Independent appraisal valuation of the common stock of

**

- Sample Report -

Valuation Date	January 1st, 2024
Expiration Date	January 1st, 2025
Report Date	May 1st, 2024

Prepared by: Eqvista

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SUMMARY OF FINDINGS

January 1st, 2024

**

United States

Purpose and Scope

We have performed a valuation engagement, as that term is defined in the Statement of Professional Standards of the National Association of Certified Valuators and Analysts ("NACVA") of a non-control, non-marketable common equity interest in ** (hereinafter referred to as the "**", or the "Company"), as of January 1st, 2024 ("Valuation Date"). This valuation was performed solely to be issued as a basis to find the Fair Market Value ("FMV") of the common stock of the Company for the purposes of financial statement preparation and report. This valuation may be used for compliance purposes in accordance with the Internal Revenue Code ("IRC") section 409A. The resulting conclusion of value should not be used for any other purpose or by any other party for any purpose other than stated.

This valuation engagement was conducted in accordance with the NACVA professional standards. The estimate of value that results from a valuation engagement is expressed as a conclusion of value.

Summary of Findings

$0.08 per Common Stock

This conclusion is subject to the Statement of Assumptions and Limiting Conditions found on page 23 and to the Valuation Analyst's Representation found on page 25. We have no obligation to update this report or our conclusion of value for information that comes to our attention after the date of this report.

Eqvista Inc.

INTRODUCTION

Standard of Value

Revenue Ruling 59-60

We have valued the Company based on a fair market value standard with regards to IRS regulations set forth in Revenue Ruling 59-60 for valuing a closely held company.

According to Revenue Ruling 59-60, the term "fair market value" is defined as "the price at which property would change hands between a willing buyer and a willing seller, when the former is not under any compulsion to buy, the latter is not under any compulsion to sell, and both parties have reasonable knowledge of the relevant facts."

Level of Value

Non-Marketability: As the Company is privately held, the transfer of its shares is subject to constraints, indicating a lack of marketability for the Company's shares. Further details regarding the non-marketability issue can be found in the section titled "Discount for Lack of Marketability."

Non-Control: The awards/options being granted are on a non-controlling basis, given their limited impact on the Company's overall governance.

Conclusion: This valuation is conducted on a non-marketable and non-controlling basis.

Premise of Value

There are two fundamental bases on which a company may be valued:

1. As a going concern, and

2. As if in liquidation

This report is based on the assumption of a going concern valuation premise.

Source of Information

The key information we have received and adopted in our valuation include:

1. The Company's management account for FY2021 to FY2022.
2. The Company's financial report for FY2023.
3. The Company' s financial projection for the FY2024 to FY2027 ("Projection Period").
4. The Company's Articles of Incorporation and related documents.
5. Publicly available information sources (e.g., FactSet).
6. Additional insights and information from the Management of the Company.
7. Other relevant facts and data pertinent to the valuation.

IRC SECTION §409A

Section 409A was added to the Internal Revenue Code on January 1, 2005, and issued final regulations in 2009, and outlines the rules regarding nonqualified deferred compensation plans. For private companies with stock not readily tradable on an established securities market, Section 409A seeks to determine the value of the company's stock at fair market value. Based on the fair market value by the reasonable application of a reasonable valuation method, based on the facts and circumstances of the company.

The presumption of reasonableness, or "safe harbor" methodologies, for setting up the FMV as determined by the IRS can be achieved by:

i) Independent Appraisal

A valuation conducted by a qualified independent appraiser using acceptable appraisal methods, and as of a date no longer than 12 months before the transaction date with no material change from the date of valuation to the transaction date is presumed reasonable. If these requirements are met, the burden of proof is on the IRS that the valuation performed by the independent appraiser is "grossly unreasonable".

ii) Binding Formula Presumption

This valuation method must be based on the consistent application of a single formula and transfer of shares of such class of stock, used for a binding agreement, i.e., buy-sell agreement, trade of company stock to third parties, grant of stocks and options, conversions of notes to stock, and other similar transactions for company stock.

iii) Illiquid Start-Up Presumption

A valuation made both reasonably and in good faith of a private company with business less than 10 years old, not subject to any put, call or other equivalent rights, no stock on established securities markets, not anticipating a sale, IPO or change of significant control in the next 12 months. This valuation must be performed by person with significant knowledge, education, training and at least five years of experience in relevant industries.

If the company fails to meet these requirements, the company may fail to meet the illiquid start-up presumption or not be a reasonable valuation. Therefore, the company should consider other valuation methodologies.

