SAMPLE REPORT

Startup, Inc.

Common Stock Valuation

On a Per Share Basis

Non-Controlling, Non-Marketable Interest Basis

Fair Market Value and Fair Value

As of December 31, 2021

Report Dated:
February 23, 2021

OBJECTIVE
Investment Banking & Valuation

3636 Nobel Drive, Suite 160 | San Diego, CA
objectivecp.com

February 23, 2021

Mr. Startup Owner
Senior Vice President, Finance
Startup, Inc.
123 Entrepreneur Dr.
Los Angeles, California 90036

Transmittal letters are a standard way of transmitting scope and setting the fair value measurement standards that will be used.

Dear Mr. Owner:

At your request, Objective Valuation, LLC ("Objective") has estimated the fair market value and fair value of a non-controlling, non-marketable common equity interest (the "Subject Interest") in Startup, Inc. (the "Company") as of December 31, 2021 (the "Valuation Date") for financial reporting and tax compliance purposes.

This analysis has been performed in recognition of Internal Revenue Code Section 409A ("IRC 409A") and FASB Accounting Standards Codification Topic 718 – *Stock Compensation* ("ASC 718").

The definition of fair market value is predicated on IRS Revenue Ruling 59-60.

Standard of Value

For tax reporting and compliance purposes, the appropriate standard of value is fair market value, 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.*[1]

[1] Source: IRS Revenue Ruling 59-60.

For financial reporting purposes, the appropriate standard of value is fair value, which is defined 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.*[2]

According to the May 7, 2003, FASB Board meeting, the above definition of fair value is consistent with the definition of fair market value in Internal Revenue Ruling 59-60. We are not aware of any facts that would cause a difference in our conclusions on a fair market value basis compared with fair value. As such, it is not unreasonable that our conclusion of fair value for financial reporting purposes ought to be consistent with fair market value for tax reporting purposes.

Scope of Engagement

This report was prepared in accordance with the American Institute of Certified Public Accountants ("AICPA") Statement on Standards for Valuation Services No.1 ("SSVS"). This report has been prepared as a summary valuation engagement as that term is outlined in paragraph 48 of SSVS. 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;
- Prior interest sales and the size of the interests being valued; and

[2] Source: Accounting Standards Codification Topic 718 – *Stock Compensation.*

- 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 differences between the Company's preferred and common shares with respect to liquidation preferences, conversion rights, voting rights, and other features. 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 closely held businesses.

Key Definitions

- The term "CAGR", as used herein, refers to the compound annual growth rate.
- The term "GDP", as used herein, refers to gross domestic product.
- The term "Management", as used herein, refers to certain senior members of the Company.
- The term "PCE", as used herein, refers to personal consumption expenditure.
- The term "US", as used herein, refers to the United States of America and its major territories.
- The term "$" or "USD", as used herein, refers to US Dollars. Unless otherwise noted, all currency figures in this report are expressed in USD.

It is Objective's understanding, upon which we are relying, that any recipient of this report will consult with and rely upon their own legal counsel with respect to the limitations and definitions set forth herein. No representation is made herein, or directly or indirectly by this report, as to any legal matter or as to the sufficiency of said definitions for any purpose other than setting forth the scope of this report.

Summary of Findings

Based upon the information and financial data provided, and representations made by Management, as well as the analysis performed, it is our opinion that the fair market value and fair value of the Subject Interest on a non-controlling, non-marketable basis is reasonably stated as follows:

SIXTEEN CENTS PER SHARE
($0.16 / share)

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

If you have any questions concerning this report, please contact me at 213-555-5555.

Sincerely,

OBJECTIVE VALUATION, LLC

DRAFT – FOR DISCUSSION PURPOSES ONLY

Principal Appraiser
Valuation Appraiser
Managing Director
Objective Valuation, LLC

> Our conclusions will always be upfront and easy to find.
>
> We will also make it clear who the appraiser is and sign as a full fledged firm, not only as the appraiser.

COMPANY OVERVIEW

Company Overview

Startup, Inc. ("Startup" or "the Company"), a medical technology company, develops products and diagnostic tools for assessing and managing sleep problems associated with obstructed airway issues. The Company offers Continuous Negative External Pressure technology-based products for keeping the airway open during sleep. Its products are used for assessing and managing various sleep problems ranging from obstructive sleep apnea to snoring, and include support programs against undesirable sleep patterns. Startup was formerly known as Stealth, Inc. and changed its name to Startup, Inc. in 2015. The Company was incorporated in 2010 and is based in Los Angeles, California.

Capital Structure

As of the Valuation Date, the Company had 2.6 million preferred shares of Series A, 5.2 million preferred shares of Series B, 2.5 million shares of B-1, and 15.7 million preferred shares of Series C outstanding. The Company also had 5.8 million shares of common stock and 6.8 million common options and warrants outstanding as of the Valuation Date. Per conversations with Management, the Company expects to issue 1.2 million in additional common stock options over the next twelve months.

Understanding the company, its structure, and its officers is key to starting any valuation.

INDUSTRY OVERVIEW

Since the company operates in a specific industry, understanding a more general landscape of competition, trends, and long-term prospects is key as well.

Industry Overview

In valuing a business or its assets, it is important to consider the condition of, and outlook for, the industry in which the enterprise operates. Depending upon the nature of the marketplace, industry conditions can significantly affect financial performance and, consequently, value. The following section provides a brief overview of the medical device manufacturing market and competitive environment.

Market Overview[3]

Medical Device Manufacturing industry products are essential for healthcare. Therefore, industry operators are generally protected from significant revenue volatility. However, these products are also relatively expensive, which makes the Medical Device Manufacturing industry slightly more vulnerable to fluctuations in economic conditions. Technological advances, increased healthcare spending, and an improving economy stimulated demand for medical devices over the five years leading into 2021. The aging US population has further contributed to industry revenue, given the high incidence of health issues requiring medical devices among elderly people. Overall, these factors have contributed to industry revenue rising at an annualized rate of 2.5% reaching $45.0 billion by 2021.

However, in 2020, the COVID-19 (coronavirus) pandemic disrupted the Healthcare sector, causing demand for products to fall. While the virus caused a high demand for respiratory ventilators (e.g, breath monitors and other devices used in the treatment of coronavirus symptoms), other devices fell in importance. In response to the pandemic, most states implemented stay-at-home orders, which placed restrictions on nonessential healthcare services. Meanwhile, patients showed caution about visiting healthcare providers, out of fear of contracting, or spreading, the virus. With fewer patients, healthcare providers have had less need for new medical devices. As a result, in 2020, industry revenue fell moderately. However, as the pandemic passes and demand for healthcare services begins to recover, the demand for medical devices is expected to quickly bounce back, leading to an estimated 4.8% revenue growth in 2021.

Over the five years to 2026, the industry is expected to return to growth, with revenue increasing at an annualized rate of 3.2% to $52.7 billion. The aging baby boomer population and technological developments will continue to bolster industry growth, while the changing regulatory environment will likely support profitability. Additionally, input prices are expected to rise only slightly, resulting

[3] Sources: Report, “Medical Device Manufacturing in the US”, IBISWorld.

in a marginal increase in average industry profit (measured as earnings before interest and taxes) from 12.3% of revenue in 2021 to 12.4% in 2026. However, profit growth is likely to be slightly limited by increased import competition. Growth in medical device manufacturing in other countries is expected to lead to decreased exports and increased imports.

Competitive Environment[4]

IBISWorld estimates that the top four Medical Device Manufacturing industry participants hold a combined share of 72.7% of total industry revenue in 2021, indicating a high level of industry concentration. Small operators (i.e., companies employing fewer than 20 people) are common in this industry; these operators typically specialize in developing technology and products for a niche area. Larger players frequently seek to acquire these companies to expand their product offerings or gain access to a particular technology. Though there has been a pattern of the largest companies acquiring medium-sized operators, the number of participants in the industry has increased over the five years to 2021. However, the concentration in the market has risen as the largest companies continue to grow and account for a higher portion of industry revenue. As this trend continues over the next few years, the industry will become more competitive for small operators, leading to an eventual decrease in the number of industry operators and higher concentration.

[4] Source: Ibid.

ECONOMIC OVERVIEW

Since all industries are affected by the larger macroeconomic environment, Objective will also detail trends happening in the wider US and world economies.

Economic Overview[5]

In valuing a business, it is necessary to consider the condition of and outlook for the economy, or economies, of the geographic region(s) in which the enterprise operates or sells its products or services. This review is required because the performance of a business is affected to varying degrees by overall trends in the economic environment in which the business operates. The value of a business or its assets cannot be determined in isolation from these factors. The following section provides a brief discussion of the economic condition and outlook for the economy of the US as of the end of the fourth quarter of 2021 ("Q4 2021").

The U.S. Leading Economic Index (LEI) closed 2021 with a string of strong monthly performances, with the rise in December of 0.8%, bringing the index to 120.8 points. The LEI broke its previous record-high mark, which was reached in November 2021. The increased pace now suggests that the economy is projected to grow in the first half of 2022, although the risks that could still negatively impact economic growth include inflationary pressures, supply-chain disruptions, rising interest rates, and the resurgence of COVID-19. The Conference Board now forecasts real GDP growth to reach 3.5% in 2022, well above pre-pandemic levels.

The Chicago Fed's National Activity Index worsened in December following a decline of 0.59 points, lowering the index from +0.44 to -0.15. Two of the four broad categories of indicators used to construct the index made positive contributions in December, but all four categories decelerated from November. As a result of the decline, the three-month average moved lower, from +0.40 to +0.33.

The Consumer Confidence Index improved in December, rising 3.9 points, to 115.8 points. Following a revision to the November score, the index has now risen for three consecutive months. The report attributed the rise in confidence to an easing in the level of concerns regarding inflation, although, looking forward to 2022, strong levels of consumer confidence will continue to face headwinds if prices continue to rise and the omicron variant continues to spread. The index's current conditions component, which measures consumers' assessment of current business and labor market conditions, ticked lower by 0.3 points, to 144.1, but the expectations component, which measures consumers' short-term outlook for income, business, and labor market conditions, moved higher by 6.7 points, to 96.9 points. The Consumer Sentiment Index increased in December by 3.2 points, to 70.6 points. The rise in the index for the month is attributed to a significant increase among households with incomes that fall in the bottom third of the distribution. Despite the rise, the index remains lower by 12.5% on the year.

[5] Source: Report, Business Valuation Resources, "Economic Outlook Update Quarterly 4Q 2021."

The NFIB Small Business Optimism Index ticked higher by 0.5 points, to 98.9, in December. The report noted that, despite the minor uptick, small-business owners are still having problems managing their businesses given ongoing hiring, inflation, and supply-chain matters. On the month, seven of the 10 index components increased and three declined.

Total retail sales slumped in December as supply-chain shortages led to a decline of 1.9% on the month. Despite the decline, the total figure of $626.8 billion remained 16.9% higher than last year. Only three of the 13 retail sales categories saw an increase in December, while 10 declined. Core retail sales decreased 2.5% in December but are up 16.5% over the past 12 months.

E-commerce retail sales decreased by 3.3% in the third quarter of 2021, when compared to the second quarter of 2021, down to $214.6 billion. The decrease in the third quarter came as consumers continue to shop at traditional brick-and-mortar stores after more than a year of shopping electronically due to coronavirus restrictions. Over the past 12 months, e-commerce sales are up 6.6%.

In December, nonfarm payrolls added 199,000 jobs to the economy, a disappointing figure as expectations were for gains of 422,000 jobs, according to a poll by CNBC. The report did, however, include revisions showing increases to the prior two months' figures, with the number of jobs in October increasing by 102,000 and the figures from November increasing by 39,000, for a net increase of 141,000 jobs.

In December, the unemployment rate improved by 0.3 percentage points to 3.9%, its lowest rate since the onset of the pandemic. The U6 unemployment rate improved 0.4 percentage points to 7.3%. Initial claims for unemployment insurance in the last week of December increased by 7,000 and totaled 207,000. The figure is above the 195,000 estimate and 7,000 higher than the previous week's result.

VALUATION SUMMARY

Valuation is not an exact science, and that is why we always triangulate across as many approaches as is reasonable for the type of business or asset being valued.

This section helps the reader understand our methodologies and assumptions in further detail before diving into the numbers. When valuing shares, detailing the allocation methodology is also key, as we are interested in per share values, not only total equity values.

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. The selected 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 Transactions 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 a recent financing round, the equity value can be "back-solved" using an option-pricing model that considers the company's capitalization structure and 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 utility. When applied to the valuation of equity interests in businesses, value is based on the net aggregate fair market value of the entity's underlying individual assets. The technique entails a restatement of the balance sheet of the enterprise, substituting the fair market value 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[6]

As outlined in the American Institute of Certified Public Accountants ("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.

