.

Source: Arthur Anderson, LLP / Oxford Advisors

Venture Capital Rates of Return

Investment Stage	Plummer Study	Scherlis and Sahlman Study	Sahlman, Stevenson and Bhide Study	Mid-Point Rate of Return	Description of Investment Stage
Start-Up	50% - 70%	50% - 70%	50% - 100%	65.0%	These investments are typically made in companies that are less than one year old. The venture funding is used substantially for product development, prototype testing and test marketing.
Early Development	40% - 60%	40% - 60%	40% - 60%	50.0%	These "first stage" investments are typically made in companies that have developed prototypes that appear viable and for which further technical risk is deemed minimal, although commercial risk may be significant.
Expansion	35% - 50%	30% - 50%	30% - 40%	39.0%	These "second stage" investments are typically made in companies that have shipped some product to customers (including beta versions).
Mezzanine / Bridge	25% - 35%	20% - 35%	20% - 30%	27.5%	These investments typically cover activities such as pilot plant construction, product design and production testing (as well as bridge financing in anticipation of a later IPO).

Source: AICPA Practice Aid - Valuation of Privately-Held-Company Equity Securities Issued as Compensation

SANITIZED REPORT

EXHIBIT B-8
DREAM THINK, INC.
INDUSTRY BETA ANALYSIS
VALUATION DATE - JUNE 30, 2017

Beta Analysis

Guideline Company	Ticker Symbol	Debt Capitalization %	Equity Capitalization %	Levered Beta **[1]**	Unlevered Beta **[2]**	Relevered Beta **[3]**	7.5% Debt 92.5% Equity
Dentsply Sirona	XRAY	9.9%	90.1%	1.27	1.19	1.25	
Owens & Minor	OMI	23.2%	76.8%	1.01	0.85	0.89	
ICUMedical	ICUI	2.3%	97.7%	0.35	0.35	0.37	
Halyard Health	HYH	25.6%	74.4%	n/a	n/a	n/a	
Allied Healthcare Products	AHPI	0.0%	100.0%	0.24	0.24	0.25	
Atrion	ATRI	0.0%	100.0%	0.91	0.91	0.96	
Antares Pharma	ATRS	5.1%	94.9%	0.44	0.42	0.44	
Merit Medical Systems	MMSI	11.4%	88.6%	1.24	1.15	1.21	
Henry Schein	HSIC	8.8%	91.2%	1.09	1.03	1.08	

Median	**0.93**
Average	**0.81**

Selected Beta	**0.85**

<u>**Footnotes:**</u>
[1] 5-year beta reported by Pitchbook.
[2] An income tax rate of 38.5% was used in unlevering the guideline public company betas.
[3] Beta relevered based on the capital structure applied in determining the Company's WACC in **Exhibit B-6**.

SANITIZED REPORT

EXHIBIT B-9
DREAM THINK, INC.
GUIDELINE PUBLIC COMPANY DESCRIPTIONS
VALUATION DATE - JUNE 30, 2017

Guideline Public Company Descriptions

Guideline Company	Ticker Symbol	SIC Code	SIC Description	Description
Dentsply Sirona	XRAY	3843	Dental Equipment and Supplies	Manufacturer of dental laboratory products. The company distributes dental products such as needles, x-ray products, implants, removable prosthetics, disposables and other consumable medical device products.
Owens & Minor	OMI	5047	Wholesale - Medical, Dental, and Hospital Equipment and Supplies	Distributor of medical and surgical supplies. The Company's surgical supplies enables healthcare industry to serve the acute-care market.
ICUMedical	ICUI	3841	Surgical and Medical Instruments and Apparatus	Manufacturer of critical-care medical devices. The company develops, manufactures and sells an array of medical products, including disposable connection systems for use in vascular-therapy applications and custom intravenous systems. The company manufactures other critical-care products, including catheters, angiography kits and cardiac-monitoring systems.
Halyard Health	HYH	3841; 5047; 3842	Surgical and Medical Instruments and Apparatus; Wholesale - Medical, Dental, and Hospital Equipment and Supplies; Orthopedic, Prosthetic, and Surgical Appliances and Supplies	Manufacturer of medical devices and supplies. The company primarily focuses on manufacturing and selling of surgical and infection prevention products and is based in Alpharetta, Georgia.
Allied Healthcare Products	AHPI	3842	Orthopedic, Prosthetic, and Surgical Appliances and Supplies	Manufacturer of healthcare equipment. The company is a manufacturer of medical gas construction equipment, respiratory therapy equipment, home healthcare products and medical supplies. Its products have a range of applications, including hospital care, sub-acute treatment, long-term care, home healthcare and medical emergencies.
Atrion	ATRI	3841	Surgical and Medical Instruments and Apparatus	The Company and its subsidiaries design, develop, manufacture, sell and distribute products mainly for the medical and healthcare industry.
Antares Pharma	ATRS	3841	Surgical and Medical Instruments and Apparatus	Developer of self-administered parenteral pharmaceutical products. The company's technology platforms include disposable auto injectors, disposable multi-use pen injectors and reusable needle-free injectors. It also develops, produces and markets related products such as transdermal gels and oral-disintegrating tablets.
Merit Medical Systems	MMSI	3841	Surgical and Medical Instruments and Apparatus	The Company develops, manufactures and markets disposable medical products mainly used in diagnostic and interventional cardiology and radiology procedures.
Henry Schein	HSIC	5047	Wholesale - Medical, Dental, and Hospital Equipment and Supplies	Distributor of healthcare products and services to office-based healthcare practitioners. The company supplies dental practitioners and laboratories, physician practices and animal health clinics, as well as government and other institutions.

SANITIZED REPORT

EXHIBIT B-10
DREAM THINK, INC.
CAPITAL STRUCTURE ANALYSIS
VALUATION DATE - JUNE 30, 2017

Determination of Enterprise Value

(in $000s except for stock price)

Guideline Company	Exchange	Ticker Symbol	Closing Price on 6/30/2017		Shares Outstanding		Market Value of Equity		Minority Int. / Pref. Stock		Total Debt		Cash and Equivalents		Enterprise Value
Dentsply Sirona	NYS	XRAY	$ 64.84	x	229,300.000	=	$ 14,867,812	+	$ 11,700	+	$ 1,608,900	-	$ 268,400	=	$ 16,220,012
Owens & Minor	NYS	OMI	32.19	x	61,226.000	=	1,970,865	+	-	+	579,117	-	57,066	=	2,492,916
ICUMedical	NAS	ICUI	172.50	x	19,844.000	=	3,423,090	+	-	+	75,000	-	240,923	=	3,257,167
Halyard Health	NAS	HYH	39.28	x	46,791.748	=	1,837,980	+	-	+	579,900	-	154,800	=	2,263,080
Allied Healthcare Products	NAS	AHPI	2.89	x	4,013.537	=	11,599	+	-	+	-	-	847	=	10,752
Atrion	NAS	ATRI	643.30	x	1,836.000	=	1,181,099	+	-	+	-	-	47,296	=	1,133,803
Antares Pharma	NAS	ATRS	3.22	x	156,332.319	=	503,390	+	-	+	24,724	-	43,379	=	484,735
Merit Medical Systems	NAS	MMSI	38.15	x	50,092.000	=	1,911,010	+	-	+	241,912	-	37,675	=	2,115,247
Henry Schein	NAS	HSIC	91.51	x	158,658.920	=	14,518,878	+	8,375	+	1,402,343	-	74,654	=	15,854,942

Determination of Capital Structure

(in $000s)

Guideline Company	Exchange	Ticker Symbol	Debt Capitalization %		Total Debt		Enterprise Value
Dentsply Sirona	NYS	XRAY	9.9%	=	$ 1,608,900	/	$ 16,220,012
Owens & Minor	NYS	OMI	23.2%	=	579,117	/	2,492,916
ICUMedical	NAS	ICUI	2.3%	=	75,000	/	3,257,167
Halyard Health	NAS	HYH	25.6%	=	579,900	/	2,263,080
Allied Healthcare Products	NAS	AHPI	0.0%	=	-	/	10,752
Atrion	NAS	ATRI	0.0%	=	-	/	1,133,803
Antares Pharma	NAS	ATRS	5.1%	=	24,724	/	484,735
Merit Medical Systems	NAS	MMSI	11.4%	=	241,912	/	2,115,247
Henry Schein	NAS	HSIC	8.8%	=	1,402,343	/	15,854,942

Statistic	Debt Capitalization %
High	**25.6%**
Upper Quartile	**11.4%**
Average	**9.6%**
Median	**8.8%**
Lower Quartile	**2.3%**
Low	**0.0%**

SANITIZED REPORT

EXHIBIT B-11
DREAM THINK, INC.
GUIDELINE PUBLIC COMPANY FINANCIAL ANALYSIS
VALUATION DATE - JUNE 30, 2017

Guideline Public Company Financial Analysis

(in $000s)

Guideline Company	Exchange	Ticker Symbol	TTM Revenue	TTM EBITDA	Net Working Capital [1]	TTM Capital Expenditures	TTM EBITDA Margin	Net Working Capital to Revenue [1]	Capital Expenditures to Revenue
Dentsply Sirona	NYS	XRAY	$ 3,843,900	$ (399,700)	$ 753,700	$ 142,000	(10.4%)	19.6%	3.7%
Owens & Minor	NYS	OMI	9,378,442	223,185	1,063,364	27,878	2.4%	11.3%	0.3%
ICUMedical	NAS	ICUI	772,049	83,677	189,093	41,448	10.8%	24.5%	5.4%
Halyard Health	NAS	HYH	1,602,300	158,000	321,800	31,600	9.9%	20.1%	2.0%
Allied Healthcare Products	NAS	AHPI	35,353	(674)	3,820	11	(1.9%)	10.8%	0.0%
Atrion	NAS	ATRI	145,797	48,825	9,383	10,769	33.5%	6.4%	7.4%
Antares Pharma	NAS	ATRS	53,099	(16,190)	18,133	2,854	(30.5%)	34.2%	5.4%
Merit Medical Systems	NAS	MMSI	672,308	96,000	114,927	29,397	14.3%	17.1%	4.4%
Henry Schein	NAS	HSIC	11,968,488	998,410	2,229,945	80,964	8.3%	18.6%	0.7%

All balance sheet data as of most recently reported as of or prior to the valuation date

	TTM EBITDA Margin	Net Working Capital to Revenue [1]	Capital Expenditures to Revenue
High	**33.5%**	**34.2%**	**7.4%**
Upper Quartile	**10.8%**	**20.1%**	**5.4%**
Median	**8.3%**	**18.6%**	**3.7%**
Lower Quartile	**(1.9%)**	**11.3%**	**0.7%**
Low	**(30.5%)**	**6.4%**	**0.0%**

Footnotes

[1] Excludes cash, deferred taxes, and interest-bearing debt.

