Valuation of the Common Stock
Of
XYZ Tech Corporation

Valuation Date as of July 31, 2023

Report Date as of September 23, 2023

Prepared by:

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September 23, 2023

Preetesh Maloo
VP of Finance
XYZ Tech Corporation
440 West Avenue #207
Newyork, USA 94085

Dear Mr. XYZ:

At your request, _____ ("_____" or "_____") has estimated the fair marketvalue ("FMV") and fair value ("FV") of a minority, non-marketable common equity interest (the "Subject Interest") in XYZ Tech Corporation ("XYZ" or the "Company") as of July 31, 2023 (the "Valuation Date") for tax compliance and financialreporting purposes.

Please note that this letter and the accompanying summary report (jointly, the "Valuation" or the "Opinion") is intended to be used by the Board of Directors of XYZ for the exclusive purpose of compliance with the Internal Revenue Code ("IRC") Section 409A ("409A") and as an input for financial reporting purposes relating to Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 718 – Stock Compensation ("ASC 718") (formerly known as Statement of Financial Accounting Standards ("SFAS") No. 123R, Accounting for Share-Based Payment ("FAS 123R")). _____ makes no representation as to the accuracy of this valuation if it is used for any other purpose without the written consent of _____. This opinion should not be considered, in whole or in part, as investment advice by anyone. This valuation engagement was conducted in accordance with the Statement of Standards for Valuation Services No.1 of the American Institute of Certified Public Accountants ("AICPA").

The definition of FMV is predicated on Internal Revenue Service ("IRS") Revenue Ruling 59-60.

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Standard of Value

For income tax purposes, the appropriate standard of value is FMV, which is defined as:

> *The price, expressed in terms of cash equivalents, at which such property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms' length in an open and unrestricted market, when neither is under compulsion to buy or to sell, and when both have reasonable knowledge of relevant facts.*

For financial reporting purposes, the standard of value is FV, which is defined in ASC 718 as:

> *The amount at which an asset (or liability) could be bought (or incurred) or sold (or settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale.*

Scope of Engagement

_____ has based this Opinion on information provided and represented by the management of XYZ ("Management"). Where applicable, our valuation of the Subject Interest included an analysis of the Company's historical operating results, a review of the industry in which the Company operates, research of guideline public companies, and a review of the Company's pro forma forecast of future business operations. Consistent with Revenue Ruling 59-60 and standard practice, the following factors have also been analyzed and accorded due weight, where applicable:

- The nature and history of the entity's business;
- The general economic conditions and specific industry outlook;
- The book value of the entity and its financial condition;
- The earning capacity of the entity;
- The entity's distribution history and capacity;
- The existence of goodwill or other intangible value within the business;
- Review of prior valuation report;
- Prior interest sales and the size of the interests being valued; and

- The market price of companies engaged in the same or a similar line of business having their equity securities actively traded in a free and open market, either on an exchange or over-the-counter (“OTC”).

We also considered appropriate adjustments to recognize the lack of marketability.

Revenue Ruling 59-60 is the definitive source outlining the standard of value, approach, methods, and factors to be considered in valuing shares of the stock of a closely held entity similar to the Company. Although initially presented for use in estate and gift tax calculations, Revenue Ruling 59-60 is regularly referenced and used in the valuation of closely- held businesses for other tax reporting and other purposes, and its principles are applicable in the valuation of most closelyheld businesses.

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Summary of Findings

Based upon the information and financial data provided, and representations made, by Management, as well as the analyses performed, it is our opinion that the FMV and FV of the Subject Interest on a minority, non-marketable basis is reasonably stated as follows:

THIRTY-SEVEN CENTS PER SHARE
($0.37 / share)

The conclusions and opinions expressed in this letter and the accompanying summary report are contingent upon the qualifying factors set forth in the *Statement of Limiting Conditions* and throughout the completed summary report.

If you have any questions concerning this summary report, please contact us.

Sincerely,

_____
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Appraisers
Zeal Karwa,
CVA
Head of _____

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Company Overview

XYZ Tech Corporation, headquartered in Newyork, USA, was founded by Preetesh Maloo in 2019. The Company has a subsidiary in Mumbai, India, and additional offices in Dubai, United Arab Emirates; and Singapore;. The Company has developed a customer data platform ("CDP") to build customer identitiesby aggregating data from all sources of customer interactions and transactions.