[6] Source: AICPA, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, Chapter 6: Valuation of Equity Securities in Complex Capital Structures

Probability Weighted Expected Return Method (PWERM)

This approach 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 approach is ultimately based upon probability-weighted per share values resulting from the various future scenarios, which can include an IPO, merger or sale, dissolution, or continued operation as a private company.

Per the AICPA guidelines:
"Under a probability-weighted expected return method, the value of the common stock is estimated based upon an analysis of future values for the enterprise assuming various future outcomes. Share value is based upon the probability-weighted present value of expected future investment returns, considering each of the possible future outcomes available to the enterprise, as well as the rights of each share class."

Option Pricing Model (OPM)

This approach 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.

Per the AICPA guidelines:
"The option pricing method treats common stock and preferred stock as call options on the enterprise's value, with exercise prices based on the liquidation preference of the preferred stock. Under this method, the common stock has value only if the funds available for distribution to shareholders exceed the value of the liquidation preference at the time of a liquidity event (for example, merger or sale), assuming the enterprise has funds available to make a liquidation preference meaningful and collectible by the shareholders… Thus, common stock is considered to be a call option with a claim on the enterprise at an exercise price equal to the remaining value immediately after the preferred stock is liquidated…the method implicitly considers the effect of the liquidation preference as of the future liquidation date, not as of the valuation date."

Current Value Method (CVM)

This approach 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 approaches, this methodology 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).

Per the AICPA guidelines:
"Because the current-value method focuses on the present and is not forward-looking, the task force believes its usefulness is limited primarily to two types of circumstances. The first occurs when a liquidity event in the form of an acquisition or dissolution of the enterprise is imminent, and expectations about the future of the enterprise as a going concern are virtually irrelevant. The second occurs when an enterprise is at such an early stage of its development that (a) no material progress has been made on the enterprise's business plan, (b) no significant common equity value has been created in the business above the liquidation preference on the preferred shares, and (c) there is no reasonable basis for estimating the amount and timing of any such common equity value above the liquidation preference that might be created in the future."

Hybrid Method

This method is a hybrid between the PWERM and OPM, estimating the probability-weighted value across multiple scenarios but using the OPM to estimate the allocation of value within one or more of these scenarios.

Per the AICPA guidelines:
"The hybrid method can be a useful alternative to explicitly modeling all PWERM scenarios in situations when the company has transparency into one or more near-term exits but is unsure about what will occur if the current plan falls through… The value of the share classes under the IPO scenario might be based on the expected pricing and timing of the anticipated IPO, as described under the PWERM. Then, an OPM with a three-year time to liquidity might be used to estimate the value of the share classes, assuming the IPO does not occur. In this instance, the resulting share values under each scenario would be weighted by their respective probabilities."

Selected Approaches and Methodologies

Giving consideration to the above, the valuation determination herein has been developed primarily on the basis of the Income Approach. As part of the Income Approach, we relied on the Discounted Cash Flow ("DCF") method. Please refer to Schedule C for further details

With respect to the Cost Approach, Objective determined that this was not the most appropriate methodology because the Company's current book value (i) does not reflect the business's overall future prospects from an income and/or exit standpoint, and (ii) may not even adequately reflect the "replacement cost" for historical capital expenditures and research and development due to the traditional accounting treatment for such expenditures.

Income Approach

The DCF method aggregates the present value of all future cash flows available to the investment holder to determine the valuation indication as of the Valuation Date. The DCF methodology involves the following key steps:

- The determination of cash flow forecasts ("Representative Level Projections"); and
- The selection of a range of comparative investment-risk-adjusted discount rates to apply against the Representative Level Projections.

For the purposes of determining the Representative Level Projections, Objective applied the procedure outlined below.

Representative Level Projections

For purposes of determining the representative level projections, Objective relied exclusively on Management provided forecasts. Notwithstanding, Objective reviewed Management forecasts and considered the reasonableness of such forecasts and assumptions. Specifically, Objective identified and considered the following risks factors in achieving Management's forecasted performance for the Company:

- The Company competes against many large and well-capitalized players;

- Any change in economic conditions may impact the Company's projected financial performance; and
- Actual performance compared to Management provided forecasts may lack perfect symmetry.

Based on Objective's review of Management forecasts, and in consideration of the actual performance and the Company's risk factors detailed above, Objective applied Management's forecasts herein. Such forecasts are displayed in Schedule C.3.

With respect to net working capital requirements, Objective primarily relied on Management's guidance, but also considered the metrics of the selected public companies deemed to be comparable to the Company. Also, for capital expenditure forecasts, Objective relied on Management's guidance.

Discount Rates

The weighted average cost of capital is calculated by identifying and inputting the following data points into the WACC formula: the Company's cost of equity, cost of debt, the percentage of equity in the capital structure, the percentage of debt in the capital structure, and the tax rate. The WACC is calculated by multiplying the (i) the after-tax cost of a hypothetical senior secured loan facility ("Kd") applied against the total value of debt relative to the total value of the enterprise and (ii) the cost of equity ("Ke") applied against the total value of equity relative to the total value of the enterprise. The formula for the after-tax WACC is found below:

WACC = Kd * (d%) + Ke * (e%)

Kd = After-tax cost of a senior secured loan facility
Ke = Cost of Equity
d% = Value of interest-bearing debt relative to total enterprise value
e% = Value of equity relative to total enterprise value

To determine the cost of debt ("Kd"), we considered the cost of debt of the Company as of the Valuation Date. The d% and e% were based on observations of the capital structures of selected guideline companies, which resulted in a debt-to-enterprise value of 0.0% and an equity-to-enterprise value of 100.0%.

The cost of equity ("Ke") is derived by applying the widely accepted Capital Asset Pricing Model ("CAPM"), while the remaining data points are readily observable. The CAPM formula is defined as follows:

$$Re = Rf + \beta (Rm) + Rc + CSRP$$

Where:

Re = Return on Equity
Rf = Risk-Free Rate
β = Beta
Rm = Market Risk Premium
Rc = Size Premium
CSRP = Company-Specific Risk Premium

With respect to the risk-free rate of return, we considered the yields on 20-year US treasuries as of the Valuation Date. Beta was based on the unlevered beta of the selected guideline public comparable companies and re-levered based on the applied capital structure noted above. The market risk premium was obtained from the BVR Cost of Capital Navigator with considerations of current market volatility reflecting the long-horizon equity risk premium. We added the size premium into the calculation of the cost of capital since the CAPM does not fully account for the higher returns of small stage company stocks. Size premium was based on the small stock premium for the "10th-smallest" decile companies from BVR Cost of Capital Navigator. In addition to the size premium, we also added an unsystematic risk premium to the total cost of capital to reflect the additional risks associated with the achievement of forecast, regulatory, competitive, and economic risk.

Calculation of Estimated Taxes

The calculation of taxes may be relevant and has been considered within our analysis. The tax rate applied herein was considered from the circular issued on December 22, 2017, known as the Tax Cuts and Jobs Act (TCJA).

Terminal Value

Objective determined the exit value for the Company based on the application of an Exit Multiple Method, which assumes that the business is sold for a multiple of some metric (i.e., Revenue) based on currently observed comparable trading multiples for similar businesses. These observed comparable trading multiples may be found on Schedule D.1 of the analysis. After arriving at the debt-free cash flows, the debt-free cash flows were then discounted to present value using a mid-period discounting convention. Adding the present value of the terminal value to the sum of the present values of the discrete period cash flows resulted in the total enterprise valuation indication.

APPENDICES

Once we detail the methodologies used, it is important to note additional **considerations** in the determination of **value** for the company. Discounts and their methodologies will also be explained in all our reports.

Our independence, the key rulings that helped us determine value, and our qualifications will be detailed in this section.

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 minimum transaction and administrative costs in so doing and with a high degree of certainty of realizing the expected amount of net proceeds."[7]

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 challenging.

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.

Pre-IPO Studies

The Pre-IPO Studies compare the prices of private transactions relative to the prices of subsequent public offerings in the stock of the same companies.

[7] Source: *Pratt, Shannon P., Robert F. Reilly, Robert Schweihs.* Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 4th Ed., New York: McGraw-Hill, 2000.

John Emory conducted the most extensive of these studies with eight studies covering the period 1980 through 2000. The median marketability discounts indicated by the Emory studies ranged from 40.0% to 66.0%. The overall median discount over the 20-year period of the studies was 48.0%.

The Pre-IPO Studies indicate a higher average discount than the restricted stock studies. This difference can be attributed to the fact that the pre-public offering transactions occurred when there was not yet any established secondary market for the subject stock. This is similar to an interest in a closely held company, which has no established secondary market. Unlike the companies in the subsequent public offering studies, a closely held company has no near-term public offering or other equivalent liquidity events on the horizon. This would indicate a higher discount for an interest in a closely held company than that observed in these studies.

Further, the Pre-IPO Studies analyze transactions where marketability at the end of the holding period is contingent on a successful public offering. Many practitioners believe that the Pre-IPO Studies do not sufficiently control the impact of such variables as the "survivor bias" (i.e., only successful firms go public) inherent in the data and the inclusion of a compensation factor in the restricted stock price for investors that provide services to the investee firm.

Another factor that tends to reduce the reliability of Pre-IPO Studies is the time period between the analysis date and the IPO date, stock prices may change due to market and/or internal company changes unrelated to marketability.

Restricted Stock Studies

Within the Restricted Stock Study category, a variety of studies have been performed from 1968 to 1998. These studies found a range of discounts between 9.0% and 45.0% for transactions involving stock that is identical in all respects to the freely traded stock of a public company except that it is restricted from trading on the open market for a certain period. Post-1990, the US Securities and Exchange Commission began changing certain registration and holding requirements, which improved the liquidity of the restricted stock. The following table summarizes such studies:

Restricted Stock Studies Summary

Study	Mean	Median
SEC Institutional Investor Study	26.0%	24.0%
Gelman Study	33.0%	33.0%
Moroney Study	35.0%	34.0%
Maher Study	35.0%	33.0%
Trout Study	34.0%	N/A
Stryker/Pittock Study	N/A	45.0%
Willamette Management Study	N/A	31.0%
Silber Study	34.0%	N/A
Hall/Polacek Study	23.0%	N/A
Management Planning Study	27.0%	N/A
FMV Opinions, Inc.	25.9%	N/A
Columbia Financial Advisors, Inc.	13.0%	9.0%

The Mandelbaum & Other Factors

In 1995, the US Tax Court ruled in Bernard Mandelbaum, et al. v. Commissioner of Internal Revenue, TC Memo. 1995-255, (June 12, 1995) and provided additional guidance in determining a DLOM. In deciding the case, Judge David Laro provided a list of factors he believed should be considered in determining an appropriate DLOM. The ten factors noted by the court were as follows:

(i) Private versus public sales of the stock;
(ii) Financial statement analysis;
(iii) Company's dividend policy;
(iv) Nature of the company, its history, its position in the industry and its economic outlook;
(v) Company's Management;
(vi) Amount of control in transferred shares;

(vii) Restrictions on transferability of stock;
(viii) Holding period for stock;
(ix) Company's redemption policy; and
(x) Costs associated with making a public offering.

Additional factors that could affect the size of the DLOM include:

(i) The number of potential qualified buyers for the interest;
(ii) Prior transactions, if any, in the security;
(iii) Dispersion of control among remaining equity holders;
(iv) Any legal restrictions on sales or transfers of interests;
(v) Possible liability associated with an investment;
(vi) The absolute size of the business in terms of sales or assets;
(vii) The market for the firm's assets, products, and services;
(viii) The mood of the investing public;
(ix) Earnings stability and the level of profitability;
(x) Prospects for liquidity (for going public or being acquired);
(xi) Put rights that may exist; and
(xii) Information access and reliability.

The above factors help determine whether an interest will be relatively easy or difficult to sell. The more difficult it is to sell, the higher the expected DLOM.

Put Option Analysis
If a common stockholder were able to lock in the estimated price of the investment until the expected liquidity date, the cost of locking in that price could be studied through a put option analysis. A put on the allocated value would lock in the common shareholder's price by providing protection from downside risk. If the stock price were lower than the allocated value over the term, the put would protect the investor from this downside risk, since the common stockholder would be able to sell his/her shares at the put strike price.

In practice, creating a market for the puts would be expensive and the banking fees associated with the creation of these derivatives would be high. As a result, the protective put option only captures part of the equation. The protective put would need to be adjusted upward to reflect banking costs associated with creating a market for the transaction to take place.