SANITIZED REPORT

EXHIBIT C-1
DREAM THINK, INC.
REVENUE / EBIT MAP
VALUATION DATE - JUNE 30, 2017

	6 Months ended 12/31/2017	*Year ended 12/31/2018*	*Year ended 12/31/2019*	*Year ended 12/31/2020*	*Year ended 12/31/2021*	*Year ended 12/31/2022*	*Year ended 12/31/2023*	*Year ended 12/31/2024*	*Year ended 12/31/2025*	*Year ended 12/31/2026*
LARGE CUSTOMER Revenue **[1]**	$ 806,149	$ 1,817,407	$ 2,120,531	$ 2,544,637	$ 3,053,564	$ 3,053,564	$ 3,358,920	$ 3,526,866	$ 3,615,038	$ 3,705,414
Other Customer Relationship Revenue **[2]**	2,212,351	4,987,593	5,819,469	6,983,363	8,380,036	10,666,756	11,733,432	12,320,104	12,628,106	12,943,809
Total Revenues	$ 3,018,500	$ 6,805,000	$ 7,940,000	$ 9,528,000	$ 11,433,600	$ 13,720,320	$ 15,092,352	$ 15,846,970	$ 16,243,144	$ 16,649,223
LARGE CUSTOMER Gross Profit % **[3]**	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%
Less: Operating Expense % **[4]**	21.6%	15.0%	14.5%	12.1%	10.0%	8.4%	8.4%	8.4%	8.4%	8.4%
LARGE CUSTOMER EBIT %	5.9%	12.5%	13.0%	15.4%	17.5%	19.1%	19.1%	19.1%	19.1%	19.1%
LARGE CUSTOMER EBIT **[5]**	$ 47,563	$ 227,176	$ 275,669	$ 391,874	$ 534,374	$ 583,231	$ 641,554	$ 673,631	$ 690,472	$ 707,734
Other Customer Relationship EBIT **[6]**	527,802	1,318,963	1,572,916	2,056,706	2,633,522	3,447,844	3,769,529	3,955,948	4,053,715	4,155,058
Total EBIT	$ 575,365	$ 1,546,139	$ 1,848,585	$ 2,448,580	$ 3,167,896	$ 4,031,075	$ 4,411,083	$ 4,629,579	$ 4,744,187	$ 4,862,792
LARGE CUSTOMER EBIT %	**5.9%**	**12.5%**	**13.0%**	**15.4%**	**17.5%**	**19.1%**	**19.1%**	**19.1%**	**19.1%**	**19.1%**
Other Customer Relationship EBIT %	**23.9%**	**26.4%**	**27.0%**	**29.5%**	**31.4%**	**32.3%**	**32.1%**	**32.1%**	**32.1%**	**32.1%**

LARGE CUSTOMER - Historical Revenue and Gross Profit Analysis

	2014	2015	2016	Annualized YTD 4/30/17
Revenue	$ 697,392	$ 1,407,757	$ 1,367,489	$ 1,414,551
Gross Profit	69,388	449,690	379,374	381,129
Gross Profit %	9.9%	31.9%	27.7%	26.9%

Footnotes:

[1] Management expected sales to LARGE CUSTOMER to increase in-line with the Company's overall projected revenue growth rate. LARGE CUSTOMER has a history of making acquisitions (approximately one per year according to the Company's management) and had recently completed an acquisition just prior to the Transaction Date that was expected to increase its purchases from DT going forward. Based on these facts, revenue for the 6 months ended 12/31/17 was based on the Annualized YTD 4/3017 revenue of $1,415,000 adjusted for projected 2017 DT revenue growth of 13.9% per **Exhibit B-5**. All future revenue growth based on projected DT revenue growth in each year per **Exhibit B-5**.

[2] Total Projected Revenue - LARGE CUSTOMER Revenue.

[3] Based on 2015 - Annualized YTD 4/30/17 LARGE CUSTOMER gross profit margins (26.9%-31.9%), particularly the 2016 - Annualized YTD 4/30/17 margins (26.9%-27.7%). The Company has lower gross profit margins on its sales to LARGE CUSTOMER (compared to its other customers) due to pricing discounts provided to LARGE CUSTOMER as a result of its large volume of purchases.

[4] 2017 operating expense margin based on the average of the Company's TTM 4/30/17 (28.2%) and projected 2018 (15.0%) expense margins. The 2018-2022 operating expense margins are based on projections in **Exhibit B-3**. The operating expense margins in 2023 and beyond were projected to remain at 8.4%, consistent with 2022.

[5] LARGE CUSTOMER EBIT % x LARGE CUSTOMER Revenue.

[6] Total Projected EBIT - LARGE CUSTOMER EBIT.

SANITIZED REPORT

EXHIBIT C-2
DREAM THINK, INC.
CUSTOMER RELATIONSHIPS - OTHER
VALUATION DATE - JUNE 30, 2017

	6 Months ended 12/31/2017	*Year ended 12/31/2018*	*Year ended 12/31/2019*	*Year ended 12/31/2020*	*Year ended 12/31/2021*	*Year ended 12/31/2022*	*Year ended 12/31/2023*	*Year ended 12/31/2024*	*Year ended 12/31/2025*	*Year ended 12/31/2026*
Revenues	$ 3,018,500	$ 6,805,000	$ 7,940,000	$ 9,528,000	$ 11,433,600	$ 13,720,320	$ 15,092,352	$ 15,846,970	$ 16,243,144	$ 16,649,223
Revenue Growth Rate	*13.9%*	*12.7%*	*16.7%*	*20.0%*	*20.0%*	*20.0%*	*10.0%*	*5.0%*	*2.5%*	*2.5%*
Revenue Growth **[1]**	384,000	768,000	1,135,000	1,588,000	1,905,600	2,286,720	1,372,032	754,618	396,174	406,079
% of Existing Customer Revenue Growth in Relation to Company Growth **[2]**	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*
Revenue Growth Attributable to Existing Customer Relationships	249,600	499,200	737,750	1,032,200	1,238,640	1,486,368	891,821	490,502	257,513	263,951
Existing Customer Revenue Growth Rate	*9.1%*	*8.3%*	*10.8%*	*13.0%*	*13.0%*	*13.0%*	*6.5%*	*3.3%*	*1.6%*	*1.6%*
Customer Relationships Revenue (Pre-Attrition) **[3]**	2,884,100	6,267,400	7,005,150	8,037,350	9,275,990	10,762,358	11,654,179	12,144,681	12,402,194	12,666,145
Trademarks	(12,561)	(25,548)	(26,650)	(28,470)	(30,632)	(36,037)	(36,824)	(36,333)	(35,194)	(34,112)
Assembled Workforce	(16,653)	(31,960)	(32,807)	(34,599)	(37,226)	(43,795)	(46,601)	(47,022)	(46,090)	(44,672)
Debt-Free Cash Flow (After Contributory Asset Charges)	**235,757**	**535,929**	**578,365**	**691,382**	**801,728**	**975,484**	**977,937**	**958,363**	**924,947**	**896,505**
	0.9303	0.7491	0.5611	0.4203	0.3148	0.2358	0.1766	0.1323	0.0991	0.0742
Months for PV factor	3.0	12.0	24.0	36.0	48.0	60.0	72.0	84.0	96.0	108.0
Years for PV factor	0.250	1.000	2.000	3.000	4.000	5.000	6.000	7.000	8.000	9.000
Present Value Net Cash Flows	**$ 219,325**	**$ 401,464**	**$ 324,520**	**$ 290,588**	**$ 252,384**	**$ 230,019**	**$ 172,704**	**$ 126,791**	**$ 91,662**	**$ 66,521**

Fair Value of Customer Relationships

Sum of PV Net Cash Flows (Years 1-10)	$ 2,175,978
Sum of PV Net Cash Flows (Years 11-20)	169,015
Sum of PV Net Cash Flows (Years 21-30)	6,836
Total PV of Net Cash Flows	2,351,829
Plus: Present Value of Tax Amortization Benefit **[8]**	225,133
Indicated Fair Value of Customer Relationships	**2,576,962**
x Present value factor @ 33.50%	
Fair Value of Customer Relationships (Rounded)	**$ 2,580,000**

Sensitivity Analysis

		Rate of Return		
		32.5%	33.5%	34.5%
Attrition Rate	2.5%	3,020,000	2,920,000	2,820,000
	5.0%	2,670,000	2,580,000	2,490,000
	7.5%	2,360,000	2,290,000	2,220,000

Key Inputs

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Annual Attrition Rate **[5]**	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Unadjusted EBIT Margin **[9]**	23.9%	26.4%	27.0%	29.5%	31.4%	32.3%	32.1%	32.1%	32.1%	32.1%
Business Development Expense as a % of Revenues **[6]**	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Adjusted EBIT Margin	27.6%	30.1%	30.7%	33.2%	35.1%	36.0%	35.8%	35.8%	35.8%	35.8%

Footnotes

[1]
[2]
[3] 2018 pre-attrition Customer Relationship revenue is equal to the annualized pre-attrition Customer Relationship revenue for the 6 months ended 12/31/17 plus the net revenue growth attributable to existing Customer Relationships in 2018.
[4]
[5]
[6] Based on projected EBIT margins in **Exhibit C-1** plus new customer business development expenses of 3.7% of revenue based on the range of these expenses from 2013-2015 (3.5%-3.9%) in **Exhibit C-5**.
[7] See **Exhibit C-2** for contributory asset charge calculations as a % of applicable revenues. Contributory charges beyond 2026 are based on the 2026 percentage of revenue calculation.
[8] Present Value of Tax Amortization Benefit = Pre-Amortization Benefit Value X (n/n-((PV(dr,n,-1) X (1+dr)^.5) X t))-1)
n = Amortization period (15 years); dr = Discount rate (33.5%); t = Tax rate (38.5%); PV = Present value
[9] Based on analysis in **Exhibit C-1**.

Assumes 50% of the projected 2017 revenue growth occurs during the second half of the year.

Existing customer revenue growth in relation to overall company growth estimated to be 65.0% based on historical analysis of existing customer growth (excluding LARGE CUSTOMER) as a percentage of overall annual revenue growth (excluding LARGE CUSTOMER), which ranged from 47.2%-79.4% from 2014-2016, with a median and average of 63.3%, as shown in **Exhibit C-4**.

Because of the lower margins on the Company's sales to LARGE CUSTOMER, the contract in place with LARGE CUSTOMER, and the large portion of the Company's total sales that LARGE CUSTOMER represents, the LARGE CUSTOMER relationship was valued separately in **Exhibit D-1**.

Based on an analysis of the Company's historical customer attrition rate and discussions with management, the Customer Relationship attrition rate was estimated to be 5.0% annually. The selected attrition rate is consistent with the Company's calculated historical revenue attrition levels, which ranged from 2.9%-5.3% from 2014-2016 as shown in **Exhibit C-4**. This data supports management's belief that the Company will experience low levels of customer attrition in future years.

