



# **BRAND CAPITAL FUND I**

## INVESTOR UPDATE

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**2025**

CONFIDENTIAL

# IMPORTANT NOTICE

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# IMPORTANT NOTICE (continued)

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"Net IRR" for each Manager Fund is calculated based on the aggregate investors' cash inflows and outflows and GAAP capital account balance of such Manager Fund as of the relevant date, calculated as if all investors of such fund were admitted in the first close of such Manager Fund. Net IRR takes into account management fees, carried interest and partnership expenses (including borrowing costs under the credit facility referred to below) that were borne by such investors, some of whom were entitled to reduced or no management fees and carried interest. Net IRR does not take into account fund level taxes, taxes borne by investors nor blocker's taxes. For purposes of this calculation, the measurement date used for cash inflows and outflows is the date the investment was made in a given startup or the date the applicable distribution amount was to be paid to such investors under the related distribution notice.

# IMPORTANT NOTICE (continued)

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"Invested Capital": Represents aggregate capital invested by the relevant Manager Fund.

"Realized Proceeds": Reflects cash proceeds received by the relevant Manager Fund (including any interest and dividends) in respect of investments.

"Unrealized Value": Reflects all unrealized portions of investments valued at the fair value of such investments as determined by the Manager in accordance with its valuation policies and procedures and includes escrowed amounts not yet received from realized investments.

"Multiple of Invested Capital" ("MOIC"): Equals the sum of all Realized Proceeds and Unrealized Value for each investment divided by the Invested Capital in such investment, effectively a gross multiple. MOIC does not reflect deduction of carried interest, management fees and partnership expenses.

"Gross IRR": Calculated on the basis of daily investment inflows and outflows without reduction for carried interest, management fees and partnership expenses. Investment inflows and outflows attributable to Bridge Financings are excluded from such calculation to the extent that such bridge capital has been returned.

"NM" means not meaningful and denotes a gross IRR that is zero or incalculable either (i) due to the investment being newly completed one quarter or less before the relevant date hereof or (ii) due to the investment not having any realized or unrealized value. Cash flows for investments denoted as NM have nonetheless been included in the calculation of subtotal or total Gross and Net IRR.

"Distributed to Paid-In Capital" ("DPI"): Represents the aggregate DPI for all investors in the relevant Manager Fund as of the relevant date. DPI is calculated by dividing the sum of all investors' inception-to-date distributions by total inception-to-date contributions. DPI takes into account carried interest, management fees and fund expenses (including expenses related to the relevant Manager Fund's credit facility, if applicable) that were borne by such investors, some of whom were entitled to reduced or no management fees and carried interest. An individual investor's performance data may vary from the data presented herein.

Certain rounding adjustments have been made in calculating the data herein. Accordingly, totals may not agree precisely with the data that precede them.

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# XRC Brand Capital Fund I: Letter to Shareholders

## 1. Fund Status

- We remain fully deployed and are not actively fundraising Fund II until we realize an exit. We believe that exit could come from Naked Sundays in 2026 – given its sustained growth, retail expansion, and the deepening engagement from Edgewell Personal Care. While Fund II remains closed, we are deploying capital through SPV vehicles.
- We are investing in a new deal alongside Church & Dwight through a dedicated SPV for a modern, doctor-founded brand dedicated to sensitive-skin. We're investing \$9M across four tranches, with Church & Dwight providing \$6M in working-capital debt. The call-option trigger is set at \$42.5M TTM revenue at a 4x multiple. If exercised, the total return represents an expected 7.8x net MOIC and 74% net IRR. Access to the first tranche will be available through a \$2M SPV.
- For Naked Sundays, we have opened a small, non-dilutive SPV raise of previously *unallocated shares* to support Naked Sundays' expanded inventory needs – limited to LPs only. If exercised, this SPV represents ~3X net MOIC and 200%+ net IRR.