The Company's CDP platform leverages actionable insights, machine learning algorithms, and predictive engines to enable marketers and marketing teams to analyze data through customer identities and create marketing strategies. Further, the Company offers data integration, customer unification, journey orchestration, and predictive recommendations.

The Company's customers include Prince Pipes and Fittings Limited, Franklin Templeton Investments, Avianca, Essilor International, Pidilite Industries, Legrand, ICICI Bank, Gulf Oil, Royal Sundaram General Insurance, IndiGo, Turbo Energy Private Limited, Exide, Kotak Mahindra Bank, KFin Technologies Limited, TVS Credit Services Limited, Landmark Insurance Brokers (PolicyBoss.Com), HDFC Asset Management Company Limited, Avanse Financial Services Ltd., SYSKA, TCNS Clothing Co, Far East Hospitality, Brigade Group, and Hoya Corporation.

The Company's partners include Microsoft Corporation, Facebook, Oracle Corporation, Wipro, Accenture, Tata Consultancy Services,Cognizant, NetApp, Amazon Web Services, Singapore Tourism Board, Dubai International Financial Centre, IGT SolutionsPvt Ltd, and Asymmetrique.

The Company generates revenue through a Software-as-a-Service ("SaaS) based subscription model.[10]

Key members of the Management team include:[11]

- Preetesh, Founder and CEO
- Abhishek, VP of Finance
- Vishal, CTO

Industry Overview

Global CDP Market:

The global CDP market is expected to reach $1.9 billion in 2023 and $7.2 billion by 2032, growing at a compound annual growth rate ("CAGR") of 14.0% from 2023 to 2032.

Major factors driving market growth include the increasing demand for real-time and personalized engagement and the growing importance of customer satisfaction and customer relationship management (“CRM”) in banking, financial services, and insurance (“BFSI”) sectors**.**

Key players operating in the global CDP market include Oracle Corporationn, SAP, Adobe Stock, Salesforce, Tealium, NGDATA, mParticle, Lytics, BlueConic, Ascent360, Inc., AgileOne, and ActionIQ, Inc.

Global Digital Marketing Analytics Market:

The global digital marketing analytics market reached $4.2 billion in 2021 and is expected to reach $27.2 billion by 2031, growing at a CAGR of 20.5% from 2023 to 2031.

Major factors driving market growth include the growing adoption of performance marketing analytics, the increase in usage of social media platforms, and partnerships between analytics process automation (“APA”) solution providers and digital marketing service providers.

Key players operating in the global digital marketing analytics market include Adobe Stock, Pegasystems, Teradata, HubSpot, Resulticks, UAWC Agency, INGENIA Agency, Sherlock Communications, Punto Rojo, MiWeb, Digital Consulting Group, Way2net, and Inside Digital.

Valuation Approaches

There is no universal formula to determine an appropriate value for an illiquid, non-controlling interest in a closely held company. Determination of value is a matter of judgment, which takes into consideration economic and market conditions, as well as investment opportunities that would be considered as alternatives to the interest being valued. The methods commonly used to value a closely held business include the following:

Income Approach

This approach focuses on the income-producing capability of a business. The income approach estimates value based on the expectation of future cash flows that a company will generate – such as cash earnings, cost savings, tax deductions, and the proceeds from disposition. These cash flows are discounted to the present using a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment.

Theselected discount rate is generally based on rates of return available from alternative investments of similar type, quality, and risk.

Market Approach

This approach measures the value of an asset or business through an analysis of recent sales or offerings of comparable investments or assets. When applied to the valuation of equity interests, consideration is given to the financial condition and operating performance of the entity being appraised relative to those of publicly traded entities operating in the same or similar lines of business, potentially subject to corresponding economic, environmental, and political factors and considered to be reasonable investment alternatives. The market approach can be applied by utilizing one or both of the following methods:

- Guideline Public Company Method ("GPCM"): This methodology focuses on comparing the subject entity to guideline publicly traded entities. In applying this method, valuation multiples are: (i) derived from historical or forecasted operating data of selected guideline entities; (ii) evaluated and/or adjusted based on the strengths and weaknesses of the subject entity relative to the selected guideline entities; and (iii) applied to the appropriate operating data of the subject entity to arrive at a value indication.
- Guideline Transaction Method ("GTM"): This methodology utilizes valuation multiples based on actual transactions that have occurred in the subject entity's industry or related industries to arrive at an indication of value. These derived multiples are then adjusted and applied to the appropriate operating data of the subject entity to arrive at an indication of value.
- Backsolve Method: By considering the sale price of shares in recent financing, the equity value can be "back-solved" using an option pricing model that considers the company's capital structure and the rights of the preferred and common stock shareholders.