There are various put option model constructs that may be considered (Chaffe, Longstaff, Finnerty, etc.), which reflect Black-Scholes put options and derivations thereof (look-back options, average options, etc.). Such option model frameworks require inputs such as duration/term, risk-free rates, volatilities, and other items. In particular, John Finnerty proposed a model that assumes the investor does not possess special market timing ability and would be equally likely to exercise the hypothetical liquid security at any given point of time. The value of marketability was modeled as the present value of cash flows, similar to an average-strike put option. The Finnerty method addresses the issue of assuming perfect market timing in Longstaff's look-back option method and the issue of assuming protection on the downside while still realizing appreciation on the upside in the protective put method. Finnerty also performed a regression analysis to restricted stock studies, adjusting to remove other significant factors, such as the concentration of ownership and information effects, and found that after isolating the marketability-related factors, the discounts predicted by his method are consistent with the data. Finnerty presented an updated version of his model at the American Society of Appraisers' Advanced Business Valuation Conference in October 2009.

Appendix 2 – Statement of Limiting Conditions

In addition to those cited elsewhere in this report, other assumptions and limiting conditions pertaining to the estimate of the value stated in this report are summarized below:

(i) Objective obtained a variety of financial, operational, economic, and industry documents and information from the Company, as well as from outside sources. We have assumed all information is accurate and complete, and we have relied upon it without additional verification;

(ii) The estimate of value arrived at herein is valid only for the stated purpose as of the date of the valuation;

(iii) Financial statements, tax returns, and other related information provided to Objective 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. Objective has not audited, reviewed, compiled, or attested under the Statements on Standards for Attestation Engagements (SSAEs) to any financial information provided to us or derived from that information and, accordingly, we express no audit opinion or any other form of assurance on this information;

(iv) 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;

(v) We do not provide assurance on the achievability of results forecasted by others because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of projected results is dependent on actions, plans, and assumptions of Management;

(vi) The estimate 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 would not be materially or significantly changed through any sale, reorganization, exchange, or diminution of the owners' participation;

(vii) This report, and the estimate of value arrived at herein, are for the exclusive use of our client for the sole and specific purposes noted herein. This report may not be used for any other purpose, or by any other party for any purpose. Furthermore, the report and estimate 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 estimate of value represents the considered opinion of Objective based on information furnished to us by Management and other sources;

(viii) Neither all nor any part of the contents of this report (especially the estimate of value, the identity of any valuation analyst(s), or the firm with which such valuation analysts 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 Objective;

(ix) Future services regarding the subject matter of this report, including, but not limited to, testimony or attendance in court, shall not be required of Objective unless previous arrangements have been made in writing;

(x) Objective 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. Objective does not conduct or provide environmental assessments and has not performed one for the subject property;

(xi) Objective 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. Objective's valuation takes no such liabilities into account, except as they have been reported to Objective 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, Objective has relied on it without verification and offers no warranty or representation as to its accuracy or completeness;

(xii) Objective has not made a specific compliance survey or analysis of the subject property to determine whether it is subject to, or in compliance with, the American Disabilities Act of 1990, and this valuation does not consider the effect, if any, of noncompliance;

(xiii) No change of any item in this report shall be made by anyone other than Objective, and we shall have no responsibility for any unauthorized change;

(xiv) 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;

(xv) 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;

(xvi) We have conferred with the current Management of the Company and its legal advisors concerning the past, present, and prospective operating results of the Company;

(xvii) 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;

(xviii) This report reflects the facts and conditions existing at the Valuation Date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions;

(xix) This report is designed to give an estimate of value. It does not purport to be a comprehensive list of all of the considerations undertaken in order to arrive at our estimate of value. It is not an accounting report, and it should not be relied on to disclose unreported assets or liabilities or to verify financial reporting;

(xx) All rights are reserved, and no reproduction, publication, distribution, or other use of this summary report is authorized without the prior consent of Objective Valuation, LLC; and

(xxi) As set forth in the Engagement Letter, Objective's report is limited to issues concerning compliance with IRC §409(a). Additional issues may exist that could affect the Federal tax treatment of the interests that are the subject of Objective's report, and the report does not consider or provide a conclusion with respect to any additional issues. Objective's report is not intended or written to be used, and cannot be used, by Client or any other person or entity, for the purpose of avoiding any penalties that may be imposed on any taxpayer.

Appendix 3 – Revenue Ruling 59-60

Factors that must be taken into consideration when valuing a closely held stock, per IRS Revenue Ruling 59-60, include, but are not limited to, the following:

(i) The nature of the business and the history of the enterprise from its inception;

(ii) The economic outlook in general and the condition and outlook of the specific industry in particular;

(iii) The book value of the stock and the financial condition of the business;

(iv) The earnings capacity of the company;

(v) The dividend-paying capacity;

(vi) Whether or not the enterprise has goodwill or other intangible value;

(vii) Sales of the stock and size of the block of stock to be valued; and

(viii) The market price of stocks of corporations engaged in the same or a similar line of business having their stocks actively traded in a free and open market, either on an exchange or over-the-counter.

Appendix 4 – Representation of Valuation Appraiser

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

(i) The statements of fact contained in this report are true and correct;

(ii) 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;

(iii) 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;

(iv) We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;

(v) Our engagement in this assignment was not contingent upon developing or reporting predetermined results;

(vi) Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, 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; and

(vii) Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the American Institute of Certified Public Accountants Statement on Standards for Valuation Services.

FOR DISCUSSION PURPOSES ONLY

Valuation Appraiser

Appendix 5 – Qualifications of Valuation Appraiser

Valuation Appraiser
Managing Director
321 Appraisal Rd.
Los Angeles, CA, 90036
valuation.appraiser@objectivecp.com

Valuation Appraiser is a Managing Director at Objective Valuation, LLC, where he serves as a strategy and execution leader for the firm's Valuation Advisory Services Practice.

Prior to joining Objective Valuation, Appraiser operated as a Managing Director for Appraisal Firm 2. In this role, he began leading and managing the Appraisal Firm 2's Los Angels office and subsequently the New York office. Mr. Appraiser drove strategy and execution related to operations, business development, and client relations for both Vantage Point office locations.

Before his work at Appraisal Firm 2., Valuation Appraiser served as the Director for the Valuation Services Group at Advisory Firm 3 where he led initiatives for sustainable company growth including training, recruiting, and valuation best practices. He was responsible for maintaining and developing client relationships as well as generating record new project starts by utilizing thorough diligence with scoping, pricing, and negotiating engagements. Mr. Appraiser's breadth of experience also includes time as a Valuation Manager in Big4-A's valuation practice in New York. His work there included assisting clients with valuation matters for businesses regarding intangible assets, and equity and debt securities for the purposes of financial and tax reporting, merger and acquisition planning, reorganizations and restructurings, and financing and litigation. Prior to Big4-A, Mr. Appraiser worked as a Valuation Manager at Big4-B, and as a Senior Associate at a regional accounting and consulting firm.

Mr. Appraiser has led a variety of tax and financial reporting valuation engagements for some of Big4-A's and Appraisal Firm 2's largest corporate clients and has been involved in numerous mergers and acquisitions, reorganizations, initial public offerings, and corporate finance transactions. These engagements have involved clients, both national and international, in a wide range of

industries including financial services, manufacturing, retail, consumer products, pharmaceuticals, technology, and food distribution industries among others. Mr. Appraiser holds a Bachelor of Science in Finance and Accounting from Top 100 University.

VALUATION SCHEDULES

Table of Contents

Objective Valuation, LLC | **Valuation as of December 31, 2021**

Startup, Inc. | **Preliminary Draft**

Valuation Summary (Values as presented)

Schedule A.1

Allocation Methodology	Per Share Value	Reference
Option Pricing Method	$0.16	Schedule B.1
Concluded Per Share Value	**$0.16**	

Enterprise Valuation Indication	Low		High	Average Value	Weight	Concluded	Reference
Valuation Approach							
Income Approach - Discounted Cash Flow Method	$25,324,000	--	$29,164,000	$27,244,000	100.0%	$27,244,000	Schedule C.1
Concluded Enterprise Value (Rounded)					**100.0%**	**$27,244,000**	
Less: Total Debt						($2,158,000)	Appendix A.1
Add: Cash						$6,745,000	Appendix A.1
Concluded Equity Value (Rounded)						**$31,831,000**	

A summary page will state per share conclusions and total equity conclusions.

In 409a valuations, the allocation methodology will often be an Option Pricing Model when there are different classes of securities.

The key methodologies will also yield different values, and all these will be presented upfront and later detailed in the exhibits.

ALLOCATION METHODOLOGY

As noted, the OPM will help us allocate value to the different classes of securities.

While seemingly technical, the analysis treats each equity class as an option on future value, assigning value to that ability to have a claim on the company's estimated equity value.

Although somewhat dense, it is important to have enough detail so a reviewing appraiser is able to redo the analysis.

Option Pricing Method - Summary & Assumptions

Black-Scholes Assumptions	
Equity Value	**$31,831,000**
Years to Maturity/Liquidity Event (1)	2.0
Risk-Free Rate	0.73%
Volatility	61.0%
Dividend Yield	0.0%

Indicated Common Unit Per Share Value		
Value per Common Share		$0.3063
DLOM - Asian Put Model (2)	30.0%	
DLOM - Protective Put Model (3)	66.0%	
Less: Selected DLOM	48.0%	($0.1470)
Adjusted Value per Common Share (Rounded)		**$0.1600**

Implied Per Share Value of Security

Security	**Total Value**	**Shares Outstanding**	**Per Share Value**
Common stock	$1,766,258	5,766,729	$0.3063
Expected common stock options @ $0.1600	$331,974	1,200,000	$0.2766
Common stock options @ $0.1700	$106,389	387,100	$0.2748
Common stock options @ $0.3300	$560,532	2,272,000	$0.2467
Common stock options @ $0.3700	$434,261	1,810,000	$0.2399
Common stock warrants @ $0.0100	$715,448	2,350,410	$0.3044
Series A preferred stock	$2,639,764	3,378,932	$0.7812
Series B preferred stock	$8,183,712	6,938,436	$1.1795
Series B-1 preferred stock	$6,593,890	3,573,918	$1.8450
Series C preferred stock	$10,498,771	14,990,782	$0.7003
Total	$31,831,000	42,668,307	

Footnotes:
(1) Based on discussions with Management.
(2) See Appendix B.1.
(3) See Appendix B.2.

Option Pricing Method - Allocation of Value
(Values as presented)
Schedule B.2

Black-Scholes Calculations for Option-Pricing Model (OPM)

Lower breakpoint	$0	$47,162,376	$47,220,043	$48,437,614	$48,530,785	$50,083,464	$50,562,513	$60,056,373	$65,654,437	$93,621,756	$145,483,982
Upper breakpoint	$47,162,376	$47,220,043	$48,437,614	$48,530,785	$50,083,464	$50,562,513	$60,056,373	$65,654,437	$93,621,756	$145,483,982	Infinity
(1) Underlying price	**$31,831,000**	$31,831,000	$31,831,000	$31,831,000	$31,831,000	$31,831,000	$31,831,000	$31,831,000	$31,831,000	$31,831,000	$31,831,000
(2) Exercise price	$0	$47,162,376	$47,220,043	$48,437,614	$48,530,785	$50,083,464	$50,562,513	$60,056,373	$65,654,437	$93,621,756	$145,483,982
(3) Time to expiration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
(4) Volatility	61.0%	61.0%	61.0%	61.0%	61.0%	61.0%	61.0%	61.0%	61.0%	61.0%	61.0%
Variance	37.2%	37.2%	37.2%	37.2%	37.2%	37.2%	37.2%	37.2%	37.2%	37.2%	37.2%
(5) Risk-free rate	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%
D1	41.83	-0.01	-0.01	-0.04	-0.04	-0.08	-0.09	-0.29	-0.39	-0.80	-1.31
D2	40.96	-0.87	-0.87	-0.90	-0.90	-0.94	-0.95	-1.15	-1.25	-1.67	-2.18
N(D1)	1.00	0.50	0.50	0.48	0.48	0.47	0.46	0.39	0.35	0.21	0.09
N(D2)	1.00	0.19	0.19	0.18	0.18	0.17	0.17	0.12	0.10	0.05	0.01
Equity call value:	$31,831,000	$6,891,037	$6,880,131	$6,654,897	$6,638,051	$6,365,129	$6,283,815	$4,913,477	$4,281,035	$2,297,186	$890,313
Incremental equity call value	$24,939,963	$10,906	$225,233	$16,846	$272,922	$81,314	$1,370,337	$632,442	$1,983,849	$1,406,873	$890,313

Rights to Distributions (%)