SANITIZED REPORT

EXHIBIT C-2
DREAM THINK, INC.
CUSTOMER RELATIONSHIPS - OTHER
VALUATION DATE - JUNE 30, 2017

	Year ended 12/31/2027	*Year ended 12/31/2028*	*Year ended 12/31/2029*	*Year ended 12/31/2030*	*Year ended 12/31/2031*	*Year ended 12/31/2032*	*Year ended 12/31/2033*	*Year ended 12/31/2034*	*Year ended 12/31/2035*	*Year ended 12/30/2036*
Revenues	$ 17,065,454	$ 17,492,090	$ 17,929,392	$ 18,377,627	$ 18,837,068	$ 19,307,994	$ 19,790,694	$ 20,285,462	$ 20,792,598	$ 21,312,413
Revenue Growth Rate	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*
Revenue Growth **[1]**	416,231	426,636	437,302	448,235	459,441	470,927	482,700	494,767	507,137	519,815
% of Existing Customer Revenue Growth in Relation to Company Growth **[2]**	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*
Revenue Growth Attributable to Existing Customer Relationships	270,550	277,314	284,246	291,353	298,636	306,102	313,755	321,599	329,639	337,880
Existing Customer Revenue Growth Rate	*1.6%*	*1.6%*	*1.6%*	*1.6%*	*1.6%*	*1.6%*	*1.6%*	*1.6%*	*1.6%*	*1.6%*
Customer Relationships Revenue (Pre-Attrition) **[3]**	12,936,695	13,214,009	13,498,255	13,789,608	14,088,244	14,394,346	14,708,101	15,029,700	15,359,339	15,697,219
Less: LARGE CUSTOMER Revenue **[4]**	(3,798,049)	(3,893,000)	(3,990,325)	(4,090,083)	(4,192,335)	(4,297,143)	(4,404,572)	(4,514,686)	(4,627,553)	(4,743,242)
Net Customer Relationships Revenue (Pre-Attrition)	9,138,646	9,321,009	9,507,930	9,699,525	9,895,909	10,097,203	10,303,529	10,515,014	10,731,786	10,953,977
Cumulative Retention Rate **[5]**	58.3%	55.4%	52.6%	50.0%	47.5%	45.1%	42.8%	40.7%	38.7%	36.8%
Revenue Attributable to Existing Customer Relationships	5,327,831	5,163,839	5,001,171	4,849,763	4,700,557	4,553,839	4,409,910	4,279,611	4,153,201	4,031,064
Adjusted EBIT Margin **[6]**	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%
EBIT Attributable to Existing Customer Relationships	1,907,363	1,848,654	1,790,419	1,736,215	1,682,799	1,630,274	1,578,748	1,532,101	1,486,846	1,443,121
Income Taxes (38.5%)	(734,335)	(711,732)	(689,311)	(668,443)	(647,878)	(627,655)	(607,818)	(589,859)	(572,436)	(555,602)
Debt-Free Cash Flow (Before Contributory Asset Charges)	1,173,028	1,136,922	1,101,108	1,067,772	1,034,921	1,002,619	970,930	942,242	914,410	887,519
Contributory Asset Charges **[7]**										
Net Working Capital	(223,803)	(216,914)	(210,081)	(203,721)	(197,453)	(191,290)	(185,244)	(179,771)	(174,461)	(169,331)
Fixed Assets	(4,791)	(4,643)	(4,497)	(4,361)	(4,227)	(4,095)	(3,965)	(3,848)	(3,735)	(3,625)
Trademarks	(33,033)	(32,016)	(31,007)	(30,069)	(29,143)	(28,234)	(27,341)	(26,534)	(25,750)	(24,993)
Assembled Workforce	(43,259)	(41,928)	(40,607)	(39,378)	(38,166)	(36,975)	(35,806)	(34,748)	(33,722)	(32,730)
Debt-Free Cash Flow (After Contributory Asset Charges)	**868,142**	**841,421**	**814,916**	**790,243**	**765,932**	**742,025**	**718,574**	**697,341**	**676,742**	**656,840**
x Present value factor @ 33.50%	0.0556	0.0417	0.0312	0.0234	0.0175	0.0131	0.0098	0.0074	0.0055	0.0041
Months for PV factor	120.0	132.0	144.0	156.0	168.0	180.0	192.0	204.0	216.0	228.0
Years for PV factor	10.000	11.000	12.000	13.000	14.000	15.000	16.000	17.000	18.000	19.000
Present Value Net Cash Flows	**$ 48,269**	**$ 35,087**	**$ 25,425**	**$ 18,492**	**$ 13,404**	**$ 9,721**	**$ 7,042**	**$ 5,160**	**$ 3,722**	**$ 2,693**

Fair Value of Customer Relationships	
Sum of PV Net Cash Flows (Years 1-10)	$ 2,175,978
Sum of PV Net Cash Flows (Years 11-20)	169,015
Sum of PV Net Cash Flows (Years 21-30)	6,836
Total PV of Net Cash Flows	2,351,829
Plus: Present Value of Tax Amortization Benefit **[8]**	225,133
Indicated Fair Value of Customer Relationships	**2,576,962**
Fair Value of Customer Relationships (Rounded)	**$ 2,580,000**

Sensitivity Analysis			Rate of Return	
		32.5%	33.5%	34.5%
Attrition Rate	2.5%	3,020,000	2,920,000	2,820,000
	5.0%	2,670,000	2,580,000	2,490,000
	7.5%	2,360,000	2,290,000	2,220,000

Key Inputs										
Annual Attrition Rate **[5]**	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Unadjusted EBIT Margin **[9]**	32.1%	32.1%	32.1%	32.1%	32.1%	32.1%	32.1%	32.1%	32.1%	32.1%
Business Development Expense as a % of Revenues **[6]**	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Adjusted EBIT Margin	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%

Footnotes

[1] Assumes 50% of the projected 2017 revenue growth occurs during the second half of the year.
[2] Existing customer revenue growth in relation to overall company growth estimated to be 65.0% based on historical analysis of existing customer growth (excluding LARGE CUSTOMER) as a percentage of overall annual revenue growth (excluding LARGE CUSTOMER), which ranged from 47.2%-79.4% from 2014-2016, with a median and average of 63.3%, as shown in **Exhibit C-4**.
[3] 2018 pre-attrition Customer Relationship revenue is equal to the annualized pre-attrition Customer Relationship revenue for the 6 months ended 12/31/17 plus the net revenue growth attributable to existing Customer Relationships in 2018.
[4] Because of the lower margins on the Company's sales to LARGE CUSTOMER, the contract in place with LARGE CUSTOMER, and the large portion of the Company's total sales that LARGE CUSTOMER represents, the LARGE CUSTOMER relationship was valued separately in **Exhibit D-1**.
[5] Based on an analysis of the Company's historical customer attrition rate and discussions with management, the Customer Relationship attrition rate was estimated to be 5.0% annually. The selected attrition rate is consistent with the Company's calculated historical revenue attrition levels, which ranged from 2.9%-5.3% from 2014-2016 as shown in **Exhibit C-4**. This data supports management's belief that the Company will experience low levels of customer attrition in future years.
[6] Based on projected EBIT margins in **Exhibit C-1** plus new customer business development expenses of 3.7% of revenue based on the range of these expenses from 2013-2015 (3.5%-3.9%) in **Exhibit C-5**.
[7] See **Exhibit C-2** for contributory asset charge calculations as a % of applicable revenues. Contributory charges beyond 2026 are based on the 2026 percentage of revenue calculation.
[8] Present Value of Tax Amortization Benefit = Pre-Amortization Benefit Value X (n/n-((PV(dr,n,-1) X (1+dr)^.5) X t))-1)
n = Amortization period (15 years); dr = Discount rate (33.5%); t = Tax rate (38.5%); PV = Present value
[9] Based on analysis in **Exhibit C-1**.

SANITIZED REPORT

EXHIBIT C-2
DREAM THINK, INC.
CUSTOMER RELATIONSHIPS - OTHER
VALUATION DATE - JUNE 30, 2017

	Year ended 12/31/2037	*Year ended 12/31/2038*	*Year ended 12/31/2039*	*Year ended 12/31/2040*	*Year ended 12/31/2041*	*Year ended 12/31/2042*	*Year ended 12/31/2043*	*Year ended 12/31/2044*	*Year ended 12/31/2045*	*Year ended 12/31/2046*
Revenues	$ 21,845,223	$ 22,391,354	$ 22,951,138	$ 23,524,916	$ 24,113,039	$ 24,715,865	$ 25,333,762	$ 25,967,106	$ 26,616,283	$ 27,281,691
Revenue Growth Rate	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*
Revenue Growth **[1]**	532,810	546,131	559,784	573,778	588,123	602,826	617,897	633,344	649,178	665,407
% of Existing Customer Revenue Growth in Relation to Company Growth **[2]**	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*	*65.0%*
Revenue Growth Attributable to Existing Customer Relationships	346,327	354,985	363,860	372,956	382,280	391,837	401,633	411,674	421,965	432,515
Existing Customer Revenue Growth Rate	*1.6%*	*1.6%*	*1.6%*	*1.6%*	*1.6%*	*1.6%*	*1.6%*	*1.6%*	*1.6%*	*1.6%*
Customer Relationships Revenue (Pre-Attrition) **[3]**	16,043,546	16,398,531	16,762,391	17,135,347	17,517,627	17,909,464	18,311,097	18,722,771	19,144,736	19,577,251
Less: LARGE CUSTOMER Revenue **[4]**	(4,861,823)	(4,983,369)	(5,107,953)	(5,235,652)	(5,366,543)	(5,500,707)	(5,638,225)	(5,779,181)	(5,923,661)	(6,071,753)
Net Customer Relationships Revenue (Pre-Attrition)	11,181,723	11,415,162	11,654,438	11,899,695	12,151,084	12,408,757	12,672,872	12,943,590	13,221,075	13,505,498
Cumulative Retention Rate **[5]**	35.0%	33.2%	31.6%	30.0%	28.5%	27.1%	25.7%	24.4%	23.2%	22.0%
Revenue Attributable to Existing Customer Relationships	3,909,130	3,791,204	3,677,138	3,566,794	3,460,038	3,356,740	3,256,778	3,160,031	3,066,387	2,975,737
Adjusted EBIT Margin **[6]**	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%
EBIT Attributable to Existing Customer Relationships	1,399,469	1,357,251	1,316,415	1,276,912	1,238,694	1,201,713	1,165,927	1,131,291	1,097,767	1,065,314
Income Taxes (38.5%)	(538,796)	(522,542)	(506,820)	(491,611)	(476,897)	(462,660)	(448,882)	(435,547)	(422,640)	(410,146)
Debt-Free Cash Flow (Before Contributory Asset Charges)	860,673	834,709	809,595	785,301	761,797	739,053	717,045	695,744	675,127	655,168
Contributory Asset Charges **[7]**										
Net Working Capital	(164,208)	(159,255)	(154,463)	(149,828)	(145,344)	(141,005)	(136,806)	(132,742)	(128,808)	(125,000)
Fixed Assets	(3,515)	(3,409)	(3,306)	(3,207)	(3,111)	(3,018)	(2,928)	(2,842)	(2,757)	(2,676)
Trademarks	(24,237)	(23,505)	(22,798)	(22,114)	(21,452)	(20,812)	(20,192)	(19,592)	(19,012)	(18,450)
Assembled Workforce	(31,740)	(30,783)	(29,856)	(28,961)	(28,094)	(27,255)	(26,443)	(25,658)	(24,897)	(24,161)
Debt-Free Cash Flow (After Contributory Asset Charges)	**636,973**	**617,757**	**599,172**	**581,191**	**563,796**	**546,963**	**530,676**	**514,910**	**499,653**	**484,881**
x Present value factor @ 33.50%	0.0031	0.0023	0.0017	0.0013	0.0010	0.0007	0.0005	0.0004	0.0003	0.0002
Months for PV factor	240.0	252.0	264.0	276.0	288.0	300.0	312.0	324.0	336.0	348.0
Years for PV factor	20.000	21.000	22.000	23.000	24.000	25.000	26.000	27.000	28.000	29.000
Present Value Net Cash Flows	**$ 1,975**	**$ 1,421**	**$ 1,019**	**$ 756**	**$ 564**	**$ 383**	**$ 265**	**$ 206**	**$ 150**	**$ 97**

Fair Value of Customer Relationships	
Sum of PV Net Cash Flows (Years 1-10)	$ 2,175,978
Sum of PV Net Cash Flows (Years 11-20)	169,015
Sum of PV Net Cash Flows (Years 21-30)	6,836
Total PV of Net Cash Flows	2,351,829
Plus: Present Value of Tax Amortization Benefit **[8]**	225,133
Indicated Fair Value of Customer Relationships	**2,576,962**
Fair Value of Customer Relationships (Rounded)	**$ 2,580,000**

Sensitivity Analysis		Rate of Return		
		32.5%	33.5%	34.5%
Attrition Rate	2.5%	3,020,000	2,920,000	2,820,000
	5.0%	2,670,000	2,580,000	2,490,000
	7.5%	2,360,000	2,290,000	2,220,000

Key Inputs										
Annual Attrition Rate **[5]**	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Unadjusted EBIT Margin **[9]**	32.1%	32.1%	32.1%	32.1%	32.1%	32.1%	32.1%	32.1%	32.1%	32.1%
Business Development Expense as a % of Revenues **[6]**	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Adjusted EBIT Margin	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%	35.8%

Footnotes

[1] Assumes 50% of the projected 2017 revenue growth occurs during the second half of the year.
[2] Existing customer revenue growth in relation to overall company growth estimated to be 65.0% based on historical analysis of existing customer growth (excluding LARGE CUSTOMER) as a percentage of overall annual revenue growth (excluding LARGE CUSTOMER), which ranged from 47.2%-79.4% from 2014-2016, with a median and average of 63.3%, as shown in **Exhibit C-4**.
[3] 2018 pre-attrition Customer Relationship revenue is equal to the annualized pre-attrition Customer Relationship revenue for the 6 months ended 12/31/17 plus the net revenue growth attributable to existing Customer Relationships in 2018.
[4] Because of the lower margins on the Company's sales to LARGE CUSTOMER, the contract in place with LARGE CUSTOMER, and the large portion of the Company's total sales that LARGE CUSTOMER represents, the LARGE CUSTOMER relationship was valued separately in **Exhibit D-1**.
[5] Based on an analysis of the Company's historical customer attrition rate and discussions with management, the Customer Relationship attrition rate was estimated to be 5.0% annually. The selected attrition rate is consistent with the Company's calculated historical revenue attrition levels, which ranged from 2.9%-5.3% from 2014-2016 as shown in **Exhibit C-4**. This data supports management's belief that the Company will experience low levels of customer attrition in future years.
[6] Based on projected EBIT margins in **Exhibit C-1** plus new customer business development expenses of 3.7% of revenue based on the range of these expenses from 2013-2015 (3.5%-3.9%) in **Exhibit C-5**.
[7] See **Exhibit C-2** for contributory asset charge calculations as a % of applicable revenues. Contributory charges beyond 2026 are based on the 2026 percentage of revenue calculation.
[8] Present Value of Tax Amortization Benefit = Pre-Amortization Benefit Value X (n/n-((PV(dr,n,-1) X (1+dr)^.5) X t))-1)
n = Amortization period (15 years); dr = Discount rate (33.5%); t = Tax rate (38.5%); PV = Present value
[9] Based on analysis in **Exhibit C-1**.