OVERVIEW OF VALUATION

Exhibition 1: Valuation Result Overview

(In USD)	
Market Approach - Guideline Public Company Method	$1,822,000
Value of 100% Equity Interest in ** pre DLOM	$1,822,000
Less: Discount for Lack of Marketability (29.5%)	($537,000)
FMV of 100% Equity Interest in **	**$1,285,000**

Exhibition 2: Value of each Equity Class

	Total Value	Number of Shares	Price per Share	DLOM (29.5%)	FMV per Share
Common Stock	$991,917	8,818,190	$0.11	($0.03)	$0.08
Plan Option	$46,215	490,907	-	-	-
SAFE	$783,868	3,164,885	-	-	-
Total	$1,822,000	12,473,982	-	-	-

CORPORATE PROFILE

Company Overview

**, founded in 2015, is a gender neutral, everyday clothing line for androgynous women and men of all body types and offered in a wide range of sizes. **, Inc. sells direct to consumers by launching products monthly at limited-time wholesale pricing via its website. The Company offers apparel such as jeans, button-up shirts, swimwear, etc. to an underserved market where this sought after look and unique fit is challenging to find.

Capital Structure

Exhibition 3: Capital Structure post Issuance of plan options

Class	Units	%Fully Diluted
Common Stock	8,818,190	94.73%
Plan Option [1]	490,907	5.27%
Total Fully Diluted Stocks	**9,309,097**	*100.00%*

1. As advised by the Management, 490,907 unit of options will be issued in the next 12 months as of the Valuation Date.

Source: Company Data

INDUSTRY OVERVIEW

Unisex Clothing Market Report

The following industry report is extracted from Industry Growth Insights

The global unisex clothing market is expected to grow at a CAGR of 4.5% during the 2023 to 2023, to reach USD 3.2 billion by 2030. The growth of this market is driven by the increasing demand for unisex clothing from millennials and Gen Z consumers, who are more open-minded about gender roles and are less likely to be influenced by traditional gender norms. The rise in awareness about gender equality has also led to an increase in demand for unisex clothing among consumers across the globe.

Growth Drier

1. The rise of the internet has made it easier for people to buy clothes online, which has led to a rise in the number of unisex clothing brands.
2. The increase in gender fluidity and acceptance of different sexualities has led to an increase in demand for unisex clothing.
3. There is a growing trend towards gender-neutral parenting, which means that parents are more likely to dress their children in unisex clothing from an early age.
4. Unisex fashion is seen as being more practical than traditional male or female fashion because it can be worn by both sexes without any alterations needed, and this makes it popular with people who don't want to spend time shopping for clothes that will only be worn once or twice before they go out of style or stop fitting them properly due to weight gain or loss.
5. Unisex fashion is also seen as being more environmentally friendly because it reduces the amount of fabric used by consumers.

Plus Size Clothing Markets

The following industry report is extracted from Industry Growth Insights

The Global Plus Size Clothing Market was valued at USD280 billion in 2022 and is anticipated to project robust growth in the forecast period with a CAGR of 5.2% through 2028, reaching USD 379 billion. The global plus-size clothing market has experienced significant growth and transformation in recent years, reflecting changing societal attitudes towards body diversity and inclusivity. This market segment caters to individuals who require sizes beyond the traditional fashion industry's standard offerings, typically considered plus sizes (generally ranging from US size 14 and above).

Growth Drier

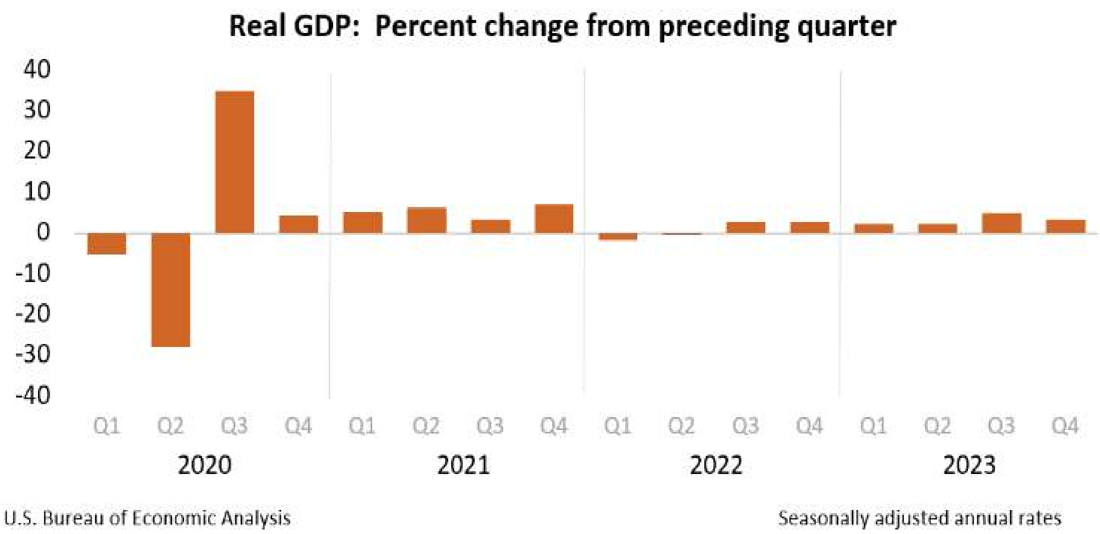
1. Cultural Shift: There's a significant move away from traditional beauty standards, emphasizing thinness, towards body positivity, promoting self-acceptance regardless of size or shape.
2. Empowerment: The body positivity movement empowers individuals to feel confident and comfortable, fostering a demand for fashion that caters to diverse body types.
3. Fashion Inclusivity: Brands are expanding their size ranges and introducing dedicated plus-size collections, reflecting the demand for inclusive fashion options.