Common stock	0.0%	**100.0%**	**71.0%**	**61.9%**	**59.4%**	**48.2%**	**41.8%**	**20.0%**	**17.9%**	**14.8%**	**13.5%**
Expected common stock options @ $0.1600	0.0%	0.0%	0.0%	**12.9%**	**12.4%**	**10.0%**	**8.7%**	**4.2%**	**3.7%**	**3.1%**	**2.8%**
Common stock options @ $0.1700	0.0%	0.0%	0.0%	0.0%	**4.0%**	**3.2%**	**2.8%**	**1.3%**	**1.2%**	**1.0%**	**0.9%**
Common stock options @ $0.3300	0.0%	0.0%	0.0%	0.0%	0.0%	**19.0%**	**16.5%**	**7.9%**	**7.1%**	**5.8%**	**5.3%**
Common stock options @ $0.3700	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**13.1%**	**6.3%**	**5.6%**	**4.6%**	**4.2%**
Common stock warrants @ $0.0100	0.0%	0.0%	**29.0%**	**25.2%**	**24.2%**	**19.6%**	**17.0%**	**8.2%**	**7.3%**	**6.0%**	**5.5%**
Series A preferred stock	**9.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**10.5%**	**8.6%**	**7.9%**
Series B preferred stock	**31.2%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**17.7%**	**16.3%**
Series B-1 preferred stock	**26.1%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**8.4%**
Series C preferred stock	**33.6%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**52.1%**	**46.6%**	**38.3%**	**35.1%**
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Calculation of the Value of the Distribution Rights

Common stock	$0	$10,906	$160,014	$10,427	$162,184	$39,154	$573,207	$126,737	$355,776	$207,525	$120,328
Expected common stock options @ $0.1600	$0	$0	$0	$2,170	$33,749	$8,148	$119,279	$26,373	$74,034	$43,184	$25,039
Common stock options @ $0.1700	$0	$0	$0	$0	$10,887	$2,628	$38,477	$8,507	$23,882	$13,930	$8,077
Common stock options @ $0.3300	$0	$0	$0	$0	$0	$15,426	$225,834	$49,932	$140,170	$81,761	$47,407
Common stock options @ $0.3700	$0	$0	$0	$0	$0	$0	$179,912	$39,779	$111,667	$65,136	$37,767
Common stock warrants @ $0.0100	$0	$0	$65,219	$4,250	$66,103	$15,958	$233,628	$51,656	$145,008	$84,583	$49,043
Series A preferred stock	$2,239,201	$0	$0	$0	$0	$0	$0	$0	$208,462	$121,596	$70,504
Series B preferred stock	$7,789,245	$0	$0	$0	$0	$0	$0	$0	$0	$249,690	$144,777
Series B-1 preferred stock	$6,519,317	$0	$0	$0	$0	$0	$0	$0	$0	$0	$74,573
Series C preferred stock	$8,392,200	$0	$0	$0	$0	$0	$0	$329,457	$924,851	$539,467	$312,796
Total	$24,939,963	$10,906	$225,233	$16,846	$272,922	$81,314	$1,370,337	$632,442	$1,983,849	$1,406,873	$890,313

Total for All Securities **$31,831,000**

Footnotes:

See the next page for detailed footnotes.

Option-Pricing Method - Black-Scholes Calculations and Summary of Allocation
Schedule B.2 (Notes)

Footnotes:

(1) See Schedule A.1.

(2) The exercise prices represent the cumulative equity value of the Company at each successive change in participation among the various equity securities. See Schedule B.4 for a summary of the breakpoints and Schedule B.3 for the capitalization details.

(3) The time to expiration was estimated based on discussions with Management regarding expectations of a future liquidity or exit event and the Company's estimated cash runway.

	Term	Estimated Date	Weight	Weighted term
i. Exit Timing	2.0	Dec-23	100.0%	2.0
				2.0

(4) We estimated volatility as the total equity volatility of the Company based on guideline companies. See Schedule B.5.

(5) Represented by yields on U.S. Treasuries with terms comparable to the estimated time to expiration. Source: Capital IQ, a division of Standard & Poor's.

Objective Valuation, LLC — **Valuation as of December 31, 2021**

Startup, Inc. — **Preliminary Draft**

Capitalization Table Details — (Values as presented)

Schedule B.3

	Equity Class	Date(s) Issued	Shares Outstanding	Original Issue / Exercise Price	Total Invested Capital	Conversion Ratio	Fully Diluted Shares Outstanding	Liquidation Preferences: Base Per Share	Base Total	Adjusted Per Share	Adjusted Total w/ Dividends	Relative Seniority	Participation: Particip.	Particip. Cap (As-Converted)	Maximum Participation	Conversion Hurdle	Dividends: Amount
	Common stock	ongoing	5,766,729	N/A	N/A	N/A	5,766,729	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
(1)	Expected common stock options @ $0.1600	ongoing	1,200,000	$0.1600	N/A	1.000	1,200,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Common stock options @ $0.1700	ongoing	387,100	$0.1700	N/A	1.000	387,100	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Common stock options @ $0.3300	ongoing	2,272,000	$0.3300	N/A	1.000	2,272,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Common stock options @ $0.3700	ongoing	1,810,000	$0.3700	N/A	1.000	1,810,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Common stock warrants @ $0.0100	ongoing	2,350,410	$0.0100	N/A	1.000	2,350,410	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Series A preferred stock		2,631,376	$1.6092	$4,234,410	1.284	3,378,932	$1.6092	$4,234,410	$1.6092	$4,234,410	1	None	$1.6092	$1.6092	$1.6092	8.0%
	Series B preferred stock		5,207,065	$2.8288	$14,729,745	1.333	6,938,436	$2.8288	$14,729,745	$2.8288	$14,729,745	1	None	$2.8288	$2.8288	$2.8288	8.0%
	Series B-1 preferred stock		2,465,653	$5.0000	$12,328,265	1.449	3,573,918	$5.0000	$12,328,265	$5.9740	$14,729,745	1	None	$5.0000	$5.9740	$5.9740	8.0%
	Series C preferred stock		15,664,747	$1.0131	$15,869,955	0.957	14,990,782	$1.0131	$15,869,955	$1.0131	$15,869,955	1	None	$1.0131	$1.0131	$1.0131	8.0%
	Total		**39,755,080**		**$47,162,376**		**42,668,307**		**$47,162,376**		**$49,563,856**						

Footnotes:

Capitalization table provided by Management.

(1) Per discussions with Management, the Company expects to issue approximately $1.2M in common stock options over the next twelve months.

Option Pricing Method - Breakpoints Analysis (Values as presented)
Schedule B.4

Description	(1) Breakpoint (Exercise Price)	(2) Equity Call Value (Black-Scholes Output)	(3) Incremental Call Value (Value to Allocate)
Base value to be allocated	$0	$31,831,000	N/A
Preferred stock receives liquidation preference	$47,162,376	$6,891,037	$24,939,963
Common stock warrants exercise at $0.0100 per share	$47,220,043	$6,880,131	$10,906
Expected common stock options exercise at $0.1600 per share	$48,437,614	$6,654,897	$225,233
Common stock options exercise at $0.1700 per share	$48,530,785	$6,638,051	$16,846
Common stock options converts at $0.3300 per share	$50,083,464	$6,365,129	$272,922
Common stock options converts at $0.3700 per share	$50,562,513	$6,283,815	$81,314
Series C preferred stock converts at $1.0586 per share	$60,056,373	$4,913,477	$1,370,337
Series A preferred stock converts at $1.2532 per share	$65,654,437	$4,281,035	$632,442
Series B preferred stock converts at $2.1229 per share	$93,621,756	$2,297,186	$1,983,849
Series B-1 preferred stock converts at $3.4495 per share	$145,483,982	$890,313	$1,406,873
Fully diluted common stock option	N/A	N/A	$890,313
		Total equity value allocated	**$31,831,000**

Footnotes:

(1) The exercise price represents a critical value that is determined by an analysis of the quantity, relative seniority, and economic characteristics of the equity classes.
(2) See Schedule B.2 for the inputs for the Black-Scholes call value.
(3) The incremental value is the value which is to be allocated as prescribed by the option-pricing method. After all incremental value is allocated, the common option is allocated on a fully diluted basis.

Objective Valuation, LLC | **Valuation as of December 31, 2021**

Startup, Inc. | **Preliminary Draft**

Option Pricing Method - Volatility | (Values as presented)

Schedule B.5

Guideline Company	(1) Ticker	(2) Capital Structure (in $mil) Market Cap	Total Debt	Black-Scholes Inputs Dividend Yield	Days to Expiration	(3) Equity Volatility	Risk-free Rate	Black-Scholes Outputs D1	D2	N(D1)	N(D2)	Equity Call Value	(4) Asset Volatility Ratio	Asset Volatility
Allied Healthcare Products, Inc.	NasdaqCM:AHPI	$23.36	$2.31	0.0%	731	198.5%	0.73%	2.204	(0.123)	0.986	0.451	$24.29	0.959	190.5% (x)
Electromed, Inc.	NYSEAM:ELMD	$111.41	$0.12	0.0%	731	61.7%	0.73%	7.768	6.829	1.000	1.000	$111.41	0.999	61.7%
Natus Medical Incorporated	NasdaqGS:NTUS	$801.41	$12.54	0.0%	731	46.7%	0.73%	7.622	7.051	1.000	1.000	$801.60	0.985	46.0%
Vanda Pharmaceuticals Inc.	NasdaqGM:VNDA	$874.12	$12.75	0.0%	731	52.3%	0.73%	6.003	5.246	1.000	1.000	$874.31	0.986	51.5%
Inogen, Inc.	NasdaqGS:INGN	$772.62	$27.64	0.0%	731	63.6%	0.73%	4.114	3.188	1.000	0.999	$773.02	0.966	61.4%
NuVasive, Inc.	NasdaqGS:NUVA	$2,715.11	$1,008.42	0.0%	731	51.5%	0.73%	2.992	2.513	0.999	0.994	$2,730.50	0.734	37.8%
Inspire Medical Systems, Inc.	NYSE:INSP	$6,294.00	$31.03	0.0%	731	61.3%	0.73%	7.054	6.252	1.000	1.000	$6,294.45	0.995	61.0%
Masimo Corporation	NasdaqGS:MASI	$16,167.81	$33.62	0.0%	731	32.7%	0.73%	13.688	13.227	1.000	1.000	$16,168.29	0.998	32.6%
ResMed Inc.	NYSE:RMD	$38,081.52	$950.11	0.6%	731	39.0%	0.73%	7.285	6.753	1.000	1.000	$38,095.26	0.976	38.1%

Minimum:	32.6%
Lower (First) Quartile:	38.0%
Median:	48.8%
Upper (Third) Quartile:	61.1%
Maximum:	61.7%

(5) **Selected asset volatility:** **61.1%**

Subject Company	(6) Capital Structure (in $mil) Total Equity	Total Debt	Black-Scholes Inputs Dividend Yield	Days to Expiration	Equity Volatility	Risk-free Rate	Black-Scholes Outputs D1	D2	N(D1)	N(D2)	Equity Call Value	Asset Volatility Ratio	Asset Volatility
Startup, Inc.	100.0%	0.0%	0.0%	731	61.1%	0.73%	N/A	N/A	1.000	1.000	$1.00	1.000	61.1%

(7) **Estimated equity volatility** **61.0%**

Footnotes:

Source: Capital IQ, a division of Standard & Poor's.

(x) Represents that an outlier was excluded from one of the summarizing statistics.

(1) See Appendix C.1 for descriptions of the selected guideline public companies.

(2) Market data of guideline companies was based on the latest reported financials available as of the Valuation Date.

(3) Equity volatility was calculated using daily price changes over a 2.00-year lookback from December 31, 2021.

(4) Asset volatility as a percentage of equity volatility. Calculation based on equity call value as a percentage of enterprise value divided by N(D1) from Black-Scholes equity call value calculation.

(5) Volatility was selected near the upper (third) quartile and of the market data.

(6) Based on a Company-specific capital structure.

(7) Concluded equity volatility was based on the selected asset volatility from the guideline company data and the Company's capital structure.

Income Approach
Discounted Cash Flow Analysis

In this example, an income approach using a discounted cash flow analysis was utilized.

Since early stage companies will not always have a forecast, there are alternative methods that we can use.

These include the cost approach, the market approach (using public company and transaction multiples), as well as "backsolves" to recent rounds of financing.

Discounted Cash Flow Method - Summary
Schedule C.1

(Values as presented)

Summary of Discounted Cash Flow Methods	Estimated Ranges of Value		
(1) Exit Multiple Method	$25,324,000	-	$29,164,000
Estimated Business Enterprise Value	**$25,324,000**	-	**$29,164,000**

Exit Multiple - WACC vs. Exit EV / EBITDA Multiple

WACC \ Exit Multiple	2.80x	2.90x	3.00x	3.10x	3.20x
26.50%	$23,456,000	$24,977,000	$26,499,000	$28,020,000	$29,542,000
26.25%	$23,787,000	$25,324,000	$26,860,000	$28,397,000	$29,933,000
26.00%	$24,122,000	$25,674,000	$27,226,000	$28,778,000	$30,330,000
25.75%	$24,462,000	$26,030,000	$27,597,000	$29,164,000	$30,732,000
25.50%	$24,806,000	$26,389,000	$27,972,000	$29,555,000	$31,138,000

Footnotes:
(1) See Schedule C.4.