SANITIZED REPORT

EXHIBIT C-3
DREAM THINK, INC.
CONTRIBUTORY ASSET CHARGES
VALUATION DATE - JUNE 30, 2017

Contributory Asset Balances

	Transaction Date 6/30/2017	*6 Months ended 12/31/2017*	*Year ended 12/31/2018*	*Year ended 12/31/2019*	*Year ended 12/31/2020*	*Year ended 12/31/2021*	*Year ended 12/31/2022*	*Year ended 12/31/2023*	*Year ended 12/31/2024*	*Year ended 12/31/2025*	*Year ended 12/31/2026*
Net Working Capital											
Beginning Balance **[1]**	$ 827,058	$ 827,058	$ 1,056,475	$ 1,190,875	$ 1,389,500	$ 1,667,400	$ 2,000,880	$ 2,401,056	$ 2,641,162	$ 2,773,220	$ 2,842,550
Additional Net Working Capital		229,417	134,400	198,625	277,900	333,480	400,176	240,106	132,058	69,330	71,064
Ending Balance		1,056,475	1,190,875	1,389,500	1,667,400	2,000,880	2,401,056	2,641,162	2,773,220	2,842,550	2,913,614
Average Fair Value		**941,767**	**1,123,675**	**1,290,188**	**1,528,450**	**1,834,140**	**2,200,968**	**2,521,109**	**2,707,191**	**2,807,885**	**2,878,082**
Fixed Assets											
Beginning Balance	21,710	21,710	22,818	25,122	28,527	33,291	39,008	45,868	49,984	52,248	53,437
Capital Expenditures		9,056	20,415	23,820	28,584	34,301	41,161	45,277	47,541	48,729	49,947
Depreciation		(7,948)	(18,111)	(20,415)	(23,820)	(28,584)	(34,301)	(41,161)	(45,277)	(47,540)	(48,729)
Ending Balance		22,818	25,122	28,527	33,291	39,008	45,868	49,984	52,248	53,437	54,655
Average Fair Value		**22,818**	**23,970**	**26,825**	**30,909**	**36,150**	**42,438**	**47,926**	**51,116**	**52,843**	**54,046**
Trademarks [3]											
Fair Value at Year-end	n/a	-	-	-	-	-	-	-	-	-	-
Assembled Workforce											
Beginning Balance	130,000	130,000	148,126	166,970	194,819	233,783	280,540	336,648	370,313	388,829	398,550
Additional Personnel to Support Growth **[2]**		18,126	18,844	27,849	38,964	46,757	56,108	33,665	18,516	9,721	9,964
Ending Balance		148,126	166,970	194,819	233,783	280,540	336,648	370,313	388,829	398,550	408,514
Average Fair Value		**148,126**	**157,548**	**180,895**	**214,301**	**257,162**	**308,594**	**353,481**	**379,571**	**393,690**	**403,532**

After-Tax Return on Contributory Assets [4]

	Asset Financing		Required	*6 Months ended*	*Year ended*	*Year ended*	*Year ended*	*Year ended*	*Year ended*	*Year ended*	*Year ended*	*Year ended*	*Year ended*
Intangible Asset	Debt	Equity	Rate of Return	*12/31/2017*	*12/31/2018*	*12/31/2019*	*12/31/2020*	*12/31/2021*	*12/31/2022*	*12/31/2023*	*12/31/2024*	*12/31/2025*	*12/31/2026*
Net Working Capital	35.0%	65.0%	24.3%	$ 114,425	$ 273,053	$ 313,516	$ 371,413	$ 445,696	$ 534,835	$ 612,629	$ 657,847	$ 682,316	$ 699,374
Fixed Assets	25.0%	75.0%	27.7%	3,160	6,640	7,430	8,562	10,013	11,755	13,276	14,159	14,637	14,971
Trademarks **[3]**	0.0%	100.0%	n/a	-	-	-	-	-	-	-	-	-	-
Assembled Workforce	7.5%	92.5%	33.5%	24,811	52,779	60,600	71,791	86,149	103,379	118,416	127,156	131,886	135,183

After-Tax Return on Contributory Assets as a % of Total Revenues

	6 Months ended 12/31/2017	*Year ended 12/31/2018*	*Year ended 12/31/2019*	*Year ended 12/31/2020*	*Year ended 12/31/2021*	*Year ended 12/31/2022*	*Year ended 12/31/2023*	*Year ended 12/31/2024*	*Year ended 12/31/2025*	*Year ended 12/31/2026*
Total Revenues	*$ 3,018,500*	*$ 6,805,000*	*$ 7,940,000*	*$ 9,528,000*	*$ 11,433,600*	*$ 13,720,320*	*$ 15,092,352*	*$ 15,846,970*	*$ 16,243,144*	*$ 16,649,223*
Intangible Asset										
Net Working Capital	3.79%	4.01%	3.95%	3.90%	3.90%	3.90%	4.06%	4.15%	4.20%	4.20%
Fixed Assets	0.10%	0.10%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%
Trademarks **[3]**	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%
Assembled Workforce	0.82%	0.78%	0.76%	0.75%	0.75%	0.75%	0.78%	0.80%	0.81%	0.81%
Total Contributory Asset Charge	**5.34%**	**5.51%**	**5.43%**	**5.36%**	**5.36%**	**5.36%**	**5.55%**	**5.66%**	**5.72%**	**5.72%**

Footnotes

[1] Excludes cash, prepaid Federal income taxes, state income tax payable and interest-bearing debt.
[2] Assumed that growth in the fair value of the Assembled Workforce would mirror the Company's overall revenue growth rate each year.
[3] The Company's Trademarks were valued using the Relief from Royalty method. Therefore, the appropriate after-tax royalty rate for the Trademarks was multiplied by the Company's' projected Customer Relationships revenue to determine the related contributory asset charge.
[4] Average fair value multiplied by required rate of return. 2017 adjusted for 6 month period between Transaction Date and year-end.

SANITIZED REPORT

EXHIBIT C-4
DREAM THINK, INC.
CUSTOMER ATTRITION AND GROWTH ANALYSIS
VALUATION DATE - JUNE 30, 2017

Net Customer Growth and Attrition [1]	Revenue CAGR
2014 Customers	4.3%
2015 Customers	7.2%
Median	**5.8%**
Average	**5.8%**

Customer Attrition [1]	Revenue CAGR [2]	# of Customers CAGR
2014 Customers	(2.9%)	(11.8%)
2015 Customers	(5.3%)	(29.5%)
Median	**(4.1%)**	**(20.7%)**
Average	**(4.1%)**	**(20.7%)**

Retained Customer Growth Rate [1]	Retained Customer Revenue CAGR	Overall Company Revenue CAGR	% of Growth From Existing Customers
2014 Customers	7.4%	15.7%	47.2%
2015 Customers	13.2%	16.6%	79.4%
Median			**63.3%**
Average			**63.3%**

Footnotes:

[1] Because the relationship with LARGE CUSTOMER was valued separately from the Company's other customer relationships, we excluded the Company's activity with LARGE CUSTOMER in the attrition/growth calculations in this workpaper.

[2] No growth in revenue considered in the attrition analysis.

SANITIZED REPORT

EXHIBIT C-5
DREAM THINK, INC.
NEW CUSTOMER BUSINESS DEVELOPMENT EXPENSES
VALUATION DATE - JUNE 30, 2017

New Customer Business Development Expenses	2015			2016			TTM 4/30/2017		
	Amount	% Attributable to Bus. Dev. [1]	Bus. Dev. Expense	Amount	% Attributable to Bus. Dev. [1]	Bus. Dev. Expense	Amount	% Attributable to Bus. Dev. [1]	Bus. Dev. Expense
Revenue	$ 4,796,000		$ 4,796,000	$ 5,269,000		$ 5,269,000	$ 5,508,000		$ 5,508,000
Travel and Sales Promotion **[2]**	45,000	90%	40,500	71,000	90%	63,900	62,000	90%	55,800
Advertising **[3]**	33,000	100%	33,000	35,000	100%	35,000	32,000	100%	32,000
Administrative - Labor and Burden **[4]**	82,800	30%	24,840	82,800	30%	24,840	82,800	30%	24,840
Officers and Management - Labor and Burden **[5]**	269,100	30%	80,730	269,100	30%	80,730	269,100	30%	80,730
Total New Customer Business Development Expenses			$ 179,070			$ 204,470			$ 193,370
Total New Customer Business Development Expenses as a % of Revenue			**3.7%**			**3.9%**			**3.5%**

Footnotes:

[1] Management's estimate of the % of each expense related to new customer business development efforts.

[2] 90% of travel and sales promotion expenses relate to new customer development per management (the remaining 10% relates to existing customer relationship maintenance, primarily with LARGE CUSTOMER).

[3] 100% of advertising expenses relate to new customer development per management.

[4] Two of the Company's administrative employees spend approximately 30% of their time on new customer development per management. The labor and burden expense is based on the amounts in **Exhibit F-1** ($41,400 per employee) multiplied by 50% (since only two of the four administrative employees are involved in new customer development). For purposes of this analysis, it was assumed that compensation for administrative employees was relatively constant over the time period examined.

[5] Two of the Company's three officers/managers spend approximately 30% of their time on new customer development per management. The labor and burden expense for executives is based on the amounts in **Exhibit F-1** ($89,700 per employee) multiplied by 100% (since all three officers/managers are involved in new customer development). For purposes of this analysis, it was assumed that compensation for officers/managers was relatively constant over the time period examined.