NATIONAL ECONOMY

The U.S. economy remains trapped on a roller-coaster. Rebounding from Covid, the U.S. Gross Domestic Product (GDP) grew by more than 6.0% for most of 2021. Then the economy shrank by 2.0% in Q1 2022 and by another 0.6% in Q2, stoking recession fears. After rallying in Q3 2022, growth slid for the next three quarters, keeping recession fears alive. Then came Q3 2023, and the economy did a sharp about-face, soaring by 4.9%, the fastest in a decade, and then grew by 3.3% in Q4. But the upswings were due mostly, not to greater production, but to unsustainably high consumer and government spending.

The jobs situation has been equally murky. A stunning 472,000 jobs were created in January 2023 and 339,000 in May. But the number fell to 209,000 in June, a 2-1/2 year low. And after downward revisions, June's net was a mere +99,000. July and August were little better. September new-jobs levels jumped by 336,000, almost twice projections. But beneath the surface: 855,000 full-time jobs disappeared. October's job gains were just 150,000, with a net of only +49,000 jobs. November's net was just +164,000 and December's +145,000, with one survey showing an actual plunge of 683,000 jobs.

Exhibition 4: Real GDP Percent Change, Q3 2019-Q4 2023



After entering recession territory in Q2 2022, the U.S. Gross Domestic Product (GDP) revived, rising by 2.7% in Q3 and by 2.6% in Q4. Yet overall, for 2022, GDP increased by just 2.1%, barely one-third of 2021's 5.9% growth rate. Conditions originally worsened in Q1 2023, but the government's final Q1 mark jumped to 2.2% (vs. 1.3% forecast), and then initially by 2.4% in Q2, topping the 2.0% expected.

Valuation Methodology Overview

We considered the following factors in determining the market value of closely held businesses. They are typified by the Internal Revenue Service Ruling 59-60, which issued these factors as a valuation guideline:

- The nature of the business and the history of the enterprise from its inception;
- The economic outlook in general and the conditions and outlook of the industry in particular;
- The book value of the stock and the financial condition of the business;
- The earning capacity of the business;
- The dividend-paying capacity of the business;
- Whether the enterprise has goodwill or other intangible value;
- Prior sales of the stock and the size of the block of stock to be valued; and
- The market price of stocks and the sizes of corporations engaged in the same or a similar line of business having their stocks actively traded on an exchange or over the-counter market.

Valuation Approach

There are three generally accepted approaches to appraise the fair market value of the Company, namely Market Approach, Asset-Based Approach and Income Approach. All three of them have been considered for the valuation of the Company.

The Market Approach

The Market Approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset.

Under the Market Approach, the Guideline Public Company Method("GPCM") computes a price multiple for publicly listed companies that are considered to be the guideline public companies ("GPCs) to the subject asset and then applies the result to a base of the subject asset. The Guideline Precedent Transaction Method ("GPTM") computes a price multiple using recent sales and purchase transactions of assets that are considered to be guideline precedent transaction ("GPTs) to the subject asset and then applies the result to a base of the subject asset.

The Asset-Based Approach

The Asset-Based Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional, or economical) present, taking into consideration past and present maintenance policy and rebuilding history.

The Income Approach

The Income Approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

The fundamental method for Income Approach is the discounted cash flow ("DCF") method. Under the DCF method, the value depends on the present value of future economic benefits to be derived from ownership of the enterprise. Thus, an indication of the equity value is calculated as the present value of the future free cash flow of a company less outstanding interest-bearing debt, if any. The future cash flow is discounted at the market-derived rate of return appropriate for the risks and hazards of investing in a similar business.

VALUATION OF THE COMPANY

Selection of Valuation Approach

Exhibition 5: The Market Approach is Considered the Most Appropriate

Valuation Approach	Decision	Rationale
Asset-Based Approach	Rejected	Fail to reflect future economic benefits
Income Approach	Rejected	Subjectivity concerns
Market Approach	**Adopted**	**Objective**

Asset-Based Approach tends to focus more on tangible assets and does not adequately capture the value of the Company. Given this, we have decided against using the Asset-Based Approach to determine the FMV of the Company.