Sensitivities are useful as value is often viewed as being within a range of reasonableness.

The goal is to be as accurate as possible, without assuming that a single value is the only correct value.

However, the range is ultimately distilled into a single value for allocation purposes, and so the firm can grant options under a single fair value indication.

Discounted Cash Flow Method - Summary (Exit Multiple)
Schedule C.4

(Values as presented)

		Projected For Fiscal Year Ending				
		Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026
Debt-free net cash flow		**($4,528,095)**	**($5,941,089)**	**($7,761,078)**	**($10,762,497)**	**($7,002,623)**
Discount period		0.50	1.50	2.50	3.50	4.50
Present value discount factor	26.0%	0.8909	0.7070	0.5611	0.4454	0.3535
Present value of net cash flow		**($4,033,948)**	**($4,200,589)**	**($4,355,075)**	**($4,793,096)**	**($2,475,103)**

Aggregate net cash flow	($19,857,812)
Plus: Debt-free net working capital as of valuation date	$528,000
Plus: Present value of the terminal value	$46,555,911
Total enterprise value	**$27,226,100**
Total enterprise value (rounded)	**$27,226,000**

Terminal Value Calculation	
2026 Revenue	$49,284,040
Exit multiple (1)	3.00x
Terminal value (in future)	$147,852,120
Discount period	5.00
Present value factor	0.3149
PV of terminal value	$46,555,911

Discounted cash flow methods for early stage companies will often show losses in the first few years.

Value tends to be heavily weighted towards the outer years.

Terminal multiples and Gordon Growth models can be used to determine the terminal value of the model.

Footnotes:
(1) See Schedule D.1.

Discounted Cash Flow Method - Representative Level Forecasts (Exit Multiple) (Values as presented)
Schedule C.5

		Projected (1)				
		For Fiscal Year Ending				
		Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026
Total revenue		**$0**	**$449,251**	**$4,877,662**	**$23,280,919**	**$49,284,040**
Revenue growth		*0.0%*	*0.0%*	*985.7%*	*377.3%*	*111.7%*
Total cost of revenue		$0	$158,507	$2,702,842	$8,459,267	$15,268,376
Gross profit		**$0**	**$290,744**	**$2,174,820**	**$14,821,652**	**$34,015,664**
Gross margin		*N/A*	*64.7%*	*44.6%*	*63.7%*	*69.0%*
Operating expenses						
Clinical activities		$2,912,000	$595,000	$714,000	$892,500	$1,160,250
Research and development		$1,178,000	$2,356,000	$2,945,000	$3,681,250	$4,601,563
Sales and marketing		$0	$2,138,089	$4,635,515	$15,062,493	$24,307,928
General and administrative		$1,526,000	$2,289,000	$2,861,250	$3,433,500	$3,948,525
Total operating expenses		**$5,616,000**	**$7,378,089**	**$11,155,765**	**$23,069,743**	**$34,018,266**
EBITDA		**($5,616,000)**	**($7,087,345)**	**($8,980,945)**	**($8,248,091)**	**($2,602)**
EBITDA margin		*N/A*	*-1577.6%*	*-184.1%*	*-35.4%*	*0.0%*
Less: Depreciation and amortization		$561,000	$664,000	$252,962	$545,462	$646,323
EBIT		**($6,177,000)**	**($7,751,345)**	**($9,233,907)**	**($8,793,553)**	**($648,925)**
EBIT margin		*N/A*	*-1725.4%*	*-189.3%*	*-37.8%*	*-1.3%*
Income tax expense	26.5%	($1,636,905)	($2,054,106)	($2,446,985)	($2,330,292)	($171,965)
Debt-free net income		**($4,540,095)**	**($5,697,239)**	**($6,786,921)**	**($6,463,261)**	**($476,960)**
Cash flow adjustments						
(2) Depreciation and amortization		$561,000	$664,000	$252,962	$545,462	$646,323
(3) Capital expenditures		($549,000)	($818,000)	($341,436)	($1,164,046)	($1,971,362)
(4) Incremental debt-free net working capital		$0	($89,850)	($885,682)	($3,680,651)	($5,200,624)
Debt-free net cash flow		**($4,528,095)**	**($5,941,089)**	**($7,761,078)**	**($10,762,497)**	**($7,002,623)**

Footnotes:

(1) Projections for the years 2021 through 2026 provided by Management.
(2) See Schedule C.7.
(3) Capital expenditures provided by Management.
(4) Working capital requirement has been estimated based on data from the guideline public companies and discussions with Management.

Weighted Average Cost of Capital
(Values as presented)

Schedule C.4

	Weighted Average Cost of Capital (WACC)	Cost of Capital		% in Capital Structure	Weighted Cost
(1)	Debt	2.48%		0.0%	0.0%
	Equity	25.74%		100.0%	25.7%
	Weighted average cost of capital				25.7%
	Estimated WACC (rounded)				**26.0%**
	Cost of Equity - Modified Capital Asset Pricing Model (CAPM)				
(2)	Risk-free rate				1.94%
(3)	Market equity risk premium			6.22%	
(4)	Relevered beta		x	0.950	
	Beta adjusted equity risk premium				5.91%
(5)	Size premium				7.89%
(6)	Company-specific risk adjustment				10.0%
	Estimated cost of equity				**25.7%**
	Cost of Debt				
(7)	Pre-tax cost of debt				3.37%
	Income tax rate				26.5%
	Estimated after-tax cost of debt				**2.5%**

(See detailed footnotes on the next page)

The weighted average cost of capital is often benchmarked to academic studies, but can also be built using traditional Capital Asset Pricing Method (CAPM) approaches.

The key is to understand that high alphas will be needed to get these typically higher cost of capital estimates.

Weighted Average Cost of Capital (Footnotes)

Schedule C.4a

Footnotes:

(1) Based on a company-specific capital structure.

(2) Based on the nominal 20-year U.S. Treasury bond as of December 31, 2021. Source: The Federal Reserve Board.

(3) Source: Duff & Phelps Cost of Capital Navigator.

(4) See Schedule C.5 for the estimation of beta.

(5) Source: Duff & Phelps Cost of Capital Navigator. Size premium (return in excess of CAPM) for companies in SIC Code 2038 (Frozen Specialties, NEC).

(6) Represents risk specific to the Company and includes forecast and economic risk.

(7) The Company's cost of borrowing was estimated using the Moody's Seasoned Baa Corporate Bond Yield as of the Valuation Date.

Weighted Average Cost of Capital - Beta
Schedule C.5

(Values as presented)

	Guideline Company	Ticker Symbol	Levered Beta	Interest-bearing Debt ($mil)	Market Capitalization ($mil)	Market Value of Invested Capital ($mil)	Debt	Equity	Unlevered Beta (1)
(x)	Allied Healthcare Products, Inc.	NasdaqCM:AHPI	(10.391)	$2.3	$23.4	$25.7	9.0%	91.0%	(9.686)
	Electromed, Inc.	NYSEAM:ELMD	0.653	$0.1	$111.4	$111.5	0.1%	99.9%	0.653
	Natus Medical Incorporated	NasdaqGS:NTUS	0.551	$12.5	$801.4	$814.0	1.5%	98.5%	0.545
	Vanda Pharmaceuticals Inc.	NasdaqGM:VNDA	0.442	$12.8	$874.1	$886.9	1.4%	98.6%	0.437
	Inogen, Inc.	NasdaqGS:INGN	0.964	$27.6	$772.6	$800.3	3.5%	96.5%	0.940
	NuVasive, Inc.	NasdaqGS:NUVA	1.208	$1,008.4	$2,715.1	$3,723.5	27.1%	72.9%	0.949
	Inspire Medical Systems, Inc.	NYSE:INSP	1.627	$31.0	$6,294.0	$6,325.0	0.5%	99.5%	1.621
	Masimo Corporation	NasdaqGS:MASI	0.728	$33.6	$16,167.8	$16,201.4	0.2%	99.8%	0.727
	ResMed Inc.	NYSE:RMD	0.301	$950.1	$38,081.5	$39,031.6	2.4%	97.6%	0.295
		Minimum:	(10.391)	$0.1	$23.4	$25.7	0.1%	72.9%	0.295
		Lower (First) Quartile:	0.442	$12.5	$772.6	$800.3	0.4%	97.3%	0.518
		Median:	0.653	$27.6	$874.1	$886.9	1.5%	98.5%	0.690
		Upper (Third) Quartile:	0.964	$33.6	$6,294.0	$6,325.0	2.7%	99.6%	0.942
		Maximum:	1.627	$1,008.4	$38,081.5	$39,031.6	27.1%	99.9%	1.621

Selected unlevered beta: **0.940**

Subject Company	Unlevered Beta	Target Cap Structure Debt	Target Cap Structure Equity	Relevered Beta
Startup, Inc.	0.940	0.0%	100.0%	0.940

Concluded relevered beta: **0.950**

(See detailed footnotes on the next page)

Beta will often be benchmarked against public markets.

Calculation of Beta (Footnotes)

Schedule C.5a

Footnotes:

Source: S&P Capital IQ.

(x) Denotes company excluded from the descriptive statistics. We excluded any companies with negative beta values.

(1) BU = BL ÷ [1+(1-T) x (Wd ÷ We)]; BL = BU x [1+(1-T) x (Wd ÷ We)].

Definitions:

BU equals beta unlevered;

BL equals beta levered;

T equals estimated tax rate of 26.5%;

Wd equals percentage of debt capital in the capital structure; debt capital is comprised of interest-bearing debt; and

We equals percentage of equity capital in the capital structure; equity capital is comprised of the market value of common equity.

Discounted Cash Flow Method - Debt-Free Net Working Capital Analysis (Values as presented)

Schedule C.6

Historical Working Capital Analysis

		For Fiscal Year Ending			
		Dec-31-2018	**Dec-31-2019**	**Dec-31-2020**	**Dec-31-2021**
(1)	Revenue	$73,000	$2,611,000	$68,000	$14,000
	Total current assets	$1,488,000	$3,555,000	$917,000	$7,430,000
	Total current liabilities	$350,000	$292,000	$322,000	$157,000
	Working capital	**$1,138,000**	**$3,263,000**	**$595,000**	**$7,273,000**
	Percentage of revenue	*1558.9%*	*125.0%*	*875.0%*	*51950.0%*
(2)	Accounts receivable, net	$0	$18,000	$93,000	$6,745,000
(2)	Inventory	$486,000	$684,000	$659,000	$583,000
(2)	Prepaid expenses and other current assets	$167,000	$63,000	$52,000	$55,000
	Working capital assets (excl. cash)	$653,000	$765,000	$804,000	$7,383,000
(2)	Accounts payable and accrued liabilities	$350,000	$292,000	$322,000	$157,000
(2)	Short-term derivative liabilities	$0	$0	$0	$0
(2)	Other current liabilities	$0	$0	$0	$0
	Working capital liabilities (excl. debt)	$350,000	$292,000	$322,000	$157,000
	Debt-free net working capital (DFNWC)	**$303,000**	**$473,000**	**$482,000**	**$7,226,000**
	Percentage of revenue	*415.1%*	*18.1%*	*708.8%*	*51614.3%*
	Selected DFNWC as a percentage of revenue				**20.0%**

Footnotes:

(1) See Appendix A.3.

(2) See Appendix A.1.

Measures such as working capital, depreciation, capex, and other cash flow items will be commonly benchmarked against more normalized guideline public companies.

Historical figures will also be examined to understand the companies historical and forecasted levels.

Fixed Asset Depreciation and Capital Expenditures (Values as presented)
Schedule C.7

(1) **Estimated useful life for depreciation**

Existing assets	5
Capital expenditures	5

Fixed Assets		**For Fiscal Year Ending** Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	**Ending Net Book Value**
(2) Existing fixed assets (net PP&E)	$36,000	$2,400					
		$2,400	$2,400				
		$2,400	$2,400	$2,400			
		$2,400	$2,400	$2,400	$2,400		
		$2,400	$2,400	$2,400	$2,400	$2,400	
Depreciation of existing assets		$12,000	$9,600	$7,200	$4,800	$2,400	$0
(3) New fixed assets from capital expenditures							
Capital expenditures							
Dec-31-2022	$549,000	$549,000	$0	$0	$0	$0	$0
Dec-31-2023	$818,000		$654,400	$40,900	$40,900	$40,900	$40,900
Dec-31-2024	$341,436			$204,862	$34,144	$34,144	$68,287
Dec-31-2025	$1,164,046				$465,618	$174,607	$523,821
Dec-31-2026	$1,971,362					$394,272	$1,577,090
Depreciation of new fixed assets		$549,000	$654,400	$245,762	$540,662	$643,923	$2,210,098
Depreciation forecast		$561,000	$664,000	$252,962	$545,462	$646,323	$2,210,098

Footnotes:

(1) Depreciation life assumption estimated after discussions with Management.
(2) See Appendix A.1 for the balance sheet.
(3) Forecasted capital expenditures provided by Management.