SANITIZED REPORT

EXHIBIT D-1
DREAM THINK, INC.
CUSTOMER RELATIONSHIP - LARGE CUSTOMER
VALUATION DATE - JUNE 30, 2017

	6 Months ended 12/31/2017	*Year ended 12/31/2018*	*Year ended 12/31/2019*	*Year ended 12/31/2020*	*Year ended 12/31/2021*	*Year ended 12/31/2022*	*Year ended 12/31/2023*	*Year ended 12/31/2024*	*Year ended 12/31/2025*	*Year ended 12/31/2026*
LARGE CUSTOMER Revenue (Pre-Attrition) **[1]**	$ 806,149	$ 1,817,407	$ 2,120,531	$ 2,544,637	$ 3,053,564	$ 3,053,564	$ 3,358,920	$ 3,526,866	$ 3,615,038	$ 3,705,414
Cumulative Retention Rate **[2]**	100.0%	100.0%	100.0%	85.0%	85.0%	85.0%	72.3%	72.3%	72.3%	61.5%
Revenue Attributable to LARGE CUSTOMER Relationship	806,149	1,817,407	2,120,531	2,162,941	2,595,529	2,595,529	2,428,499	2,549,924	2,613,672	2,278,830
Adjusted EBIT Margin **[3]**	9.6%	16.2%	16.7%	19.1%	21.2%	22.8%	22.8%	22.8%	22.8%	22.8%
EBIT Attributable to LARGE CUSTOMER Relationship	77,390	294,420	354,129	413,122	550,252	591,781	553,698	581,383	595,917	519,573
Income Taxes (38.5%)	(29,795)	(113,352)	(136,340)	(159,052)	(211,847)	(227,836)	(213,174)	(223,832)	(229,428)	(200,036)
Debt-Free Cash Flow (Before Contributory Asset Charges)	47,595	181,068	217,789	254,070	338,405	363,945	340,524	357,551	366,489	319,537
Contributory Asset Charges **[4]**										
Net Working Capital	(30,559)	(72,924)	(83,731)	(84,314)	(101,177)	(101,177)	(98,578)	(105,854)	(109,791)	(95,725)
Fixed Assets	(844)	(1,773)	(1,984)	(1,944)	(2,273)	(2,224)	(2,136)	(2,278)	(2,355)	(2,049)
Trademarks	(4,998)	(11,268)	(13,147)	(13,410)	(16,092)	(16,092)	(15,057)	(15,810)	(16,205)	(14,129)
Assembled Workforce	(6,626)	(14,096)	(16,184)	(16,297)	(19,557)	(19,557)	(19,054)	(20,461)	(21,222)	(18,503)
Debt-Free Cash Flow (After Contributory Asset Charges)	**4,567**	**81,007**	**102,742**	**138,105**	**199,306**	**224,895**	**205,699**	**213,149**	**216,916**	**189,131**
x Present value factor @ 33.50%	0.9303	0.7491	0.5611	0.4203	0.3148	0.2358	0.1766	0.1323	0.0991	0.0742
Months for PV factor	3.0	12.0	24.0	36.0	48.0	60.0	72.0	84.0	96.0	108.0
Years for PV factor	0.250	1.000	2.000	3.000	4.000	5.000	6.000	7.000	8.000	9.000
Present Value Net Cash Flows [5]	**$ 4,249**	**$ 60,682**	**$ 57,649**	**$ 58,045**	**$ 62,742**	**$ 53,030**	**$ 36,326**	**$ 28,200**	**$ 21,496**	**$ 14,034**

Fair Value of LARGE CUSTOMER Relationship	
Sum of PV Net Cash Flows (Years 1-10)	$ 396,453
Sum of PV Net Cash Flows (Years 11-20)	35,263
Sum of PV Net Cash Flows (Years 21-30)	1,132
Total PV of Net Cash Flows	432,848
Plus: Present Value of Tax Amortization Benefit **[6]**	41,435
Indicated Fair Value of LARGE CUSTOMER Relationship	**474,283**
Fair Value of LARGE CUSTOMER Relationship (Rounded)	**$ 470,000**

Sensitivity Analysis		*Rate of Return*		
		32.5%	33.5%	34.5%
Renewal Rate	87.5%	510,000	490,000	470,000
	85.0%	490,000	470,000	460,000
	82.5%	480,000	460,000	440,000

Key Inputs										
Revenue Growth Rate **[1]**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Estimated Renewal Rate **[2]**	n/a	n/a	n/a	85.0%	n/a	n/a	85.0%	n/a	n/a	85.0%
Unadjusted EBIT Margin	5.9%	12.5%	13.0%	15.4%	17.5%	19.1%	19.1%	19.1%	19.1%	19.1%
Business Development Expense as a % of Revenues **[3]**	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Adjusted EBIT Margin	9.6%	16.2%	16.7%	19.1%	21.2%	22.8%	22.8%	22.8%	22.8%	22.8%

Footnotes

[1] Per **Exhibit C-1**.

[2] The current 3-year contract with LARGE CUSTOMER expires in November 2019. For purposes of this analysis, the current contract was projected to continue through the end of 2019 and be up for renewal at the beginning of 2020 due to the close proximity of the current contract end date (November 2019) to the end of 2019. Management estimated that there is an 85% likelihood that LARGE CUSTOMER will renew its contract with the Company at the end of the current contract period and for the subsequent contract renewal dates. This 85% renewal rate at the end of each 3-year contract period is consistent with the 5.0% attrition rate applied to the valuation of the Company's other customer relationships in **Exhibit C-2** (100% - 85% = 15% potential attrition over 3 year contract period; 15% attrition / 3 years = 5% attrition per year).

[3] Based on projected EBIT margins in **Exhibit C-1** plus new customer business development expenses of 3.7% of revenue based on the range of these expenses from 2013-2015 (3.5%-3.9%) in **Exhibit C-5**.

[4] See **Exhibit C-3** for contributory asset charge calculations as a % of applicable revenues. Contributory charges beyond 2026 are based on the 2026 percentage of revenue calculation.

[5] Because LARGE CUSTOMER has the ability to cancel its purchase contract with the Company at its discretion if 120 days' notice is given, the Company's contract with LARGE CUSTOMER is more like a customer relationship than a long-term contract with a fixed amount of revenue. Therefore, the risk associated with this intangible asset is similar to a customer relationship (WACC discount rate to reflect the overall risk of the business) rather than a fixed revenue contract (discount rate below WACC to reflect reduced risk associated with contracted revenue amounts).

[6] Present Value of Tax Amortization Benefit = Pre-Amortization Benefit Value X (n/n-((PV(dr,n,-1) X (1+dr)^.5) X t))-1)
n = Amortization period (15 years); dr = Discount rate (33.5%); t = Tax rate (38.5%); PV = Present value

SANITIZED REPORT

EXHIBIT D-1
DREAM THINK, INC.
CUSTOMER RELATIONSHIP - LARGE CUSTOMER
VALUATION DATE - JUNE 30, 2017

	Year ended 12/31/2027	*Year ended 12/31/2028*	*Year ended 12/31/2029*	*Year ended 12/31/2030*	*Year ended 12/31/2031*	*Year ended 12/31/2032*	*Year ended 12/31/2033*	*Year ended 12/31/2034*	*Year ended 12/31/2035*	*Year ended 12/30/2036*
LARGE CUSTOMER Revenue (Pre-Attrition) **[1]**	3,705,414	3,705,414	3,705,414	3,705,414	3,705,414	3,705,414	3,705,414	3,705,414	3,705,414	3,705,414
Cumulative Retention Rate **[2]**	61.5%	61.5%	52.3%	52.3%	52.3%	44.5%	44.5%	44.5%	37.8%	37.8%
Revenue Attributable to LARGE CUSTOMER Relationship	2,278,830	2,278,830	1,937,932	1,937,932	1,937,932	1,648,909	1,648,909	1,648,909	1,400,646	1,400,646
Adjusted EBIT Margin **[3]**	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%
EBIT Attributable to LARGE CUSTOMER Relationship	519,573	519,573	441,848	441,848	441,848	375,951	375,951	375,951	319,347	319,347
Income Taxes (38.5%)	(200,036)	(200,036)	(170,111)	(170,111)	(170,111)	(144,741)	(144,741)	(144,741)	(122,949)	(122,949)
Debt-Free Cash Flow (Before Contributory Asset Charges)	319,537	319,537	271,737	271,737	271,737	231,210	231,210	231,210	196,398	196,398
Contributory Asset Charges **[4]**										
Net Working Capital	(95,725)	(95,725)	(81,406)	(81,406)	(81,406)	(69,265)	(69,265)	(69,265)	(58,836)	(58,836)
Fixed Assets	(2,049)	(2,049)	(1,743)	(1,743)	(1,743)	(1,483)	(1,483)	(1,483)	(1,259)	(1,259)
Trademarks	(14,129)	(14,129)	(12,015)	(12,015)	(12,015)	(10,223)	(10,223)	(10,223)	(8,684)	(8,684)
Assembled Workforce	(18,503)	(18,503)	(15,735)	(15,735)	(15,735)	(13,388)	(13,388)	(13,388)	(11,373)	(11,373)
Debt-Free Cash Flow (After Contributory Asset Charges)	**189,131**	**189,131**	**160,838**	**160,838**	**160,838**	**136,851**	**136,851**	**136,851**	**116,246**	**116,246**
x Present value factor @ 33.50%	0.0556	0.0417	0.0312	0.0234	0.0175	0.0131	0.0098	0.0074	0.0055	0.0041
Months for PV factor	120.0	132.0	144.0	156.0	168.0	180.0	192.0	204.0	216.0	228.0
Years for PV factor	10.000	11.000	12.000	13.000	14.000	15.000	16.000	17.000	18.000	19.000
Present Value Net Cash Flows [5]	**$ 10,516**	**$ 7,887**	**$ 5,018**	**$ 3,764**	**$ 2,815**	**$ 1,793**	**$ 1,341**	**$ 1,013**	**$ 639**	**$ 477**

Fair Value of LARGE CUSTOMER Relationship	
Sum of PV Net Cash Flows (Years 1-10)	$ 396,453
Sum of PV Net Cash Flows (Years 11-20)	35,263
Sum of PV Net Cash Flows (Years 21-30)	1,132
Total PV of Net Cash Flows	432,848
Plus: Present Value of Tax Amortization Benefit **[6]**	41,435
Indicated Fair Value of LARGE CUSTOMER Relationship	**474,283**
Fair Value of LARGE CUSTOMER Relationship (Rounded)	**$ 470,000**

Sensitivity Analysis			*Rate of Return*	
		32.5%	33.5%	34.5%
Attrition Rate	87.5%	510,000	490,000	470,000
	85.0%	490,000	470,000	460,000
	82.5%	480,000	460,000	440,000

Key Inputs										
Revenue Growth Rate **[1]**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Estimated Renewal Rate **[2]**	n/a	n/a	85.0%	n/a	n/a	85.0%	n/a	n/a	85.0%	n/a
Unadjusted EBIT Margin	19.1%	19.1%	19.1%	19.1%	19.1%	19.1%	19.1%	19.1%	19.1%	19.1%
Business Development Expense as a % of Revenues **[3]**	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Adjusted EBIT Margin	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%

Footnotes

[1] Per **Exhibit C-1**.

[2] The current 3-year contract with LARGE CUSTOMER expires in November 2019. For purposes of this analysis, the current contract was projected to continue through the end of 2019 and be up for renewal at the beginning of 2020 due to the close proximity of the current contract end date (November 2019) to the end of 2019. Management estimated that there is an 85% likelihood that LARGE CUSTOMER will renew its contract with the Company at the end of the current contract period and for the subsequent contract renewal dates. This 85% renewal rate at the end of each 3-year contract period is consistent with the 5.0% attrition rate applied to the valuation of the Company's other customer relationships in **Exhibit C-2** (100% - 85% = 15% potential attrition over 3 year contract period; 15% attrition / 3 years = 5% attrition per year).

[3] Based on projected EBIT margins in **Exhibit C-1** plus new customer business development expenses of 3.7% of revenue based on the range of these expenses from 2013-2015 (3.5%-3.9%) in **Exhibit C-5**.

[4] See **Exhibit C-3** for contributory asset charge calculations as a % of applicable revenues. Contributory charges beyond 2026 are based on the 2026 percentage of revenue calculation.

[5] Because LARGE CUSTOMER has the ability to cancel its purchase contract with the Company at its discretion if 120 days' notice is given, the Company's contract with LARGE CUSTOMER is more like a customer relationship than a long-term contract with a fixed amount of revenue. Therefore, the risk associated with this intangible asset is similar to a customer relationship (WACC discount rate to reflect the overall risk of the business) rather than a fixed revenue contract (discount rate below WACC to reflect reduced risk associated with contracted revenue amounts).