Cost Approach

This approach measures the value of an asset by the cost to reconstruct or replace it with another of like a utility. When applied to the valuation of equity interests in businesses, the value is based on the net aggregate FMV of the entity's underlying individual assets. The technique entails a restatement of the balance sheet of the enterprise, substituting the FMV of its individual assets and liabilities for their book values. The resulting approach is reflective of a 100.0% ownership interest in the business. This approach is frequently used in valuing holding companies or capital-intensive firms. It is not necessarily an appropriate valuation approach for companies having significant intangible value or those with little liquidation value.

Allocation Methodology

As outlined in the AICPA guidelines pertaining to the allocation of an enterprise's value, the four most commonly used methodologies for determining the value of a single class of equity capital in a privately held company include the following:

I. Probability-weighted expected return method ("PWERM");
II. Option pricing method ("OPM");
III. Current value method ("CVM"); and
IV. Hybrid Method.

In selecting a method for valuing equity securities, the following criteria should be considered:

- The method reflects the going-concern status of the enterprise. The method reflects that the value of each class of securities results from the expectations of security holders about future economic events and the amounts, timing, and uncertainty of future cash flows to be received by security holders.
- The method assigns some value to the common shares unless the enterprise is being liquidated, and no cash is being distributed to the common shareholders.
- The results of the method can be either independently replicated or approximated by other valuation specialists using the same underlying data and assumptions. The method does not rely so heavily on proprietary practices and procedures that assurance about its quality and reliability cannot be readily and independently obtained.
- The complexity of the method is appropriate to the enterprise's stage of development.

PWERM

This method involves the estimation of future potential outcomes for the company, as well as values and probabilities associated with each respective potential outcome. The common stock per share value determined using this method is ultimately based upon probability-weighted per share values resulting from the various future scenarios, which can include an initial public offering ("IPO"), merger or sale, dissolution, or continued operation as a private company.

OPM

This method allows for the allocation of a company's equity value among the various equity capital owners (preferred and common shareholders). The OPM uses the preferred shareholders' liquidation preferences, participation rights, dividend policy, and conversion rights to determine how proceeds from a liquidity event shall be distributed among the various ownership classes at a future date.

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CVM

This method involves allocating the company's current value among the various capital owners based on their respective liquidation preferences and conversion, dividend, and other rights under the assumption that all capital owners act in a manner that maximizes their financial return. Unlike the OPM and the PWERM methods, this method is not forward-looking, and therefore fails to consider the possibility that the value of the company and the individual share classes will increase or decrease between the valuation date and a future date when the common shareholders receive a return on their investment (e.g., through a liquidity event such as an IPO or sale/merger).

Hybrid Method

The Hybrid Method is a hybrid between PWERM and OPM, estimating the probability-weighted value across multiple scenarios but using OPM to estimate the allocation of value within one or more of those scenarios. The Hybrid Method can be a useful alternative to explicitly modeling all PWERM scenarios, in situations where the company has transparency into one or more near-term exits but is unsure about what will occur if the current plans fall through. An advantage of this method is that it takes the advantage of the conceptual framework of option-pricing theory to model a continuous distribution of future outcomes and to capture the option-like payoffs of the various share classes while also explicitly considering future scenarios of the discontinuities in outcomes that companies may experience.

Valuation Summary

Enterprise Value Determination

In considering valuation approaches for XYZ, _____ applied the Market Approach to determine the enterprise value of the Company. For the Market Approach, _____ reviewed the performance of a set of guideline public companies and considered a revenue multiple analysis to estimate the enterprise value of the Company. Exhibit 2.1 presents a summary of the GPCM analysis under the Market Approach.