Market Approach
Guideline Public Company Analysis

Market approaches can also be used as primary or corroborative approaches.

These use multiples as the main way to value the company.

Guideline Public Company Method - BEV / Revenue Multiples (Values as presented)
Schedule D.1

	Guideline Company	BEV / Revenue (1) LTM	LFY	Forward 1 Year	Forward 2 Year
	Allied Healthcare Products, Inc.	0.76x	0.70x	N/A	N/A
	Electromed, Inc.	2.66x	2.81x	2.48x	2.20x
	Natus Medical Incorporated	1.61x	1.79x	1.58x	1.54x
	Vanda Pharmaceuticals Inc.	1.79x	1.94x	1.78x	1.53x
	Inogen, Inc.	1.56x	1.80x	1.56x	1.48x
	NuVasive, Inc.	3.09x	3.32x	3.07x	2.83x
(x)	Inspire Medical Systems, Inc.	30.42x	53.00x	27.69x	20.23x
	Masimo Corporation	12.89x	13.59x	12.62x	11.51x
	ResMed Inc.	11.56x	12.11x	10.11x	9.55x
	Minimum:	0.76x	0.70x	1.56x	1.48x
	Lower (First) Quartile:	1.60x	1.80x	1.68x	1.53x
	Median:	2.23x	2.37x	2.48x	2.20x
	Upper (Third) Quartile:	5.21x	5.52x	6.59x	6.19x
	Maximum:	12.89x	13.59x	12.62x	11.51x
(2)	**Coefficient of Variation:**	1.08	1.07	0.97	0.98

Footnotes:

Source: S&P Capital IQ.

(x) Represents that an outlier was excluded from one of the summarizing statistics.

(1) See Schedule D.2 and Appendix C.2 for the BEV and revenue data, respectively.

(2) Coefficient of variation measures the variability of the multiples data. It is calculated by dividing the standard deviation by the mean.
A lower coefficient of variation indicates lower variability relative to the size of the mean and suggests a more statistically relevant data set.

Guideline Public Company Method - Business Enterprise Value (USD millions) excluding trading and price data

Schedule D.2

Guideline Company	Ticker	Shares Outstanding (mil)	Closing Price Dec-31-2021	Daily Trade Volume	52-Week Low	52-Week High
Allied Healthcare Products, Inc.	NasdaqCM:AHPI	4.01	$5.82	780,397	$3.45	$16.41
Electromed, Inc.	NYSEAM:ELMD	8.57	$13.00	14,101	$8.98	$13.85
Natus Medical Incorporated	NasdaqGS:NTUS	33.77	$23.73	107,702	$19.93	$29.70
Vanda Pharmaceuticals Inc.	NasdaqGM:VNDA	55.71	$15.69	468,506	$13.14	$21.86
Inogen, Inc.	NasdaqGS:INGN	22.72	$34.00	305,417	$29.28	$82.35
NuVasive, Inc.	NasdaqGS:NUVA	51.74	$52.48	462,242	$45.45	$72.61
Inspire Medical Systems, Inc.	NYSE:INSP	27.36	$230.06	88,897	$159.18	$286.29
Masimo Corporation	NasdaqGS:MASI	55.22	$292.78	146,791	$205.10	$305.21
ResMed Inc.	NYSE:RMD	146.20	$260.48	247,712	$179.37	$301.34

Guideline Public Company Method - Business Enterprise Value
(USD millions) excluding trading and price data
Schedule D.2

Guideline Company	Last Fiscal Year End (LFY)	Latest Filing Period Date (1)	Market Capitalization	Net Debt (2)	Preferred Stock	Minority Interest	Business Enterprise Value
Allied Healthcare Products, Inc.	6/30/2021	9/30/2021	$23.4	$2.1	$0.0	$0.0	$25.4
Electromed, Inc.	6/30/2021	9/30/2021	$111.4	($10.9)	$0.0	$0.0	$100.5
Natus Medical Incorporated	12/31/2020	9/30/2021	$801.4	($56.2)	$0.0	$0.0	$745.2
Vanda Pharmaceuticals Inc.	12/31/2020	9/30/2021	$874.1	($393.2)	$0.0	$0.0	$480.9
Inogen, Inc.	12/31/2020	9/30/2021	$772.6	($217.5)	$0.0	$0.0	$555.1
NuVasive, Inc.	12/31/2020	9/30/2021	$2,715.1	$773.8	$0.0	$0.0	$3,489.0
Inspire Medical Systems, Inc.	12/31/2020	9/30/2021	$6,294.0	($179.2)	$0.0	$0.0	$6,114.8
Masimo Corporation	1/2/2021	10/2/2021	$16,167.8	($618.7)	$0.0	$0.0	$15,549.1
ResMed Inc.	6/30/2021	9/30/2021	$38,081.5	$640.8	$0.0	$0.0	$38,722.3

Minimum:	$25.4
Lower (First) Quartile:	$480.9
Median:	$745.2
Upper (Third) Quartile:	$6,114.8
Maximum:	$38,722.3

Footnotes:

Source: S&P Capital IQ.

(1) Guideline company data is taken from the most recent quarterly or annual report filed nearest the Valuation Date.

(2) Net debt is equal to total debt minus total cash and short-term investments.

APPENDICES

Finally, our reports include historical and forecasted income and balance sheets when available.

These help the reader understand the current position of the company.

Historical Balance Sheets
(Values as presented)
Appendix A.1

Balance Sheets

	As of			
	Dec-31-2018	**Dec-31-2019**	**Dec-31-2020**	**Dec-31-2021**
Assets				
Current assets				
Cash and cash equivalents	$835,000	$2,790,000	$113,000	$6,745,000
Accounts receivable, net	$0	$18,000	$93,000	$47,000
Inventory	$486,000	$684,000	$659,000	$583,000
Prepaid expenses and other current assets	$167,000	$63,000	$52,000	$55,000
Total current assets	$1,488,000	$3,555,000	$917,000	$7,430,000
Long-term assets				
Fixed assets, net	$106,000	$67,000	$36,000	$36,000
Patents & other intangible assets, net	$1,471,000	$1,780,000	$2,062,000	$2,467,000
Investments	$1,130,000	$979,000	$788,000	$788,000
Other Long-term assets	$60,000	$60,000	$60,000	$60,000
Total long-term assets	$2,767,000	$2,886,000	$2,946,000	$3,351,000
Total assets	$4,255,000	$6,441,000	$3,863,000	$10,781,000
Liabilities and stockholders' equity				
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$350,000	$292,000	$322,000	$157,000
Total current liabilities	$350,000	$292,000	$322,000	$157,000
Long-term liabilities				
Deferred revenue	$1,760,000	$1,760,000	$1,760,000	$1,760,000
Convertible debt	$3,233,000	$4,518,000	$5,249,000	$0
Notes payable	$2,044,000	$2,082,000	$2,120,000	$2,158,000
Total long-term liabilities	$7,037,000	$8,360,000	$9,129,000	$3,918,000
Total liabilities	$7,387,000	$8,652,000	$9,451,000	$4,075,000
Stockholders' equity				
Common stock	$479,000	$479,000	$479,000	$558,000
Preferred stock	$28,349,000	$28,349,000	$28,349,000	$44,202,000
Retained earnings / (deficit)	($31,960,000)	($31,039,000)	($34,416,000)	($38,054,000)
Stockholders' equity (deficit)	($3,132,000)	($2,211,000)	($5,588,000)	$6,706,000
Total liabilities and stockholders' equity	$4,255,000	$6,441,000	$3,863,000	$10,781,000

Footnotes:
Source: Management-provided balance sheets as of December 31, 2018 through December 31, 2021.

Historical Balance Sheets - Common Size (Values as presented)

Appendix A.2

Common Size Balance Sheets

	As of			
	Dec-31-2018	**Dec-31-2019**	**Dec-31-2020**	**Dec-31-2021**
Assets				
Current assets				
Cash and cash equivalents	19.6%	43.3%	2.9%	#REF!
Accounts receivable, net	0.0%	0.3%	2.4%	62.6%
Inventory	11.4%	10.6%	17.1%	5.4%
Prepaid expenses and other current assets	3.9%	1.0%	1.3%	0.5%
Total current assets	35.0%	55.2%	23.7%	68.9%
Long-term assets				
Fixed assets, net	2.5%	1.0%	0.9%	0.3%
Other Long-term assets	1.4%	0.9%	1.6%	0.6%
Total long-term assets	65.0%	44.8%	76.3%	31.1%
Total assets	100.0%	100.0%	100.0%	100.0%
Liabilities and stockholders' equity				
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	8.2%	4.5%	8.3%	1.5%
Total current liabilities	8.2%	4.5%	8.3%	1.5%
Long-term liabilities				
Deferred revenue	41.4%	27.3%	45.6%	16.3%
Convertible debt	76.0%	70.1%	135.9%	0.0%
Notes payable	48.0%	32.3%	54.9%	20.0%
Total long-term liabilities	165.4%	129.8%	236.3%	36.3%
Total liabilities	173.6%	134.3%	244.7%	37.8%
Stockholders' equity				
Common stock	11.3%	7.4%	12.4%	5.2%
Preferred stock	666.3%	440.1%	733.9%	410.0%
Retained earnings / (deficit)	(751.1%)	(481.9%)	(890.9%)	(353.0%)
Stockholders' equity (deficit)	(73.6%)	(34.3%)	(144.7%)	62.2%
Total liabilities and stockholders' equity	100.0%	100.0%	100.0%	100.0%

Footnotes:

Source: Management-provided balance sheets as of December 31, 2018 through December 31, 2021.

Historical Income Statement (Values as presented)
Appendix A.3

Income Statement

	Fiscal year ending			
	Dec-31-2018	**Dec-31-2019**	**Dec-31-2020**	**Dec-31-2021**
Net sales	$73,000	$2,611,000	$68,000	$14,000
Cost of sales	$12,000	$0	$0	$0
Gross profit	$61,000	$2,611,000	$68,000	$14,000
Operating expenses				
Product development	$1,742,000	$939,000	$1,264,000	$1,430,000
Clinical activities	$341,000	$21,000	$27,000	$754,000
General and administrative	$2,380,000	$1,677,000	$1,687,000	$1,413,000
Sales and marketing	$683,000	$15,000	$0	$2,000
Total operating expense	$5,146,000	$2,652,000	$2,978,000	$3,599,000
Operating income	($5,085,000)	($41,000)	($2,910,000)	($3,585,000)
Other Income				
Net interest & other	($456,000)	($134,000)	($265,000)	($52,000)
Change in investment	$0	($151,000)	($191,000)	$0
Gain on sales of assets	$3,592,000	$1,250,000	$0	$0
Net other income / (expense)	$3,136,000	$965,000	($456,000)	($52,000)
Pretax income	($1,949,000)	$924,000	($3,366,000)	($3,637,000)
Income tax expense / (benefit)	$3,000	$3,000	$11,000	$1,000
Net income	**($1,952,000)**	**$921,000**	**($3,377,000)**	**($3,638,000)**

Footnotes:

Source: Management-provided income statements for the fiscal year ending December 31, 2018 through the December 31, 2021.

Historical Income Statement - Common Size
(Values as presented)
Appendix A.4

Common Size Income Statements

	Fiscal year ending			
	Dec-31-2018	**Dec-31-2019**	**Dec-31-2020**	**Dec-31-2021**
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	16.4%	0.0%	0.0%	0.0%
Gross profit	83.6%	100.0%	100.0%	100.0%
Operating expenses				
Product development	2386.3%	36.0%	1858.8%	10214.3%
Clinical activities	467.1%	0.8%	39.7%	5385.7%
General and administrative	3260.3%	64.2%	2480.9%	10092.9%
Sales and marketing	935.6%	0.6%	0.0%	14.3%
Total operating expense	7049.3%	101.6%	4379.4%	25707.1%
Operating income	(6965.8%)	(1.6%)	(4279.4%)	(25607.1%)
Other Income				
Net interest & other	(624.7%)	(5.1%)	(389.7%)	(371.4%)
Change in investment	0.0%	(5.8%)	(280.9%)	0.0%
Gain on sales of assets	4920.5%	47.9%	0.0%	0.0%
Net other income / (expense)	4295.9%	37.0%	(670.6%)	(371.4%)
Pretax income	(2669.9%)	35.4%	(4950.0%)	(25978.6%)
Income tax expense / (benefit)	4.1%	0.1%	16.2%	7.1%
Net income	(2674.0%)	35.3%	(4966.2%)	(25985.7%)

Footnotes:

Source: Management-provided income statements for the fiscal year ending December 31, 2018 through the December 31, 2021.