[6] Present Value of Tax Amortization Benefit = Pre-Amortization Benefit Value X (n/n-((PV(dr,n,-1) X (1+dr)^.5) X t))-1)
n = Amortization period (15 years); dr = Discount rate (33.5%); t = Tax rate (38.5%); PV = Present value

SANITIZED REPORT

EXHIBIT D-1
DREAM THINK, INC.
CUSTOMER RELATIONSHIP - LARGE CUSTOMER
VALUATION DATE - JUNE 30, 2017

	Year ended 12/31/2037	*Year ended 12/31/2038*	*Year ended 12/31/2039*	*Year ended 12/31/2040*	*Year ended 12/31/2041*	*Year ended 12/31/2042*	*Year ended 12/31/2043*	*Year ended 12/31/2044*	*Year ended 12/31/2045*	*Year ended 12/31/2046*
LARGE CUSTOMER Revenue (Pre-Attrition) **[1]**	3,705,414	3,705,414	3,705,414	3,705,414	3,705,414	3,705,414	3,705,414	3,705,414	3,705,414	3,705,414
Cumulative Retention Rate **[2]**	37.8%	32.1%	32.1%	32.1%	27.3%	27.3%	27.3%	23.2%	23.2%	23.2%
Revenue Attributable to LARGE CUSTOMER Relationship	1,400,646	1,190,550	1,190,550	1,190,550	1,011,967	1,011,967	1,011,967	860,172	860,172	860,172
Adjusted EBIT Margin **[3]**	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%
EBIT Attributable to LARGE CUSTOMER Relationship	319,347	271,445	271,445	271,445	230,728	230,728	230,728	196,119	196,119	196,119
Income Taxes (38.5%)	(122,949)	(104,506)	(104,506)	(104,506)	(88,830)	(88,830)	(88,830)	(75,506)	(75,506)	(75,506)
Debt-Free Cash Flow (Before Contributory Asset Charges)	196,398	166,939	166,939	166,939	141,898	141,898	141,898	120,613	120,613	120,613
Present Value Net Cash Flows [5]	**$ 360**	**$ 227**	**$ 168**	**$ 128**	**$ 84**	**$ 59**	**$ 42**	**$ 29**	**$ 21**	**$ 14**

Fair Value of LARGE CUSTOMER Relationship

Sum of PV Net Cash Flows (Years 1-10)	$ 396,453
Sum of PV Net Cash Flows (Years 11-20)	35,263
Sum of PV Net Cash Flows (Years 21-30)	1,132
Total PV of Net Cash Flows	432,848
Plus: Present Value of Tax Amortization Benefit **[6]**	41,435
x Present value factor @ 33.50%	
Indicated Fair Value of LARGE CUSTOMER Relationship	**474,283**
Fair Value of LARGE CUSTOMER Relationship (Rounded)	**$ 470,000**

Sensitivity Analysis

		Rate of Return		
		32.5%	33.5%	34.5%
Attrition Rate	87.5%	510,000	490,000	470,000
	85.0%	490,000	470,000	460,000
	82.5%	480,000	460,000	440,000

Key Inputs

Revenue Growth Rate **[1]**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Estimated Renewal Rate **[2]**	n/a	85.0%	n/a	n/a	85.0%	n/a	n/a	85.0%	n/a	n/a
Unadjusted EBIT Margin	19.1%	19.1%	19.1%	19.1%	19.1%	19.1%	19.1%	19.1%	19.1%	19.1%
Business Development Expense as a % of Revenues **[3]**	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Adjusted EBIT Margin	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%

Footnotes

[1]

[2]

[3] Based on projected EBIT margins in **Exhibit C-1** plus new customer business development expenses of 3.7% of revenue based on the range of these expenses from 2013-2015 (3.5%-3.9%) in **Exhibit C-5**.

[4] See **Exhibit C-3** for contributory asset charge calculations as a % of applicable revenues. Contributory charges beyond 2026 are based on the 2026 percentage of revenue calculation.

[5]

[6] Present Value of Tax Amortization Benefit = Pre-Amortization Benefit Value X (n/n-((PV(dr,n,-1) X (1+dr)^.5) X t))-1)
n = Amortization period (15 years); dr = Discount rate (33.5%); t = Tax rate (38.5%); PV = Present value
Per **Exhibit C-1**.

The current 3-year contract with LARGE CUSTOMER expires in November 2019. For purposes of this analysis, the current contract was projected to continue through the end of 2019 and be up for renewal at the beginning of 2020 due to the close proximity of the current contract end date (November 2019) to the end of 2019. Management estimated that there is an 85% likelihood that LARGE CUSTOMER will renew its contract with the Company at the end of the current contract period and for the subsequent contract renewal dates. This 85% renewal rate at the end of each 3-year contract period is consistent with the 5.0% attrition rate applied to the valuation of the Company's other customer relationships in **Exhibit C-2** (100% - 85% = 15% potential attrition over 3 year contract period; 15% attrition / 3 years = 5% attrition per year).

Because LARGE CUSTOMER has the ability to cancel its purchase contract with the Company at its discretion if 120 days' notice is given, the Company's contract with LARGE CUSTOMER is more like a customer relationship than a long-term contract with a fixed amount of revenue. Therefore, the risk associated with this intangible asset is similar to a customer relationship (WACC discount rate to reflect the overall risk of the business) rather than a fixed revenue contract (discount rate below WACC to reflect reduced risk associated with contracted revenue amounts).

SANITIZED REPORT

EXHIBIT E-1
DREAM THINK, INC.
TRADEMARKS
VALUATION DATE - JUNE 30, 2017

Trademarks Valuation

Inputs

Pre-Tax Royalty Rate **[1]**	1.00%
Required Rate of Return **[2]**	36.0%
Tax Rate	38.5%

Year	Year Ended	Total Sales	Royalties	Taxes	After-Tax Cash Flow	Years for PV Factor	PV Factor	PV of Cash Flow
1	12/31/2017 **[3]**	$ 3,018,500	$ 30,185	$ 11,621	$ 18,564	0.250	0.9260	$ 17,190
2	12/31/2018	6,805,000	68,050	26,199	41,851	1.000	0.7353	30,773
3	12/31/2019	7,940,000	79,400	30,569	48,831	2.000	0.5407	26,403
4	12/31/2020	9,528,000	95,280	36,683	58,597	3.000	0.3975	23,292
5	12/31/2021	11,433,600	114,336	44,019	70,317	4.000	0.2923	20,554
6	12/31/2022	13,720,320	137,203	52,823	84,380	5.000	0.2149	18,133
7	12/31/2023	15,092,352	150,924	58,106	92,818	6.000	0.1580	14,665
8	12/31/2024	15,846,970	158,470	61,011	97,459	7.000	0.1162	11,325
9	12/31/2025	16,243,144	162,431	62,536	99,895	8.000	0.0854	8,531
10	12/31/2026	16,649,223	166,492	64,099	102,393	9.000	0.0628	6,430
11	12/31/2027	17,065,454	170,655	65,702	104,953	10.000	0.0462	4,849
12	12/31/2028	17,492,090	174,921	67,345	107,576	11.000	0.0340	3,658
13	12/31/2029	17,929,392	179,294	69,028	110,266	12.000	0.0250	2,757
14	12/31/2030	18,377,627	183,776	70,754	113,022	13.000	0.0184	2,080
15	12/31/2031	18,837,068	188,371	72,523	115,848	14.000	0.0135	1,564
16	12/31/2032	19,307,995	193,080	74,336	118,744	15.000	0.0099	1,176
17	12/31/2033	19,790,695	197,907	76,194	121,713	16.000	0.0073	889
18	12/31/2034	20,285,462	202,855	78,099	124,756	17.000	0.0054	674
19	12/31/2035	20,792,599	207,926	80,052	127,874	18.000	0.0039	499
20	12/31/2036	21,312,414	213,124	82,053	131,071	19.000	0.0029	380
21	12/31/2037	21,845,224	218,452	84,104	134,348	20.000	0.0021	282
22	12/31/2038	22,391,355	223,914	86,207	137,707	21.000	0.0016	220
23	12/31/2039	22,951,139	229,511	88,362	141,149	22.000	0.0012	169
24	12/31/2040	23,524,917	235,249	90,571	144,678	23.000	0.0008	116
25	12/31/2041	24,113,040	241,130	92,835	148,295	24.000	0.0006	89
26	12/31/2042	24,715,866	247,159	95,156	152,003	25.000	0.0005	76
27	12/31/2043	25,333,763	253,338	97,535	155,803	26.000	0.0003	47
28	12/31/2044	25,967,107	259,671	99,973	159,698	27.000	0.0002	32
29	12/31/2045	26,616,285	266,163	102,473	163,690	28.000	0.0002	33
30	12/31/2046	27,281,692	272,817	105,035	167,782	29.000	0.0001	17
								$ 196,903

Fair Value as of Trademarks

Sum of PV Net Cash Flows	$ 196,903
Plus: Residual Value	51
Plus: PV of Tax Amortization Benefit **[4]**	17,668
Indicated Fair Value of Trademarks	**214,622**
Fair Value of Trademarks (Rounded)	**$ 210,000**

Residual Value

2046 Cash Flow	$ 167,782
x Growth Factor	102.5%
Available Cash Flow	171,977
x Residual Multiple	2.99
	514,211
x PV Factor	0.0001
= Residual Value	$ 51

Residual Value Inputs

Residual Growth Rate	2.5%
Capitalization Rate	33.5%
Residual Multiple	2.99

Sensitivity Analysis

		Rate of Return		
		35.0%	36.0%	37.0%
Royalty Rate	1.25%	280,000	270,000	260,000
	1.00%	220,000	210,000	210,000
	0.75%	170,000	160,000	160,000

Footnotes

[1] Determined based on analysis of royalty rates in **Exhibit E-2** and residual profit calculation in **Exhibit E-3**. Specifically, the factors below were considered, which indicated that a royalty rate similar to the lower quartile (1.0%) of the guideline royalty agreements was appropriate. The selected royalty rate of 1.0% was also reasonable in relation to the residual profit attributable to the Company's intangible assets (24.6%-34.8%) in **Exhibit E-3** given the relative value of the Company's Trademarks in relation to its customer relationships (which management indicated were far more valuable).

Exclusivity - The Company's Trademarks are not registered, meaning that their use is non-exclusive, although it does own a variety of domain names that are used to sell the Company's products. This puts the Company's Trademarks in a position similar to the guideline trademark royalty agreements analyzed, which are typically non-exclusive.

Legal Status and Breadth of Protection - As discussed above, the Company's Trademarks are not registered, which creates additional risk compared to the companies involved in the guideline royalty agreements.

Means of Promotion - The Company's primary means of promotion are relatively limited compared to those of the companies involved in the guideline royalty agreements, which use a wide variety of promotional activities including print, radio, television and the internet. This would tend to have a downward impact on the royalty rate applicable to the Company's Trademarks.

Recognition, Establishment and Size - A majority of the guideline royalty agreements relate to large, established, multinational companies that have extensive branding efforts and broad public recognition, which would tend to have a downward impact on the royalty rate applicable to the Company's Trademarks.

[2] An equity rate of return was used to discount the projected cash flows of the Trademarks, which reflects the higher risk associated with this type of intangible asset.

[3] 6 months ended 12/31/2017.