As Income Approach relies heavily on such subjective assumptions. Therefore, we have decided against using the Income Approach for this valuation.

We have adopted Market Approach to determine the FMV of the Company. FMV arrived from Market Approach reflects the market expectations over the corresponding industry as the pricing multiples of the comparable companies were arrived from market consensus.

- **Since there are sufficient public companies in similar nature and business to that of the Company, their market values are good indicator. Therefore, Market Approach - Guideline Public Company Method is considered the most appropriate to value the Company.**

- We have rejected the use of Guideline Precedent Transaction Method to arrive at the value of the Company as relevant transactions are not available.

THE MARKET APPROACH

Guideline Public Company Method

Under the GPCM, we search for GPCs in the same or similar business and utilizes pricing multiples based on these companies' market prices and financial data to derive the value of the Company.

Selection of Guideline Public Companies

We search for GPCs in FactSet using the following criteria:

1. Industry/Sector: The GPCs operate within the same industry (Apparel Retail or Internet Retail) as the Company;

2. Business: The principal business of the GPCs involves the provision of similar products to the Company, i.e provision of clothing;

3. Size: The market capitalization of the GPCs is less than US 250M as of the Valuation Date;

4. Stock Exchange Listing: The GPCs are listed on US stock exchange;

5. Publicly Available Financials: The GPCs' up-to-date financial information is publicly accessible.

The list of GPCs based on the above selection criteria is considered to be exhaustive which is as follows:

Exhibition 6: List of GPCs

Ticker	Company
DBGI	Digital Brands Group, Inc.
XELB	XCel Brands, Inc.
VNCE	Vince Holding Corp.
LVLU	Lulu's Fashion Lounge Holdings, Inc.
AKA	a.k.a. Brands Holding Corp.
DLTH	Duluth Holdings, Inc
TLYS	Tilly's, Inc.

For the details of the GPCs, please refer to Guideline Public Company Information

Selection of Valuation Multiples

We have considered various multiples in the valuation, such as the earning-based multiples: EV/EBITDA (Enterprise value to earnings before interest, tax, depreciation, and amortization) and P/E (Price to Earnings), assets-based multiple: P/B (Price to Book), and revenue-based multiples: EV/S (Enterprise value to Sales) and P/S (Price to Sales).

Regarding the assets-based multiple, **we rejected the use of P/B** as the Company's profitability or earning potential could not be fully considered.

Regarding the earning-based multiples, we rejected the use EV/EBITDA and P/E as the Company is currently experiencing losses, making the use of earning-based multiples not applicable.

Regarding the revenue-based multiples, we adopted EV/S as it allows for comparisons among the companies with different capital structure, and the ratio tends to be more stable. We reject the use of P/S as it is distorted by variations in the capital structure among the GPCs.

Selection of Financials

For the valuation of the Company, we have considered Trailing-Twelve-Month ("TTM") Sales and Next-Twelve-Month ("NTM") Sales. The TTM Sales is backward-looking but is based on companies' actual financial results while NTM Sales is forward-looking with the drawback of being subjective.

For our valuation, we used the NTM Sales covering the period between January 1st, 2024, and December 31st, 2024, amounting to $3,100,000.

Determination of Trading Multiple

The median and average multiples serve the same purpose in determining the central tendency of a set of numbers. However, the median is preferred when dealing with skewed distributions, as it is not influenced by extreme values. It is considered a more reliable measure for such cases. Therefore, we have chosen to use the median multiple of Enterprise Value to NTM Sales ("NTM EV/S") to derive the result, as it helps prevent outliers from distorting the outcome. Details of trading multiples are presented in *GPCs' Trading Multiple and Financials*

Value Indication

The following is the calculation of the equity value using the NTM EV/S:

Exhibition 7: Indication of Company Value Derived by Market Approach

(In USD)	
NTM EV/S	0.59x
NTM Sales	3,100,000
Market Value of EV	**$1,813,536**
Add: Cash & Cash Equivalents	$122,823
Less: Debt (1)	($114,704)
Market Value of Equity on a non-controlling, marketable basis	$1,821,655
Rounded	**$1,822,000**

1.. According to the 2023 Financial Report, total debt as of the Valuation Date was $602,704, which included $488,000 converted into a SAFE as of February 2024. We have accounted for this conversion in our valuation, thereby reducing the reported debt by $488,000 in arriving at the debt of 114,704.