Discount for Lack of Marketability ("DLOM") - Asian Put Option Analysis

(1)	Time to expiration (years)	2.00
	Current price	$1.00
	Strike price	$1.00
	Dividend yield	0.0%
(2)	Volatility	127.8%
	$A = volatility^2*Time$	3.2666
	$B = ln(2(e(volatility^2*Time) - (volatility2*Time) -1))$	3.7821
	$C = 2ln(e(volatility^2*Time)-1)$	6.4554
	$v_T = (A+B-C)^{0.5}$	0.7703
(3)	Asian put value	30.0%
	Implied DLOM on 2.0-year holding period	30.0%
	Estimated DLOM (rounded)	**30.0%**

Footnotes:

(1) Estimated based on discussions with Management regarding expectations of a future liquidity or exit event.

(2) See Appendix B.4 for the concluded equity volatility for the exit term.

(3) We use an average price, or "Asian," put option where the payoff depends on the average price of the underlying asset during the life of the option. Traditional put option models can overstate marketability given that the combination of a restricted stock and a put option provides 100% percent downside protection and 100% upside participation; however, the owner of a marketable security does not have 100% downside protection.

Discounts for common will be detailed in the appendices, as common shares of private companies often receive a discount for lack of marketability.

Discount for Lack of Marketability ("DLOM") - Protective Put Option Analysis

(1)	Time to expiration (years)	2.00
	Current price	$1.00
	Strike price	$1.00
	Dividend yield	0.0%
(2)	Volatility	127.8%
	Risk-free rate	0.73%
	D1	0.9117
	D2	-0.8956
	N(D1)	0.8190
	N(D2)	0.1852
(3)	Protective put value	$0.66
	Implied DLOM on 2.0-year holding period	66.4%
	Estimated DLOM (rounded)	**66.0%**

Footnotes:

(1) Estimated based on discussions with Management regarding expectations of a future liquidity or exit event.
(2) See Appendix B.4 for the concluded equity volatility for the exit term.
(3) The implied discount for lack of marketability is equal to the value of the put option relative to the stock price.

Guideline Company	(1) Ticker	(2) Capital Structure (in $mil) Market Cap	Total Debt	Black-Scholes Inputs Dividend Yield	Days to Expiration	(3) Equity Volatility	Risk-free Rate	Black-Scholes Outputs D1	D2	N(D1)	N(D2)	Equity Call Value	(4) Asset Volatility Ratio	Asset Volatility
Allied Healthcare Products, Inc.	NasdaqCM:AHPI	$23.36	$2.31	0.0%	731	198.5%	0.73%	2.252	(0.477)	0.988	0.317	$24.64	0.972	192.9%
Electromed, Inc.	NYSEAM:ELMD	$111.41	$0.12	0.0%	731	61.7%	0.73%	8.296	7.423	1.000	1.000	$111.41	0.999	61.7%
Natus Medical Incorporated	NasdaqGS:NTUS	$801.41	$12.54	0.0%	731	46.7%	0.73%	6.758	6.107	1.000	1.000	$801.60	0.985	46.0%
Vanda Pharmaceuticals Inc.	NasdaqGM:VNDA	$874.12	$12.75	0.0%	731	52.3%	0.73%	6.200	5.470	1.000	1.000	$874.31	0.986	51.5%
Inogen, Inc.	NasdaqGS:INGN	$772.62	$27.64	0.0%	731	63.6%	0.73%	4.324	3.454	1.000	1.000	$773.02	0.966	61.4%
NuVasive, Inc.	NasdaqGS:NUVA	$2,715.11	$1,008.42	0.0%	731	51.5%	0.73%	2.730	2.194	0.997	0.986	$2,731.95	0.736	37.9%
Inspire Medical Systems, Inc.	NYSE:INSP	$6,294.00	$31.03	0.0%	731	61.3%	0.73%	6.606	5.743	1.000	1.000	$6,294.45	0.995	61.0%
Masimo Corporation	NasdaqGS:MASI	$16,167.81	$33.62	0.0%	731	32.7%	0.73%	13.636	13.174	1.000	1.000	$16,168.29	0.998	32.6%
ResMed Inc.	NYSE:RMD	$38,081.52	$950.11	0.6%	731	39.0%	0.73%	7.194	6.656	1.000	1.000	$38,095.26	0.976	38.1%

Minimum:	32.6%
Lower (First) Quartile:	38.0%
Median:	48.8%
Upper (Third) Quartile:	61.1%
Maximum:	61.7%

(5) **Selected asset volatility:** **61.1%**

Subject Company	(6) Capital Structure (in $mil) Total Equity	Total Debt	Black-Scholes Inputs Dividend Yield	Days to Expiration	Equity Volatility	Risk-free Rate	Black-Scholes Outputs D1	D2	N(D1)	N(D2)	Equity Call Value	Asset Volatility Ratio	Asset Volatility
Startup, Inc.	100.0%	0.0%	0.0%	731	61.1%	0.73%	N/A	N/A	1.000	1.000	$1.00	1.000	61.1%

(7) **Estimated equity volatility** **61.0%**

Footnotes:

Source: Capital IQ, a division of Standard & Poor's.

(1) See Appendix C.1 for descriptions of the selected guideline public companies.
(2) Market data of guideline companies was based on the latest reported financials available as of the Valuation Date.
(3) Equity volatility was calculated using daily price changes over a 2.00-year lookback from December 31, 2021.
(4) Asset volatility as a percentage of equity volatility. Calculation based on equity call value as a percentage of enterprise value divided by N(D1) from Black-Scholes equity call value calculation.
(5) Volatility was selected near the upper (third) quartile and of the market data.
(6) Based on a Company-specific capital structure.
(7) Concluded equity volatility was based on the selected asset volatility from the guideline company data and the Company's capital structure.

Black-Scholes Calculations for Option-Pricing Model (OPM)

(1)	Lower breakpoint (exercise price)	$0	$47,162,376	$48,437,614	$48,530,785	$50,562,513	$60,056,373	$65,654,437	$93,621,756	$145,483,982
	Upper breakpoint	$47,162,376	$47,220,043	$48,530,785	$50,083,464	$60,056,373	$65,654,437	$93,621,756	$145,483,982	Infinity
	D1	41.827	-0.008	-0.038	-0.041	-0.088	-0.288	-0.391	-0.802	-1.313
	N(D1)	1.000	0.497	0.485	0.484	0.465	0.387	0.348	0.211	0.095

Allocation of Incremental Call Values

Incremental N(D1) to allocate	0.503	0.012	0.001	0.019	0.078	0.039	0.137	0.117	0.095
Common stock	0.0%	**100.0%**	**61.9%**	**59.4%**	**41.8%**	**20.0%**	**17.9%**	**14.8%**	**13.5%**
Common stock options @ $0.1700	0.0%	0.0%	0.0%	**4.0%**	**2.8%**	**1.3%**	**1.2%**	**1.0%**	**0.9%**
Common stock options @ $0.3300	0.0%	0.0%	0.0%	0.0%	**16.5%**	**7.9%**	**7.1%**	**5.8%**	**5.3%**
Common stock warrants @ $0.0100	0.0%	0.0%	**25.2%**	**24.2%**	**17.0%**	**8.2%**	**7.3%**	**6.0%**	**5.5%**
Series A preferred stock	**9.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	**10.5%**	**8.6%**	**7.9%**
Series B preferred stock	**31.2%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**17.7%**	**16.3%**
Series B-1 preferred stock	**26.1%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**8.4%**
Series C preferred stock	**33.6%**	0.0%	0.0%	0.0%	0.0%	**52.1%**	**46.6%**	**38.3%**	**35.1%**
Total	100.0%	100.0%	87.1%	87.6%	78.2%	89.5%	90.6%	92.3%	92.9%
Common stock	0.000	0.012	0.001	0.011	0.033	0.008	0.025	0.017	0.013
Common stock options @ $0.1700	0.000	0.000	0.000	0.001	0.002	0.001	0.002	0.001	0.001
Common stock options @ $0.3300	0.000	0.000	0.000	0.000	0.013	0.003	0.010	0.007	0.005
Common stock warrants @ $0.0100	0.000	0.000	0.000	0.005	0.013	0.003	0.010	0.007	0.005
Series A preferred stock	0.045	0.000	0.000	0.000	0.000	0.000	0.014	0.010	0.007
Series B preferred stock	0.157	0.000	0.000	0.000	0.000	0.000	0.000	0.021	0.015
Series B-1 preferred stock	0.131	0.000	0.000	0.000	0.000	0.000	0.000	(0.000)	0.008
Series C preferred stock	0.169	0.000	0.000	0.000	0.000	0.020	0.064	0.045	0.033
Total	0.503	0.012	0.001	0.017	0.061	0.035	0.124	0.108	0.088

	Equity Delta (2) **ΔE**	Equity Value (3) **E0**	Asset Value (3) **A0**	Equity Volatility (4) **δA**	Implied Equity Volatility (5) **δE**
Common stock	0.119	$1,766,258	$31,064,765	61.0%	127.8%
Common stock options @ $0.1700	0.007	$106,389	$31,064,765	61.0%	127.0%
Common stock options @ $0.3300	0.037	$560,532	$31,064,765	61.0%	126.5%
Common stock warrants @ $0.0100	0.044	$715,448	$31,064,765	61.0%	115.2%
Series A preferred stock	0.077	$2,639,764	$31,064,765	61.0%	55.3%
Series B preferred stock	0.193	$8,183,712	$31,064,765	61.0%	44.7%
Series B-1 preferred stock	0.139	$6,593,890	$31,064,765	61.0%	40.1%
Series C preferred stock	0.331	$10,498,771	$31,064,765	61.0%	59.8%
Total	0.948	$31,064,765			

(See detailed footnotes on the next page)

Implied Volatility
Appendix B.4a (Notes)

Footnotes:

(1) See Schedule B.2.

(2) Measures the sensitivity of value of each security with respect to changes in the total value allocated. Since each security is a linear combination of call options, the corresponding delta factor for each security is a linear combination of the deltas for individual calls.

(3) See Schedule B.1 for the total value allocated to each security through an option-pricing model.

(4) See Schedule B.5 for the selected volatility

(5) Calculated based on the formula $\delta E=\Delta E*(A0/E0)*\delta A$ found in the article "Volatility Measurement and its Impact on Valuation for Early-stage Companies" written by Neil J Beaton; Stillian Ghaidarov; and William Brigida. Source: Valuation Strategies; Nov/Dec 2009; 13, 2; ABI/INFORM Global.

Guideline Public Company Data - Business Descriptions
Appendix C.1

Guideline Company	Ticker	Description
Allied Healthcare Products, Inc.	NasdaqCM:AHPI	Allied Healthcare Products, Inc. manufactures and markets respiratory products for use in the health care industry in a range of hospitals and alternate site settings worldwide.
Electromed, Inc.	NYSEAM:ELMD	Electromed, Inc. develops, manufactures, markets, and sells airway clearance therapy and related products that apply high frequency chest wall oscillation (HFCWO) therapy in pulmonary care for patients of various ages in the United States and internationally.
Natus Medical Incorporated	NasdaqGS:NTUS	Natus Medical Incorporated provides medical device solutions focuses on the diagnosis and treatment of patients with central nervous and sensory system disorders worldwide.
Vanda Pharmaceuticals Inc.	NasdaqGM:VNDA	Vanda Pharmaceuticals Inc., a biopharmaceutical company, focuses on the development and commercialization of therapies to address high unmet medical needs.
Inogen, Inc.	NasdaqGS:INGN	Inogen, Inc., a medical technology company, develops, manufactures, and markets portable oxygen concentrators to patients, physicians and other clinicians, and third-party payors in the United States and internationally.
NuVasive, Inc.	NasdaqGS:NUVA	NuVasive, Inc., a medical technology company, develops, manufactures, and sells procedural solutions for spine surgery.
Inspire Medical Systems, Inc.	NYSE:INSP	Inspire Medical Systems, Inc., a medical technology company, focuses on the development and commercialization of minimally invasive solutions for patients with obstructive sleep apnea (OSA) in the United States and internationally.
Masimo Corporation	NasdaqGS:MASI	Masimo Corporation develops, manufactures, and markets noninvasive monitoring technologies and hospital automation solutions worldwide.
ResMed Inc.	NYSE:RMD	ResMed Inc. develops, manufactures, distributes, and markets medical devices and cloud-based software applications for the healthcare markets.

Footnotes:
Source: S&P Capital IQ.

Finally, the guideline company details (for benchmarking purposes) will be noted in our appendix.