Based on a review of historical and projected financial performance, discussions with Management, and a comparison against the peer group in terms of size, profitability, and relative growth rates, _____ selected a revenue multiple between the first quartile and median metrics and applied to the Company's projected NTM revenue.

Allocation Methodology

Based on the Company's capital structure and stage of development, _____ has elected to rely upon the OPM as the primary allocation methodology. Please refer to Exhibit 3 for further details related to the OPM analysis.

Discount for Lack of Marketability

Since the Company is interested in a closely held entity, we also considered appropriate adjustments to recognize the lack of marketability inherently present in interests of this type. Please refer to Exhibit 6.1 for details related to our analysis of the concluded adjustment for lack of marketability applicable to the Company.

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Valuation Conclusion

Exhibit 1.1 displays a summary of the inputs and results of the allocation approaches and methodologies employed by _____ in this Opinion.

_____ utilized the OPM Methodology as the primary allocation method.

> The result of the analysis and allocation of equity value is that the Common Stock of XYZ Tech Corporation hasa value of **$0.37 per share as of July 31, 2023,** on a minority, non-marketable interest basis.

The conclusions and opinions expressed in this letter and the accompanying summary report are contingent upon the qualifying factors set forth in the `*Statement of Limiting Conditions* and throughout the completed summary report.

APPENDICES

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Appendix 1 – Discount for Lack of Marketability ("DLOM")

A DLOM may be reasonable in certain situations. Typically, a major component of an investment or security being valued is its marketability. All other things being equal, an investment is worth more if it is marketable than if it is not. Marketability has to do with "the ability to convert the business ownership interest (at whatever ownership level) to cash quickly, with the minimum transaction and administrative costs in so doing and with a high degree of certainty of realizing the expected amount of net proceeds."15

The DLOM deals with the fact that stock in a closely held business is typically less attractive and more difficult to sell than publicly traded stock given the lack of a generally large, liquid market; thus, making the conversion to cash without significant time and expense challenges.

Within the appraisal profession, it is generally accepted that a DLOM should be contemplated when a minority interest is being valued. Empirical data is available that indicates the range of marketability discounts. In addition, court cases provide some indication of how this issue has historically been addressed within the legal system. While court cases do not provide empirical data to support marketability discounts, they do frequently provide guidance about the courts' expectations with respect to factors to consider and assess when determining such discounts. Empirical data regarding DLOMs comes from two general types of studies: Pre-IPO studies and Restricted Stock Studies. Both types of studies deal with transactions of stock that have known marketability events; they have achieved marketability either by going public or by satisfying a known restriction period. In the case of closely held companies, there is, typically, no such known marketability event. As such, closely held companies appear less marketable than those in the aforementioned studies, suggesting that closely held companies, absent a known marketability event, would expect to have a higher DLOM.

The AICPA Practice Aid outlines various quantitative approaches like the Protective Put, Asian Put, and Finnerty models. The Protective Put approach estimates DLOM based on the value of an at-the-money put option with the life equal to the time to liquidity. Asian Put approach is similar to Protective Put, except the stock price is not the final price but the average stock price over the restricted period. Finnerty suggests that the value of marketability is the present value of cash flows similar to the average-strike put option.

Exhibit 1.1
Valuation as of July 31, 2022
Valuation Summary

Enterprise Value Determination	Weighting	Enterprise Value	Reference
Market Approach - Guideline Public Company Method			
Revenue Multiple Analysis	100.0%	$8,573,390	Exhibit 2.1
Total Enterprise Value		**$8,573,390**	
Less: Total Debt		($4,334,126)	Exhibit 4.2
Add: Cash		$1,149,982	Exhibit 4.2
Concluded Equity Value, Rounded		**$5,400,000**	

Allocation of Value	Weighting	Common Stock	
Option Pricing Model	100.0%	$0.37	Exhibit 3.2
Concluded Value Per Common Stock (Non- Marketable, Minority)		**$0.37**	

Option Pricing Model Assumptions

Weighted Equity Value	$5,400,000	Exhibit 1.1
Plus: Debt	$4,334,126	Exhibit 1.1
Invested Capital Value (Equity Value + Debt)	**$9,734,126**	
Time to Liquidity (Years)	2.0	Based on the Management estimates, factoring dissolution.
Volatility	64.8%	Exhibit 6.3
Risk-Free Rate	2.89%	Based on U.S. Treasury rates for a duration matching the expected term.
Dividend Yield	0.0%	Based on discussions with Management.