[4] Present Value of Tax Amortization Benefit = Pre-Amortization Benefit Value X (n/n-((PV(dr,n,-1) X (1+dr)^.5) X t))-1)
n = Amortization period (15 years); dr = Discount rate (36.0%); t = Tax rate (38.5%); PV = Present value

SANITIZED REPORT

EXHIBIT E-2
DREAM THINK, INC.
TRADEMARKS ROYALTY RATE ANALYSIS
VALUATION DATE - JUNE 30, 2017

Royalty Rate Data

Licensor	Licensee	Industry	Low Rate	High Rate	Average Rate
Unrelated Parties					
AAF Msquery Inc.	O.Y.L. Manufacturing Company	HVAC Equipment	2.00%	5.00%	3.50%
ABB Handels	NBDE	Instrumentation Equipment	2.00%	2.00%	2.00%
American Association of Retired Persons	United Healthcare Insurance Company	Insurance	8.00%	8.00%	8.00%
American Environmental Systems	Knickerbocker LL Co.	Room Ionizer	2.00%	2.00%	2.00%
AT&T Corp.	Kiri, Inc.	Telecommunication Services	2.50%	4.00%	3.25%
Baltimore Gas & Electronics	Constellation's Home Products	HVAC Equipment	2.00%	2.00%	2.00%
Bicoastal Corp.	Semi-Tech Global	Computer Equipment	1.50%	1.50%	1.50%
Cable and Wireless Plc	Hong Kong Telecommunications Ltd.	Telecommunication Services	8.00%	8.00%	8.00%
CBS Broadcasting	Marketwach.com, Inc.	Internet Site	6.00%	8.00%	7.00%
Cendant Corp.	Avis Rent A Car, Inc.	Rental Car Services	4.00%	4.50%	4.25%
Century 21 Real Estate Corp.	American Remodeling, Inc.	Construction Materials	3.00%	3.00%	3.00%
Children's Television Workshop	Berlitz International	Educational Materials	5.00%	9.00%	7.00%
Cigarette Racing	OTAM	Boats	7.50%	10.00%	8.75%
Coleman Company	Ranco, Inc.	Instrumentation Equipment	5.00%	5.00%	5.00%
Credit Bureau of Baton Rouge	Uffman & Associates, Inc.	Credit Services	5.00%	5.00%	5.00%
Daimler-Benz Technology Corp.	Temic Semiconductor	Semiconductors	0.00%	0.80%	0.40%
Digital Equipment Corp.	Genicom Corp.	Computer Equipment	1.50%	5.00%	3.25%
ESPN Enterprises	Onhealth Network	Video	10.00%	10.00%	10.00%
Experian Information Solutions	First American Real Estate Solutions	Financial Services	0.20%	0.20%	0.20%
Faith Winner Agriculture Dev. Co.	Heilongjiang Yanglin Soybean Group	Soybean Products	1.00%	1.00%	1.00%
Financial Times Limited	Marketwach.com, Inc.	Financial Information	2.00%	5.00%	3.50%
France Telecom	PTK Centertel	Telecommunication Services	1.60%	1.60%	1.60%
Harnischfeger Technologies	Morris Material Handling, Inc.	Industrial Equipment	0.75%	0.75%	0.75%
Hyundai Corp.	Chigo	Air Conditioner	5.00%	5.00%	5.00%
Iowa Medical Society	Midwest Medical Insurance	Insurance	1.25%	1.75%	1.50%
Jean-Michael Cousteau	Ultrastrip Systems	Ship Services	2.00%	2.00%	2.00%
Lufthansa German Airlines	DHL Airways	Air Transportation	0.75%	0.75%	0.75%
Offshore Racing Team	Hawk Marine Power, Inc.	Boats	2.50%	2.50%	2.50%
Planet Hollywood International	Opbiz, LLC	Restaurant	5.00%	10.00%	7.50%
President and Fellows of Harvard	Serif Holdings Limited	Presentation Materials	3.00%	3.00%	3.00%
RPG Life Sciences	Isagro	Agrochemicals	7.00%	7.00%	7.00%
Smith & Wesson Corp.	Canadian Security Agency, Inc.	Retail	2.50%	2.50%	2.50%
Sprint Communications	Virgin Mobile USA, Inc.	Communications Equipment	0.25%	0.25%	0.25%
Undisclosed	Enviro-Clean of America, Inc.	Cleaning Product	3.00%	3.00%	3.00%
Undisclosed	Puradyn Filter Technologies	Oil Filter	1.00%	1.00%	1.00%
Virgin Enterprises Limited	NTL, Inc.	Telecommunication Services	0.25%	0.25%	0.25%
Western Union Corp.	Financial Services, Inc.	Banking	5.00%	5.00%	5.00%
Related Parties					
Brink's Network, Inc.	Custravalca Brinks, C.A.	Armored Car Services	3.00%	3.00%	3.00%
Brink's Network, Inc.	Brink's Home Security Holdings	Home Alarm Systems	1.25%	1.25%	1.25%
Brink's Network, Inc.	Brink's Home Security Holdings	Commercial Alarm Monitoring	3.00%	7.00%	5.00%
Carnival Corp.	CHC International	Cruise Services	1.00%	1.00%	1.00%
Casino Magic Corp.	Casino Magic Neuquén S.A.	Casino	2.00%	2.00%	2.00%
Coleman Company	Coleman Spas	Spas	8.00%	8.00%	8.00%
CSC Holding Corp.	Central Sprinkler Corp.	Sprinkler System Components	3.00%	3.00%	3.00%
Harbin Holdings	Harbin Bearing	Roller Bearings	0.30%	0.50%	0.40%
LG Group	LG Chem Ltd.	Chemicals	0.20%	0.20%	0.20%
March Group Plc	March Motors Limited	Engines	1.00%	2.50%	1.75%
Minnegasco	Related Entity	Utilities	1.00%	1.00%	1.00%
National Association of Home Builders	NAHB Research Center	Construction	5.00%	5.00%	5.00%
Nextel	Nextel Partners	Telecommunications Services	0.50%	1.00%	0.75%
Samsung Card	Renault Samsung Motors	Automotive	0.80%	0.80%	0.80%
Sodexho Alliance	Sodexho Marriott Services	Facilities Management	0.05%	0.05%	0.05%
Southwestern Bell	Related Entity	Telephone Services	5.00%	5.00%	5.00%
Storage Development Portfolio, LLC	Susa Partnership LP	REIT	5.00%	5.00%	5.00%
The Greyhound Corp.	GLI Holding Company	Bus Transportation	0.00%	2.50%	1.25%
Virgin Enterprises Limited	Virgin Atlantic	Air Transportation	0.25%	0.50%	0.38%
Washington Natural Gas	Related Entity	Utilities	1.50%	1.50%	1.50%

Royalty Rate Summary

	Low Rate	High Rate	Average Rate
High	10.00%	10.00%	**10.00%**
Upper Quartile	5.00%	5.00%	**5.00%**
Mean	2.82%	3.44%	**3.13%**
Median	2.00%	2.50%	**2.50%**
Lower Quartile	1.00%	1.00%	**1.00%**
Low	0.00%	0.05%	**0.05%**
Mean - Unrelated Parties	3.22%	3.93%	**3.57%**
Median - Unrelated Parties	2.50%	3.00%	**3.00%**

SANITIZED REPORT

DREAM THINK, INC.
RESIDUAL PROFIT ATTRIBUTABLE TO INTANGIBLE ASSETS
VALUATION DATE - JUNE 30, 2017

	6 Months ended 12/31/2017	*Year ended 12/31/2018*	*Year ended 12/31/2019*	*Year ended 12/31/2020*	*Year ended 12/31/2021*	*Year ended 12/31/2022*	*Year ended 12/31/2023*	*Year ended 12/31/2024*	*Year ended 12/31/2025*
EBIT Margin	19.1%	22.7%	23.3%	25.7%	27.7%	29.4%	29.2%	29.2%	29.2%
Less: Income Taxes (38.5%)	(7.4%)	(8.7%)	(9.0%)	(9.9%)	(10.7%)	(11.3%)	(11.2%)	(11.2%)	(11.2%)
Debt-Free Net Income Margin	11.7%	14.0%	14.3%	15.8%	17.0%	18.1%	18.0%	18.0%	18.0%
Less: CAC on Net Working Capital	3.8%	4.0%	3.9%	3.9%	3.9%	3.9%	4.1%	4.2%	4.2%
Less: CAC on Fixed Assets	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
After-Tax Residual Profit to Intangible Assets	15.6%	18.1%	18.3%	19.8%	21.0%	22.1%	22.1%	22.2%	22.3%
Plus: Income Taxes (38.5%)	9.8%	11.3%	11.5%	12.4%	13.1%	13.8%	13.9%	14.0%	13.9%
Pre-Tax Residual Profit to Intangible Assets	**25.4%**	**29.4%**	**29.8%**	**32.2%**	**34.1%**	**35.9%**	**36.0%**	**36.2%**	**36.2%**

SANITIZED REPORT

EXHIBIT F-1
DREAM THINK, INC.
ASSEMBLED WORKFORCE
VALUATION DATE - JUNE 30, 2017

Assembled Workforce Valuation

Employee Category	Number of Employees	Average Annual Compensation	Average Burden Rate	Annual Comp. with Benefits	Monthly Comp. With Benefits	Average Recruiting Fee **[1]**	Average Cost of Interviewing	Average Cost of Training
Production	16	$ 27,000	15.0%	$ 31,050	$ 2,588	10.0%	$ 250	$ 1,000
Warehouse / Operations	2	33,000	15.0%	37,950	3,163	10.0%	250	1,000
Administrative	4	36,000	15.0%	41,400	3,450	10.0%	500	1,000
Officers and Management	3	78,000	15.0%	89,700	7,475	15.0%	1,000	1,000

Employee Category	Months Until Fully Efficient	Period 1 Inefficiency	Period 2 Inefficiency	Period 3 Inefficiency	Period 4 Inefficiency	Period Length (in Months)
Production	3	30.00%	20.00%	10.00%	0.00%	1.00
Warehouse / Operations	3	30.00%	20.00%	10.00%	0.00%	1.00
Administrative	3	40.00%	26.67%	13.37%	0.00%	1.00
Officers and Management	3	50.00%	33.33%	16.66%	0.00%	1.00

Employee Category	Average Recruiting Cost per Employee	Average Interviewing Cost per Employee	Average Training Cost per Employee	Average Inefficiency Cost per Employee	Total Replacement Cost per Employee	Number of Employees	Total Replacement Cost by Category
Production	$ 2,700	$ 250	$ 1,000	$ 1,553	$ 5,503	16	$ 88,048
Warehouse / Operations	3,300	250	1,000	1,898	6,448	2	12,896
Administrative	3,600	500	1,000	2,761	7,861	4	31,444
Officers and Management	11,700	1,000	1,000	7,474	21,174	3	63,522

Replacement Cost	195,910
Less: Income Taxes (38.5%)	(75,425)
After-Tax Value Before Amortization Benefit	120,485
Plus: Present Value of Tax Amortization Benefit **[2]**	12,028
Indicated Value of Assembled Workforce	**132,513**
Fair Value of Assembled Workforce (Rounded in 000's)	**$ 130,000**

Footnotes

[1] Expressed as a percentage of average annual salary
[2] Present Value of Tax Amortization Benefit = Pre-Amortization Benefit Value X (n/n-((PV(dr,n,-1) X (1+dr)^.5) X t))-1)
n = Amortization period (15 years); dr = Discount rate (33.5%); t = Tax rate (38.5%); PV = Present value

SANITIZED REPORT

EXHIBIT G-1
DREAM THINK, INC.
WEIGHTED-AVERAGE RETURN ON ASSETS
VALUATION DATE - JUNE 30, 2017

Weighted-Average Return on Assets ("WARA")

Asset Class		Normalized Operating Value	% of Total	Rate of Return	Weighted Average Return	Allocated Debt %	Allocated Equity %
Net Working Capital	$	827,058	13.8%	24.3%	3.4%	35.0%	65.0%
Fixed Assets		21,710	0.4%	27.7%	0.1%	25.0%	75.0%
Customer Relationships - Other **[1]**		2,351,829	39.4%	33.5%	13.2%	7.5%	92.5%
Customer Relationship - LARGE CUSTOMER **[1]**		432,848	7.2%	33.5%	2.4%	7.5%	92.5%
Trademarks **[1]**		196,954	3.3%	36.0%	1.2%	0.0%	100.0%
Assembled Workforce **[1]**		120,485	2.0%	33.5%	0.7%	7.5%	92.5%
Goodwill		2,020,993	33.9%	37.5%	12.7%	n/a	n/a
Total Operating Assets		5,971,877	100.0%	**WARA**	**33.7%**	Cost of Debt	2.6%
Cash		22,738		**WACC**	**33.5%**	Cost of Equity	36.0%
Deferred Tax Liability		(1,304,000)					
				IRR	**33.7%**		
Total Invested Capital	$	4,690,615					

Footnotes:
[1] Excludes present value of tax amortization benefit for purposes of calculating the WARA since there was no step-up in basis of the acquired intangible assets based on the structure of the Transaction.