Guideline Public Company Data - Operating Metrics
(USD millions)
Appendix C.2

Guideline Company	Last Fiscal Year (LFY) End	Revenue LTM	Revenue LFY	Revenue 1-Year Forward	Revenue 2-Year Forward	EBITDA LTM	EBITDA LFY	EBITDA 1-Year Forward	EBITDA 2-Year Forward	EBIT LTM	EBIT LFY
Allied Healthcare Products, Inc.	Jun-30-2021	$33.4	$36.3	$0.0	$0.0	($0.8)	$0.1	$0.0	$0.0	($1.3)	($0.5)
Electromed, Inc.	Jun-30-2021	$37.8	$35.8	$40.5	$45.7	$3.6	$3.8	$5.0	$8.4	$3.0	$3.1
Natus Medical Incorporated	Dec-31-2020	$463.5	$415.7	$471.0	$485.0	$57.6	$18.2	$0.0	$0.0	$29.3	($9.7)
Vanda Pharmaceuticals Inc.	Dec-31-2020	$268.3	$248.2	$270.7	$313.6	$46.8	$30.1	$45.5	$35.3	$44.0	$27.2
Inogen, Inc.	Dec-31-2020	$355.6	$308.5	$356.1	$376.0	$22.5	$6.7	$19.2	$19.2	$1.7	($11.9)
NuVasive, Inc.	Dec-31-2020	$1,128.7	$1,050.6	$1,136.1	$1,232.5	$203.0	$180.7	$263.0	$302.9	$66.7	$50.2
Inspire Medical Systems, Inc.	Dec-31-2020	$201.0	$115.4	$220.8	$302.2	($44.0)	($55.4)	($35.2)	($32.4)	($45.1)	($56.2)
Masimo Corporation	Jan-2-2021	$1,206.6	$1,143.7	$1,232.1	$1,351.2	$297.9	$284.6	$326.9	$376.5	$263.3	$255.3
ResMed Inc.	Jun-30-2021	$3,348.9	$3,196.8	$3,831.0	$4,052.7	$1,073.5	$1,029.0	$1,299.5	$1,394.1	$962.6	$917.6
Minimum:		$33.4	$35.8	$40.5	$45.7	($44.0)	($55.4)	($35.2)	($32.4)	($45.1)	($56.2)
Lower (First) Quartile:		$201.0	$115.4	$220.8	$302.2	$3.6	$3.8	$0.0	$0.0	$1.7	($9.7)
Median:		$355.6	$308.5	$413.6	$430.5	$46.8	$18.2	$45.5	$35.3	$29.3	$3.1
Upper (Third) Quartile:		$1,128.7	$1,050.6	$1,136.1	$1,232.5	$203.0	$180.7	$263.0	$302.9	$66.7	$50.2
Maximum:		$3,348.9	$3,196.8	$3,831.0	$4,052.7	$1,073.5	$1,029.0	$1,299.5	$1,394.1	$962.6	$917.6

Footnotes:

Source: S&P Capital IQ.

*N/A represents not available or not applicable.

Guideline Public Company Data - Operating Margins (Values as presented)
Appendix C.3

	EBITDA				EBIT	
Guideline Company	**LTM**	**LFY**	**1-Year Forward**	**2-Year Forward**	**LTM**	**LFY**
Allied Healthcare Products, Inc.	(2.4%)	0.1%	N/A	N/A	(4.0%)	(1.5%)
Electromed, Inc.	9.6%	10.5%	12.2%	18.4%	8.0%	8.8%
Natus Medical Incorporated	12.4%	4.4%	0.0%	0.0%	6.3%	(2.3%)
Vanda Pharmaceuticals Inc.	17.5%	12.1%	16.8%	11.3%	16.4%	11.0%
Inogen, Inc.	6.3%	2.2%	5.4%	5.1%	0.5%	(3.8%)
NuVasive, Inc.	18.0%	17.2%	23.1%	24.6%	5.9%	4.8%
Inspire Medical Systems, Inc.	(21.9%)	(48.0%)	(15.9%)	(10.7%)	(22.4%)	(48.7%)
Masimo Corporation	24.7%	24.9%	26.5%	27.9%	21.8%	22.3%
ResMed Inc.	32.1%	32.2%	33.9%	34.4%	28.7%	28.7%
Minimum:	(21.9%)	(48.0%)	(15.9%)	(10.7%)	(22.4%)	(48.7%)
Lower (First) Quartile:	6.3%	2.2%	4.0%	3.8%	0.5%	(2.3%)
Median:	12.4%	10.5%	14.5%	14.8%	6.3%	4.8%
Upper (Third) Quartile:	18.0%	17.2%	24.0%	25.4%	16.4%	11.0%
Maximum:	32.1%	32.2%	33.9%	34.4%	28.7%	28.7%

Footnotes:
Source: S&P Capital IQ.
*N/A represents not available or not applicable.

Guideline Public Company Data - Revenue Growth (Values as presented)
Appendix C.4

Guideline Company	Historical Revenue CAGR 1 Year	Historical Revenue CAGR 2 Year	Historical Revenue CAGR 3 Year	Forecast Revenue CAGR 1 Year	Forecast Revenue CAGR 2 Year
Allied Healthcare Products, Inc.	(1.9%)	2.1%	0.3%	N/A	N/A
Electromed, Inc.	17.3%	8.1%	8.8%	7.2%	10.1%
Natus Medical Incorporated	8.2%	(4.2%)	(3.8%)	1.6%	2.3%
Vanda Pharmaceuticals Inc.	11.1%	10.6%	13.3%	0.9%	8.1%
Inogen, Inc.	13.4%	(1.9%)	2.0%	0.2%	2.8%
NuVasive, Inc.	5.6%	(0.8%)	1.3%	0.7%	4.5%
Inspire Medical Systems, Inc.	108.8%	67.4%	65.9%	9.8%	22.6%
Masimo Corporation	10.1%	14.9%	12.7%	2.1%	5.8%
ResMed Inc.	10.6%	11.4%	11.7%	14.4%	10.0%
Minimum:	(1.9%)	(4.2%)	(3.8%)	0.2%	2.3%
Lower (First) Quartile:	8.2%	(0.8%)	1.3%	0.8%	4.1%
Median:	10.6%	8.1%	8.8%	1.9%	7.0%
Upper (Third) Quartile:	13.4%	11.4%	12.7%	7.9%	10.0%
Maximum:	108.8%	67.4%	65.9%	14.4%	22.6%

Footnotes:
Source: S&P Capital IQ.
*N/A represents not available or not applicable.

Guideline Public Company Data - EBITDA Growth
(Values as presented)
Appendix C.5

Guideline Company	Historical EBITDA CAGR 1 Year	Historical EBITDA CAGR 2 Year	Historical EBITDA CAGR 3 Year	Forecast EBITDA CAGR 1 Year	Forecast EBITDA CAGR 2 Year
Allied Healthcare Products, Inc.	N/A	N/A	N/A	N/A	N/A
Electromed, Inc.	(14.7%)	(14.0%)	0.1%	36.8%	52.4%
Natus Medical Incorporated	245.3%	(2.3%)	10.7%	N/A	N/A
Vanda Pharmaceuticals Inc.	95.8%	23.7%	51.7%	(2.9%)	(13.2%)
Inogen, Inc.	223.0%	(26.7%)	(23.8%)	(15.0%)	(7.8%)
NuVasive, Inc.	8.7%	(8.0%)	(3.7%)	29.6%	22.2%
Inspire Medical Systems, Inc.	N/A	N/A	N/A	N/A	N/A
Masimo Corporation	6.7%	12.2%	10.9%	9.7%	12.4%
ResMed Inc.	10.5%	17.6%	14.6%	21.0%	14.0%
Minimum:	(14.7%)	(26.7%)	(23.8%)	(15.0%)	(13.2%)
Lower (First) Quartile:	7.7%	(11.0%)	(1.8%)	0.3%	(2.7%)
Median:	10.5%	(2.3%)	10.7%	15.4%	13.2%
Upper (Third) Quartile:	159.4%	14.9%	12.7%	27.4%	20.1%
Maximum:	245.3%	23.7%	51.7%	36.8%	52.4%

Footnotes:
Source: S&P Capital IQ.
*N/A represents not available or not applicable.

Guideline Public Company Data - Working Capital Levels
(Values as presented)
Appendix C.6

Guideline Company	Working Capital / Revenue					Debt-Free Net Working Capital / Revenue				
	2018	2019	2020	3-Yr. Avg.	LTM	2018	2019	2020	3-Yr. Avg.	LTM
Allied Healthcare Products, Inc.	21.8%	17.7%	14.1%	17.9%	16.3%	24.9%	19.7%	21.6%	22.1%	22.4%
Electromed, Inc.	65.8%	70.9%	82.8%	73.1%	73.2%	42.0%	43.1%	47.4%	44.2%	44.3%
Natus Medical Incorporated	28.7%	25.6%	30.3%	28.2%	34.1%	24.7%	21.2%	24.3%	23.4%	20.3%
Vanda Pharmaceuticals Inc.	127.4%	129.7%	138.3%	131.8%	145.3%	(5.8%)	(6.8%)	(9.0%)	(7.2%)	(5.2%)
Inogen, Inc.	74.8%	66.9%	80.7%	74.1%	77.6%	7.7%	9.7%	6.4%	7.9%	9.6%
NuVasive, Inc.	39.8%	47.7%	69.1%	52.2%	50.9%	29.2%	30.0%	33.3%	30.8%	31.1%
Inspire Medical Systems, Inc.	371.8%	187.4%	215.9%	258.4%	110.4%	(0.2%)	6.3%	12.8%	6.3%	8.9%
Masimo Corporation	74.9%	87.8%	84.5%	82.4%	75.4%	10.5%	15.0%	19.4%	15.0%	21.8%
ResMed Inc.	25.5%	28.7%	28.3%	27.5%	28.7%	19.9%	22.6%	21.1%	21.2%	20.5%
Minimum:	21.8%	17.7%	14.1%	17.9%	16.3%	(5.8%)	(6.8%)	(9.0%)	(7.2%)	(5.2%)
Lower (First) Quartile:	28.7%	28.7%	30.3%	28.2%	34.1%	7.7%	9.7%	12.8%	7.9%	9.6%
Median:	65.8%	66.9%	80.7%	73.1%	73.2%	19.9%	19.7%	21.1%	21.2%	20.5%
Upper (Third) Quartile:	74.9%	87.8%	84.5%	82.4%	77.6%	24.9%	22.6%	24.3%	23.4%	22.4%
Maximum:	371.8%	187.4%	215.9%	258.4%	145.3%	42.0%	43.1%	47.4%	44.2%	44.3%

Footnotes:

Source: S&P Capital IQ.

Guideline Public Company Data - Depreciation and Capital Expenditures (Values as presented)
Appendix C.7

Guideline Company	Depreciation & Amortization / Revenue					Capital Expenditures / Revenue				
	2018	2019	2020	3-Yr. Avg.	LTM	2018	2019	2020	3-Yr. Avg.	LTM
Allied Healthcare Products, Inc.	2.6%	1.9%	1.6%	2.1%	1.7%	0.5%	1.9%	0.5%	1.0%	0.0%
Electromed, Inc.	2.5%	2.3%	1.7%	2.2%	1.5%	0.8%	2.6%	0.8%	1.4%	1.9%
Natus Medical Incorporated	5.9%	6.7%	5.9%	6.2%	5.9%	0.8%	2.1%	0.8%	1.2%	0.8%
Vanda Pharmaceuticals Inc.	1.3%	1.2%	1.1%	1.2%	1.1%	0.2%	0.7%	0.2%	0.4%	0.2%
Inogen, Inc.	3.8%	6.0%	6.0%	5.3%	6.0%	6.7%	5.6%	6.7%	6.3%	6.7%
NuVasive, Inc.	10.7%	12.4%	12.1%	11.7%	12.1%	9.8%	10.1%	9.8%	9.9%	9.8%
Inspire Medical Systems, Inc.	0.6%	0.7%	0.5%	0.6%	0.5%	2.0%	2.1%	2.0%	2.0%	2.0%
Masimo Corporation	2.5%	2.5%	2.6%	2.5%	2.9%	6.3%	7.3%	6.3%	6.7%	2.8%
ResMed Inc.	4.5%	4.7%	4.6%	4.6%	4.2%	3.2%	3.2%	3.2%	3.2%	3.3%
Minimum:	0.6%	0.7%	0.5%	0.6%	0.5%	0.2%	0.7%	0.2%	0.4%	0.0%
Lower (First) Quartile:	2.5%	1.9%	1.6%	2.1%	1.5%	0.8%	2.1%	0.8%	1.2%	0.8%
Median:	2.6%	2.5%	2.6%	2.5%	2.9%	2.0%	2.6%	2.0%	2.0%	2.0%
Upper (Third) Quartile:	4.5%	6.0%	5.9%	5.3%	5.9%	6.3%	5.6%	6.3%	6.3%	3.3%
Maximum:	10.7%	12.4%	12.1%	11.7%	12.1%	9.8%	10.1%	9.8%	9.9%	9.8%

Footnotes:
Source: S&P Capital IQ.