The value derived from the Market Approach - Guideline Public Company Method is on non-controlling and marketable basis since it is based on minority interests traded on public markets. As a result, no control adjustment is needed. However, a DLOM adjustment is required to convert the value into a non-marketable basis, which will be conducted in following section.

RECONCILIATION OF VALUE

The FMV of equity of the Company was determined by using the Market Approach-Guideline Public Company Method.

Fair market value arrived from Market Approach-Guideline Public Company Method reflects the prevailing market expectations over the corresponding industry as the price multiples of the GPCs were arrived from market consensus.

The values derived from this approach is on non-controlling, and marketable basis. However, considering that the Company is privately held, its shares are non-marketable, and as such, a DLOM adjustment is required.

The concept of marketability deals with the liquidity of an ownership interest, that is how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that shares in privately held companies are typically not readily marketable compared to similar interest in public companies. Therefore, a share in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

We have applied a DLOM of 29.5 % with reference to 2022 Discount for Lack of Marketability Study published by Johnson/Park. This adjustment results in a post-DLOM value of $1,285,000 for the 100% equity interest in the Company.

A summary of these values is presented below:

Exhibition 8: Calculating the DLOM-adjusted Company Value.

(In USD)	Valuation
Guideline Public Company Method– NTM EV/S	$56,764,000
Value of 100% Equity Interest in ** pre DLOM	$1,822,000
Less: Discount for Lack of Marketability (29.5%)	($537,000)
FMV of 100% Equity Interest in **	**$1,285,000**

ALLOCATION OF EQUITY

The AICPA guidelines allow for three unique methods of allocating enterprise value to differing security holders in the capitalization schedule: the Current Value Method ("CVM"), the Probability-Weighted Expected Return Method ("PWERM"), and the Option Pricing Method ("OPM"). Each of these allocation methods were considered in estimating the fair market value of the Company's stock.

When the company has a complex equity structure, where the equity classes have different preferential rights, exercise price, conversion price, OPM is often carried out to calculate the distribution of the company's equity value. This is because the Waterfall Analysis displays the sequential breakdown of the company's equity value in intermediate values/thresholds that individual equity class is entitled to received according to pre-established rights in the agreement.

The Option Pricing Method was considered appropriate given the Company's anticipated exit date, and uncertainty regarding future returns, and the complex equity structure.

Option Pricing Method

We estimated the fair market value of the Company's classes of equity using the OPM with the Breakpoint Analysis and Option Pricing Method (for the details, please see *Appendix 3 Option Pricing Model to Allocate Value).*

The OPM treats equity classes, both common and preferred stock, as call options on the company's equity value, with exercise prices reflecting the liquidation preferences of preferred stockholders. This approach values common stock only when available funds for distribution exceed the liquidation preferences at a liquidity event, such as a merger or sale, provided there are adequate funds to honor these preferences.

In our model, the Company's stock classes are akin to calling options, granting the right (but not the obligation) to purchase the underlying enterprise value at a predetermined exercise price. This exercise price correlates with the enterprise value, not a per-share price, making common securities a call option with a claim on the enterprise at an exercise price equivalent to the preferred stock's liquidation preference. We commonly employ the Black-Scholes model for valuing these options.

The OPM accounts for various terms in stockholder agreements, including security seniority, dividend policies, conversion ratios, and cash allocations, focusing on the impact of liquidation preferences as of the future liquidation date, not as of the Valuation Date.

CONCLUSION OF VALUE

Based on the breakpoints and capital structure as detailed in the *Appendix 3 Option Pricing Model to Allocate Value,* the fair market value of Common Stock is estimated at $0.08 per share on a nonmarketable, and non-controlling basis.

PREMIUMS AND DISCOUNTS

VALUATION PREMIUMS AND DISCOUNTS IN GENERAL

The final value reached in the valuation of a closely-held business may be more or less than the value that was calculated using the various methods of valuation that are available. The type and size of the premium(s) or discount(s) will vary depending on the starting point. The starting point will depend on which methods of valuation were used during the valuation as well as other factors, such as the sources of the information used to derive multiples or discount rate, and normalization adjustments. These premiums and discounts will also depend on the standard of value applied in the valuation.

Discount for Lack of Marketability

A discount for lack of marketability ("DLOM") is used to compensate for the difficulty of selling shares of stock that are not traded on a stock exchange compared with those that can be traded publicly. Publicly-traded stocks frequently have an element of liquidity that closely-held shares do not. This is the reason that a DLOM may be applied. It is intended to reflect the market's perceived reduction in value for not providing liquidity to the shareholder. Also, it is important to understand that liquidity is not an on-off switch, where you either have it or you do not. Rather, liquidity is a continuum where there are varying degrees in both the public market and for private companies.

A DLOM may also be appropriate when the shares have either legal or contractual restrictions placed upon them. These may be in the form of restricted stock, restrictions resulting from buy-sell agreements, bank loan restriction, or other types of contracts that restrict the sale of shares.