## 2. Our Portfolio Companies

- Naked Sundays remains the standout performer of Fund I, delivering >40% YoY growth to reach ~\$20M in 2025 revenue. Retail expansion across Shoppers and Ulta, coupled with disciplined channel focus, has us projecting the brand may reach its \$30M TTM acquisition trigger in 2026. Edgewell continues to engage closely through integration planning and leadership-level meetings, signaling strong intent.
- Homefield continues to perform well, ending 2025 debt-free after fully repaying its Kohl's note through merchandise. The business will end the year at ~\$25M profitably, driven by 34% YoY growth, strong retention, and expanding wholesale demand.
- Solawave scaled from \$13M to \$47M within three years and reached its \$40M call-option milestone just months after our investment. However, BIC ultimately declined and subsequent efforts to refinance and recapitalize were constrained. We sold our position to harvest the tax loss in 2025.

## 3. Fund Performance

- ~2.2x Gross TVPI | ~32% Gross IRR | Top-decile performance for 2022-23 vintage consumer funds
- We forecast an exit in the next 12-18 months. Edgewell Personal Care remains highly interested in Naked Sundays. We anticipate the Call Option Strike to be activated by strong execution of sun season 2026. This would yield >2x DPI to the fund.

**As always, don't hesitate to reach out with any questions or interesting deal flow. Thank you for your continued support.**

# XRC Brand Capital Fund I: 2025 Spotlights



## SOLAWAVE

- As previously discussed in the September fund update and at LP Day, we completed the Solawave share sale for \$1 and have fully written off the position this quarter; the tax loss will be reflected on 2025 K-1s.



## NAKED SUNDAYS

- ~\$20M TTM Net Revenue, profitably; +43% YoY growth vs. 2024
- Distributed in 1,050 ULTA in doors (up from 650 in 2024) with 2x SKU count and shelf space in 2026
- Shoppers Drug Mart expanded placement from 1 to 3 bays, adding permanent end-cap presence across 850 doors (replacing Bondi Sands) in 2026
- Strengthened strategic alignment with Edgewell Personal Care through two in-person executive meetings in 2025 and re-focused partnership on integration-planning sessions



## Homefield

- ~\$25M Net Revenue; +47% YoY growth vs. 2024 (excluding Kohl's, 21% YoY)
- Debt-free after full repayment of Kohl's note through merchandise and inventory recovery
- Achieved profitable growth with strong retention: >40% repeat rate and 50% of new customers via referral
- Expanding wholesale footprint across premium collegiate, sporting goods, and regional retail partners

# XRC Brand Capital Fund I: Financial Review

| COMPANY                       | STATUS | STARTUP TRACTION |                           |              |                  | XRC INVESTED CAPITAL |                  | XRC INVESTMENT VALUE             |                                |          |
|-------------------------------|--------|------------------|---------------------------|--------------|------------------|----------------------|------------------|----------------------------------|--------------------------------|----------|
|                               |        | INVESTMENT DATE  | TTM REVENUE AT INVESTMENT | 2025 REVENUE | 2025 GROWTH RATE | TOTAL XRC INVESTMENT | XRC EQUITY STAKE | MULTIPLE ON REVENUE <sup>1</sup> | CURRENT VALUATION <sup>1</sup> | NET TVPI |
| <a href="#">Solawave</a>      | Black  | Nov 2022         | \$25M                     | -            | -                | \$4,000,000          | -                | -                                | -                              | -        |
| <a href="#">Naked Sundays</a> | Green  | Feb 2023         | \$3M                      | \$20M        | +43%             | \$3,200,000          | 20%              | 4.25x                            | \$85M                          | 5.67X    |
| <a href="#">Homefield</a>     | Green  | Apr 2023         | \$9M                      | \$25M        | +47%             | \$1,400,000          | 9%               | 1.0x                             | \$25M                          | 1.61X    |

**LEGEND:**

- **Green:** Company is doing well and meeting growth targets
- **Yellow:** Some blockers / slippages in meeting revenue
- **Red:** Negative growth a cause for concern
- **Black/Exited:** We have exited this investment

<sup>1</sup> Naked Sundays valuation based on 2025 net revenue and 4.25 mid-point multiple on revenue on Call Option agreement; Homefield's valuation based on the expected post-money valuation of their current round



Thank you for your support and  
please do not hesitate to contact us to discuss any and  
all topics and startups in our update.

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