SANITIZED REPORT

EXHIBIT G-2
DREAM THINK, INC.
PURCHASE PRICE ALLOCATION
VALUATION DATE - JUNE 30, 2017

Purchase Price Allocation

	Fair Value	Useful Life [1]
Assets		
Cash	$ 22,738	
Accounts Receivable	821,067	
Inventory	599,604	
Prepaid and Other Current Assets	9,350	
Fixed Assets	21,710	
Customer Relationships - Other	2,580,000	10 Years
Customer Relationship - LARGE CUSTOMER	470,000	10 Years
Trademarks	210,000	12 Years
Goodwill	1,863,109	Indefinite
	6,597,578	
Liabilities		
Accounts Payable	$ 576,053	
Accrued Expenses	10,934	
Accrued Vacation Liability	15,976	
Deferred Tax Liability	1,304,000	
	1,906,963	
Total Cash Consideration	**$ 4,690,615**	

Footnotes:

[1] The useful lives presented in this report are suggested based on the financial considerations of each individual intangible asset. Management has the ultimate responsibility for selecting the useful life of each intangible asset for financial reporting purposes.

SANITIZED REPORT

Appendix A

Assumptions and Limiting Conditions

This valuation is subject to the following assumptions and limiting conditions:

1. This Report and the resulting conclusion of value should not be used for any other purpose than that identified in the Report. The distribution of this Report is restricted to the Company's management and auditors. This Report may not be distributed to any other outside parties without our prior written consent.

2. The information, estimates and opinions contained in this Report are obtained from sources considered to be reliable. However, we assume no liability for such sources.

3. The Company's representatives warranted to us that the information they supplied was complete and accurate to the best of their knowledge and that the financial statements and other information correctly reflect the Company's results of operations and financial condition in accordance with generally accepted accounting principles, unless otherwise noted. Information supplied by management has been accepted as correct without further verification. VALUATION FIRM did not audit, review, compile or attest to the underlying information, and therefore, expresses no opinion or assurance on that information.

4. Possession of this Report, or a copy thereof, does not carry with it the right of publication of all or part of it, nor may it be used for any purpose by anyone but the client without the previous written consent of the client or us and, in any event, only with proper attribution.

5. We are not required to give testimony in court, or be in attendance during any hearings or depositions, with reference to the company being valued, unless previous arrangements have been made in writing. Fees for any work performed outside of the preparation of this Report will be billed on an hourly basis based on our standard hourly rates.

6. The conclusion of value presented in this Report applies to this valuation only and may not be used out of the context presented herein. This valuation is valid only for the purpose or purposes specified herein. The Report is only valid for the effective date specified herein.

7. This valuation reflects facts and conditions existing at the valuation date. Subsequent events have not been considered, and we have no obligation, but reserve the right, to update our Report for such events and conditions.

8. This Report was prepared under the direction of VALUATION ANALYST, CPA/ABV, CVA, MBA. Neither the professionals who worked on this engagement, nor the partners of VALUATION, have any present or contemplated future interest in the Company, or any other interest that might prevent us from performing an unbiased valuation. Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusion in, or the use of, this Report.

9. VALUATION FIRM is not a guarantor of value. Value is a question of fact and reasonable individuals can differ in their conclusions of value. VALUATION FIRM has, however, performed conceptually sound and commonly accepted methods of valuation in determining the conclusion of value included in this Report.

10. The historical financial statements included with this Report are to be used solely in the valuation process of the Company. The presentation of these financial statements may be incomplete or otherwise contain departures from generally accepted accounting principles. Nothing has come to our attention that would indicate that the Company intends to use this presentation for any purpose other than valuation.

SANITIZED REPORT

Appendix A

Assumptions and Limiting Conditions (Continued)

11. The public, industry and statistical information has been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.

12. The conclusion of value arrived at herein is based on the assumption that the current level of management expertise and effectiveness would continue to be maintained at the Company and that the character and integrity of the enterprise, through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed.

13. This Report and the conclusion of value arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. It may not be used for any other purpose or by any other party for any purpose. Furthermore the Report and conclusion of value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents the considered opinion of VALUATION FIRM based on information furnished to us by the Company, the Company's representatives, and other sources.

14. Neither all nor any part of the contents of this Report (especially the conclusion of value, the identity of any valuation specialist(s), or the firm with which such valuation specialists are connected or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication, including but not limited to the Securities and Exchange Commission or other governmental agency or regulatory body, without the prior written consent and approval of VALUATION FIRM.

15. The contents of the Economic Outlook section of this Report are quoted from the Economic Outlook Update™ 2Q 2017 published by Business Valuation Resources, LLC, reprinted with permission. The editors and Business Valuation Resources, LLC, while considering the contents to be accurate as of the date of publication of the Update, take no responsibility for the information contained therein. Relation of this information to this valuation engagement is the sole responsibility of the author of this Report.

16. No change of any item in this appraisal report shall be made by anyone other than VALUATION FIRM, and we shall have no responsibility for any such unauthorized change.

17. If prospective financial information approved by management has been used in our work, we have not examined or compiled the prospective financial information and therefore, do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions. Events and circumstances frequently do not occur as expected, and there will usually be differences between prospective financial information and actual results, and those differences may be material.

18. We conducted interviews with management concerning the past, present and prospective operating results of the Company.

19. Our conclusion of value assumes the assets and liabilities as of the Transaction Date presented to us by management were intact as of that date and are materially correct. Any change in the level of assets or liabilities could cause a change in the value we estimated. Furthermore, we assume that there are no hidden or unexpected conditions that would adversely affect the value we estimated.

SANITIZED REPORT

Appendix A

Assumptions and Limiting Conditions (Continued)

20. Except as noted, we have relied on the representations of the owners, management and other third parties concerning the value and useful condition of all equipment, real estate and investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this report. We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances or that the entity has good title to all assets.

21. No third parties are intended to be benefited. An engagement for a different purpose, or under a different standard or basis of value, or for a different date of value, could result in a materially different conclusion of value.

22. VALUATION FIRM is not an environmental consultant or auditor, and it takes no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on this Report, wishing to know whether such liabilities exist, or the scope and their effect on the value of the property, is encouraged to obtain a professional environmental assessment. VALUATION FIRM does not conduct or provide environmental assessments and has not performed one for the subject property.

23. VALUATION FIRM has not determined independently whether the Company is subject to any present or future liability relating to environmental matters (including, but not limited to CERCLA/ Superfund liability), nor the scope of any such liabilities. VALUATION FIRM's valuation takes no such liabilities into account, except as they have been reported to us by the Company or by an environmental consultant working for the Company, and then only to the extent that the liability was reported to us in an actual or estimated dollar amount. Such matters, if any, are noted in the Report. To the extent such information has been reported to us, VALUATION FIRM has relied on it without verification and offers no warranty or representation as to its accuracy or completeness.

24. By accepting this Report, the client acknowledges the terms and indemnity provisions provided in the executed engagement letter and the assumptions and limiting conditions contained herein.

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Appendix B

Principal Information Sources and References

1. 2014-2016 Federal income tax returns prepared by CPA FIRM.

2. Management-prepared projections for 2018-2022.

3. Annual revenue by customer schedules for 2014-2016.

4. Organization charts.

5. Dream Think, Inc. Preliminary Draft Due Diligence Report prepared by CPA FIRM dated May 2017.

6. Dream Think, Inc. Informational Memorandum prepared by INVESTMENT BANKING FIRM.

7. Flow of Funds schedule for the Transaction.

8. Preliminary opening balance sheet as of June 30, 2017.

9. Stock Purchase Agreement By and Among Best Stuff, LLC, John Doe, Jane Doe, Chester A. Arthur, and Amy B. Good dated June 30, 2017 and related supporting documents.

10. Service and Product Supplier Agreement between Dream Think, Inc. and LARGE CUSTOMER, Inc. dated November 18, 2016.

11. Other legal documents related to the Transaction.

12. The Company's website: WEBSITE

13. Valuing A Business – The Analysis and Appraisal of Closely Held Companies, Fifth Edition, Shannon Pratt, McGraw-Hill Publishing, 2008.

14. Financial Valuation – Applications and Models, Third Edition, James R. Hitchner, John Wiley & Sons, Inc., 2011.

15. Statement on Standards for Valuation Services No. 1. Issued by the American Institute of Certified Public Accountants' Consulting Services Executive Committee. June 2007.

16. Taxes and Value. Nancy J. Fannon and Keith F. Sellers, Business Valuation Resources, 2015.

17. IRC, Revenue Ruling 59-60, Revenue Ruling 68-609, Revenue Ruling 65-193, Revenue Ruling 80-213, Revenue Ruling 81-253, Revenue Ruling 83-120, Revenue Ruling 93-12, and Revenue Ruling 2007-44.

18. Various articles appearing in the following professional publications: "Journal of Accountancy," "The Tax Advisor," "The Valuation Examiner," "Business Valuation Update," "US Economic Digest," and various other professional newsletters.

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Principal Information Sources and References (Continued)

19. Valuation for Financial Reporting: Fair Value Measurements and Reporting, Intangible Assets, Goodwill, and Impairment, Second Edition, Michael J. Mard, James R. Hitchner and Steven D. Hyden, Wiley Publishing, 2007.

20. "Best Practices for Valuations in Financial Reporting: Intangible Asset Working Group – The Identification of Contributory Assets and the Calculation of Economic Rents," The Appraisal Foundation, May 31, 2010.

21. "Identification of Contributory Asset Charges and Calculation of Economic Rents: Toolkit," The Appraisal Foundation, May 31, 2010.

22. "The Valuation of Customer-Related Assets," Appraisal Practices Board, June 15, 2016.

23. Duff & Phelps 2017 Valuation Handbook, 2017.

24. RMA Annual Statement Studies, 2014-2016.

25. Pitchbook Database from Business Valuation Resources, 2017.

26. Economic Outlook Update 2Q 2017. Business Valuation Resources, LLC

27. FirstResearch Industry Profiles: "Medical Equipment and Supplies Manufacturing" and "Medical Equipment and Supply Wholesalers."

28. "Daily Treasury Long-Term Rates." www.treasury.gov.

29. Historical Barron's intermediate grade average bond yields: http://www.barrons.com/public/page/9_0210-wyldgp.html.

30. Royalty rates for "Consumer Products" businesses from RoyaltySource.

31. Various information available from Yahoo! Finance: www.finance.yahoo.com.

32. Discussions and communications with the Company's management on multiple occasions.

33. Miscellaneous accounting and legal information supplied by the Company's representatives.

34. Miscellaneous publicly available economic and financial information.

35. Various other valuation resources, literature and articles.

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Appendix C

Valuation Representation/Certification

I represent/certify that, to the best of my knowledge and belief:

- The statements of fact contained in this Report are true and correct.
- The reported analyses, opinions and conclusions of value are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, independent, unbiased, objective professional analyses, opinions and conclusions.
- I have no present or prospective/contemplated financial or other interest in the business or property that is the subject of this Report, and I have no personal financial or other interest or bias with respect to the property or the parties involved.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is fee-based and is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the outcome of the valuation, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The economic and industry data included in the Report have been obtained from various printed or electronic reference sources that I believe to be reliable. I have not performed any corroborating procedures to substantiate that data.
- My analyses, opinions, conclusions and this detailed appraisal Report were developed in conformity with the American Institute of Certified Public Accountants' *Statement on Standards for Valuation Services No. 1* and the National Association of Certified Valuators and Analysts' standards.
- The parties for which the information and use of the Report is restricted are identified. The Report is not intended to be and should not be used by anyone other than such parties.
- I have no obligation to update the Report or the conclusion of value for information that comes to my attention after the date of the Report, although I reserve the right to do so.
- This valuation and Report have been completed under the direction of VALUATION ANALYST, CPA/ABV, CVA, MBA. VALUATION ANALYST is a Certified Public Accountant licensed in Ohio and is accredited in business valuation by the American Institute of Certified Public Accountants. ASSISTANT ANALYST, CPA provided professional assistance in the preparation of this Report.

VALUATON ANALYST, CPA/ABV, CVA, MBA

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