In this valuation, we primarily relied upon the 2022 Discount for Lack of Marketability Study published by Johnson/Park to determine DLOM. Based on 2022 this Study, the average DLOM is 29.5% and it was adopted as the DLOM for this valuation.

ASSUMPTIONS AND LIMITING CONDITIONS

1. The conclusion of value arrived at herein is valid only for the stated purpose as of the date of the valuation.

2. Financial statements and other related information provided by the business or its representatives, in the course of this engagement, have been accepted without any verification as fully and correctly reflecting the enterprise's business conditions and operating results for the respective periods, except as specifically noted herein. Eqvista, Inc. has not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.

3. Public information and industry and statistical information have 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.

4. We do not provide assurance on the achievability of the results forecasted by or for the subject company because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of management.

5. 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, 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.

6. 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. They 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 Eqvista, Inc., based on information furnished to them by the subject company and other sources.

7. 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 without the prior written consent and approval of Eqvista, Inc.

8. Future services regarding the subject matter of this report, including, but not limited to testimony or attendance in court, shall not be required of Eqvista, Inc. unless previous arrangements have been made in writing.

9. Eqvista, Inc. has not determined independently whether the subject 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. Eqvista, Inc.'s valuation takes no such liabilities into account, except as they have been reported to Eqvista, Inc. by the subject company or by an environmental consultant working for the subject 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, Eqvista, Inc. has relied on it without verification and offers no warranty or representation as to its accuracy or completeness.

10. No change of any item in this valuation report shall be made by anyone other than Eqvista, Inc., and we shall have no responsibility for any such unauthorized change.

11. Unless otherwise stated, no effort has been made to determine the possible effect, if any, on the subject business due to future Federal, state, or local legislation, including any environmental or ecological matters or interpretations thereof.

12. We have conducted interviews with the current management of the subject company concerning the past, present, and prospective operating results of the company. Except as noted, we have relied on the representations of these individuals.

13. 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, 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.

14. All facts and data set forth in the report are true and accurate to the best of the valuation analyst's knowledge and belief. We have not knowingly withheld or omitted anything from our report affecting our value estimate.

15. 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 without the previous written consent of the valuation analyst, and in any event only with proper authorization. Authorized copies of this report will be signed in blue ink by a director of Eqvista, Inc. Unsigned copies, or copies not signed in blue ink, should be considered to be incomplete.

16. Unless otherwise provided for in writing and agreed to by both parties in advance, the extent of the liability for the completeness or accuracy of the data, opinions, comments, recommendations and/or conclusions shall not exceed the amount paid to the valuation analysts for professional fees and then, only to the party(s) for whom this report was originally prepared.

17. The conclusion reached in this report is based on the standard of value as stated and defined in the body of the report. An actual transaction in the business or business interest may be concluded at a higher value or lower value, depending on the circumstances surrounding the company, the subject business interest and/or the motivations and knowledge of both the buyers and sellers at that time. Eqvista, Inc. makes no guarantees as to what values individual buyers and sellers may reach in an actual transaction.

18. No opinion is intended to be expressed for matters that require legal or other specialized expertise, investigation or knowledge beyond that customarily employed by valuation analysts valuing businesses.

VALUATION ANALYST'S REPRESENTATION

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
- We have performed no services, as a valuation analyst or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