	1	2	3	4	5	6
Breakpoint Calculations	**Debt is Repaid**	**Common Receives Value**	**Options Exercise at $0.0001**	**Options Exercise at $0.3000**	**Options Exercise at $0.3200**	**Expected Options Exercise at $0.3679**
Liquidation Preference						
Debt	$4,644,709	$4,644,709	$4,644,709	$4,644,709	$4,644,709	$4,644,709
Total	**$4,644,709**	**$4,644,709**	**$4,644,709**	**$4,644,709**	**$4,644,709**	**$4,644,709**
Shares Outstanding / Converted to Common Stock						
Options at $0.0001 strike price	-	-	870,622	870,622	870,622	870,622
Options at $0.3000 strike price	-	-	-	226,398	226,398	226,398
Options at $0.3200 strike price	-	-	-	-	188,500	188,500
Expected Options Grant	-	-	-	-	-	30,000
Common Stock	-	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Total	**-**	**8,500,000**	**9,370,622**	**9,597,020**	**9,785,520**	**9,815,520**
Strike/Stock Price			$0.0001	$0.3000	$0.3200	$0.3679
Additional Value	$0	$0	$937	$2,879,106	$3,131,366	$3,611,107
Less: Exercise Proceeds	$0	$0	($87)	($68,006)	($128,326)	($139,363)
Calculated Breakpoint	**$4,644,709**	**$4,644,709**	**$4,645,559**	**$7,455,808**	**$7,647,749**	**$8,116,453**

	1	2	3	4	5	6
Breakpoint Calculations	**Debt is Repaid**	**Common Receives Value**	**Options Exercise at $0.0001**	**Options Exercise at $0.3000**	**Options Exercise at $0.3200**	**Expected Options Exercise at $0.3679**
Option Value Calculation	**1**	**2**	**3**	**4**	**5**	**6**
Range (Low)	$0	$4,644,709	$4,645,559	$7,455,808	$7,647,749	$8,116,453
Range (High)	$4,644,709	$4,645,559	$7,455,808	$7,647,749	$8,116,453	n/a
Black Scholes Call (Low)	$9,734,126	$5,946,411	$5,945,881	$4,480,722	$4,398,681	$4,206,474
Black Scholes Call (High)	$5,946,411	$5,945,881	$4,480,722	$4,398,681	$4,206,474	n/a
Option Value	**$3,787,716**	**$529**	**$1,465,159**	**$82,041**	**$192,207**	**$4,206,474**
Option Value Allocation	**1**	**2**	**3**	**4**	**5**	**6**
Debt	$4,644,709	-	-	-	-	-
Options at $0.0001 strike price	$0	-	870,622	870,622	870,622	870,622
Options at $0.3000 strike price	$0	-	-	226,398	226,398	226,398
Options at $0.3200 strike price	$0	-	-	-	188,500	188,500
Expected Options Grant	$0	-	-	-	-	30,000
Common Stock	$0	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Total	**$4,644,709**	**8,500,000**	**9,370,622**	**9,597,020**	**9,785,520**	**9,815,520**

Allocated Option Value	**1**	**2**	**3**	**4**	**5**	**6**
Debt	$3,787,716	$0	$0	$0	$0	$0
Options at $0.0001 strike price	$0	$0	$136,128	$7,443	$17,101	$373,108
Options at $0.3000 strike price	$0	$0	$0	$1,935	$4,447	$97,024
Options at $0.3200 strike price	$0	$0	$0	$0	$3,703	$80,782
Expected Options Grant	$0	$0	$0	$0	$0	$12,857
Common Stock	$0	$529	$1,329,032	$72,663	$166,957	$3,642,704
Total	**$3,787,716**	**$529**	**$1,465,159**	**$82,041**	**$192,207**	**$4,206,474**

Implied Value Per Share

Value Conclusion	Value	Shares	Value/Share	DLOM [1]	Conclusion
Debt	$3,787,716				
Options	$734,526	1,315,520	$0.56		
Common Stock	$5,211,884	8,500,000	$0.61	40.0%	$0.37
Total	**$9,734,126**	**9,815,520**			