Appendix 1 Guideline Public Company Information

1.1 GPCs' Description per FactSet

Ticker	Industry	Description
DBGI-US	Apparel/Footwear	Digital Brands Group, Inc. engages in the manufacture and sale of apparel. Its portfolio brands include Bailey 44, DSTLD, Harper and Jones, Stateside, and Sundry. The company was founded by Corey Epstein, Mark T. Lynn, and Kevin Morris on September 17, 2012 and is headquartered in Austin, TX.
XELB-US	Apparel/Footwear	XCel Brands, Inc. engages in the design, production, marketing, wholesale, and direct-to-consumer sales of branded apparel, footwear, accessories, jewelry, home goods and other consumer products. It owns and manages Isaac Mizrahi, Judith Ripka, Halston, C Wonder, Longaberger, and Lori Goldstein brands. The company was founded by Robert W. D'Loren on August 31, 1989 and is headquartered in New York, NY.
VNCE-US	Apparel/Footwear	Vince Holding Corp. engages in the manufacture, design, and sale of luxury apparel and accessories. It operates through the following segments: Wholesale, Direct-to-Consumer, and Rebecca Taylor and Parker. The Wholesale segment deals with the sale of products to premier department stores and specialty stores in the U.S. and in selected international markets. The Direct-to-Consumer segment includes retail and outlet stores and its e-commerce business. The company was founded by Rea Laccone and Christopher LaPolice in 2002 and is headquartered in New York, NY.
LVLU-US	Internet Retail	Lulu's Fashion Lounge Holdings, Inc. engages in providing an online website for clothing. It offers retailing of women's clothing, shoes, and accessories. The company was founded in 1996 and is headquartered in Chico, CA.
AKA-US	Internet Retail	a.k.a. Brands Holding Corp. engages in the provision of a portfolio of online fashion products through its digital platform. It operates through the Online and Stores business segments. The Online segment offers fashion products through Culture Kings. The Stores segment provides retail services. The company was founded on May 19, 2021 and is headquartered in San Francisco, CA.
DLTH-US	Internet Retail	Duluth Holdings, Inc. engages in the provision of lifestyle brand of men and women casual wear, work wear, and accessories. Its products assortment includes shirts, pants, underwear, outerwear, footwear, accessories, and hard goods. It features proprietary designs and distinct names, such as Longtail T shirts, Buck NakedTM underwear, Fire Hose work pants, and No-YankTank. The company was founded by Stephen L. Schlecht in 1989 and is headquartered in Mount Horeb. WI.
TLYS-US	Apparel/Footwear Retail	Tilly's, Inc. engages in the retail of casual apparel, footwear, and accessories. Its stores are located in retail centers, including malls, lifestyle centers, power centers, community centers, outlet centers, and street-front locations. The company was founded by Hezy Shaked and Tilly Levine in 1982 and is headquartered in Irvine, CA.

1.2 GPCs' Trading Multiple and Financials

Ticker	Market Capitalization [1]	EV [1]	NTM Sales [1]	NTM EV/S
DBGI	$2.8	$11.5	N/A	N/A
XELB	$25.5	$13.6	$16.9	0.81x
VNCE	$43.3	$186.8	N/A	N/A
LVLU	$75.3	$111.8	$361.7	0.31x
AKA	$85.5	$197.8	$582.0	0.34x
DLTH	$185.5	$398.6	$661.1	0.60x
TLYS	$226.0	$376.6	$643.8	0.59x

Summary of Trading Multiple	NTM EV/S
Average	0.53x
Median	0.59x
Adopted (Median)	**0.59x**

1. In USD Million, Sourced from FactSet as of the Valuation Date.

N/A represents not available, N/M represents not meaningful.

Appendix 2 Financial Statements

2.1 Consolidated Income Statement

12 Months Ending December 31 (In USD)	2021	2022	2023
Revenue	**1,166,638**	**629,617**	**879,130**
Cost of good solds	(562,616)	(318,103)	(370,985)
Gross profit	604,022	311,514	508,145
Operating expenses	(859,337)	(566,838)	(765,076)
Operating income	**(255,316)**	**(255,324)**	**(256,931)**
Other income / (loss)			
Other income	60,515	44,686	45,384
Interest income	2,640	2,870	3,052
Other expenses	-	-	-
Interest expenses	(118,516)	(60,546)	(34,085)
Net other income / (loss)	**(55,361)**	**(12,990)**	**14,351**
Profit before tax	(310,677)	(268,314)	(242,580)
Tax	-	-	-
Net Income	**(310,677)**	**(268,314)**	**(242,580)**

2.1 Consolidated Balance Sheet

As of December 31 (In USD)	2021	2022	2023
Assets			
Current Assets			
Cash and Cash Equivalents	20,555	14,235	19,812
Deposit	4,937	1,095	29,975
Account Receivables	4,881	1,399	330
Prepayment	-	19,713	10,303
Inventory	229,885	50,071	191,686
Other Current Assets	88,121	61,215	73,036
Total Current Assets	**348,379**	**147,728**	**325,142**
Non-Current Assets			
Total Non-Current Assets	-	-	-
Total Assets	**348,379**	**147,728**	**325,142**
Liabilities and Equity			
Liabilities			
Current Liabilities			
Account Payables	319,716	150,531	15,500
Accrual Expenses	800	12,434	1,934
Deferred Revenue	262,901	241,661	54,974
Debt	248,544	149,007	69,219
Other Current Liabilities	51,509	-	-
Total Current Liabilities	**883,470**	**553,633**	**141,627**
Non-Current Liabilities			
Debt	51,485	198,985	533,485
Other Non-Current Liabilities	-	-	-
Total Non-Current Liabilities	**51,485**	**198,985**	**533,485**
Total Liabilities	**934,955**	**752,618**	**675,112**
Equity			
Common Stock	235,461	235,461	235,461
Retained Earnings	(616,360)	(1,195,351)	(1,437,931)
SAFE	105,000	355,000	852,500
Net Income	(310,677)	-	-
Total Equity	**(586,576)**	**(604,890)**	**(349,970)**
Total Liabilities and Equity	**348,379**	**147,728**	**325,142**

Appendix 3 Option Pricing Model to Allocate Value

3.1 Capitalisation Table

Before carrying out the breakpoint analysis, the detail regarding individual equity classes is considered and summarised as below:

	Principal	LP Right (1)	LP Seniority (2)	Conversion Right (3)	Conversion Price (4)	Number Of Convertible Stock (5)
Common Stock	0	N/A	N/A	N/A	$0.00	8,818,190
Plan Option	0	N/A	N/A	Y	To Determine	490,907
SAFE (6)	$1,340,500	Y	1	Y	$0.42	3,164,885

Source: Management's advice and Cap-Table.

1. *LP Right: "Y" indicates Yes, and the equity class has liquidation preference.*
2. *LP Seniority: Rank in ascending order, with 1 being the most senior equity class.*
3. *Conversion Right: "Y" indicates Yes, and the equity class can convert to Common Stock of the Company.*
4. *Conversion Price: Conversion Price means the either: (1) the Safe Price or (2) the Discount Price, whichever calculation results in a greater number of shares of Safe Preferred Stocks. Safe Price means the price per share equal to the Valuation Cap divided by the Company Capitalization. Discount Price means the lowest price per share of the Standard Preferred Stock sold in the Equity Financing multiplied by the Discount Rate. Under the OPM, Safe Price has been adopted as the conversion price.*
5. *Number of Convertible Stock: SAFE convertible stock is calculated by Principal/Conversion Price; Other equity classes are as in Cap-Table.*
6. *Include the $488,000 converted from debt.*

3.2 Breakpoint Analysis

The first step in applying the option pricing method is to determine the claims on the equity value and the resulting “breakpoints” or “transition points at which the different classes of equity would benefit. The transition points used in the model are the theoretical liquidation values beyond which the allocation of value changes, based on the liquidation preferences, dividend, participation rights and conversion rights of the preference and other types of equity classes**.**

These transition points/breakpoints represent thresholds at which the relative allocation of value changes between the classes. The breakpoint points for the Company are as:

(In USD)	1	2	3	4
Event	SAFE receive L.P	Common Stock receive value	Plan Option exercise	SAFE convert
Breakpoint				
From	$-	$1,340,500	$2,039,898	$5,244,471
To	$1,340,500	$2,039,898	$5,244,471	Infinity
Breakpoint Price per Common Stock	$-	$0.08	$0.42	Infinity

3.3 Option Pricing Method- Option Value and Distribution of Value

Breakpoint	Current Equity Value	Exercise price	Maturity (Years)	Risk-free Rate [1]	Volatility [2]	Call Option Value	Incremental Value [3]
1	$1,822,000	$-	5	3.84%	68.30%	$1,822,000	$617,376
2	$1,822,000	$1,340,500	5	3.84%	68.30%	$1,204,624	$161,760
3	$1,822,000	$2,039,898	5	3.84%	68.30%	$1,042,864	$386,657
4	$1,822,000	$5,244,471	5	3.84%	68.30%	$656,207	$656,207

1. Risk-free Rate: 5-years U.S. Treasury Rate as at Valuation Date, sourced from FactSet.

2. Volatility is calculated on 5-year median among the GPCs, sourced from FactSet

3. Incremental Valuen – calculated as Call Option Value of Breakpoint$_n$ – Call Option Value of Breakpoint$_{n+1}$. This value indicates the fund distributable to equity classes that are engaged in Breakpointn.

3.4 Distribution of Value

The value distributed to individual equity class in each breakpoint is presented below:

	1	2	3	4
Common Stock	**0.00%**	**100.00%**	**94.73%**	**70.69%**
Plan Option	0.00%	0.00%	5.27%	3.94%
SAFE	100.00%	0.00%	0.00%	25.37%
Total	**100%**	**100%**	**100%**	**100%**

(In USD)	1	2	3	4	Total
Common Stock	**$0**	**$161,760**	**$366,267**	**$463,890**	**$991,917**
Plan Option	$0	$0	$20,390	$25,825	$46,215
SAFE	$617,376	$0	$0	$166,492	$783,868
Total	**$617,376**	**$161,760**	**$386,657**	**$656,207**	**$1,822,000**

3.5 Valuation of Each Equity Class

	Total Value	Number of Shares	Price per Share	DLOM (29.5%)	FMV per Share
Common Stock	**$991,917**	**8,818,190**	**$0.11**	**($0.03)**	**$0.08**
Plan Option	$46,215	490,907	-	-	-
SAFE	$783,868	3,164,885	-	-	-
Total	**$1,822,000**	**12,473,982**	**-**	**-**	**-**

As shown the calculations above, the Common Stock of the Company is $0.08 per share