OXFORD
VALUATION PARTNERS

NEW YORK OFFICE

244 Fifth Avenue,
New York, NY 10001
Email: info@oxfordvp.com
Phone: 1-212-464-7178

LONDON OFFICE

71-75 Shelton Street
Covent Garden,,London
WC2H 9JQ
Email: info@oxfordvp.com
Phone: 44-20-3514-5676

Print / PDF Download Word Past drafts New draft

VALUATION OF THE COMMON STOCK OF:

Client logo / brand template
Upload on the intake form

xyz Corp

– DRAFT D1 REPORT –

Valuation Date: May 6, 2005 Report Date: September 3, 2026

Privileged and Confidential

NOT FOR DISTRIBUTION

DRAFT

TABLE OF CONTENTS

1. Appraiser’s Opinion Letter
2. Engagement Overview
    1. Purpose and Scope of Valuation
    2. Approach to Valuation
    3. Limiting Conditions
    4. Summary of Findings
3. Company Overview
    1. Description of the Business
    2. Management Team
    3. Summary Financial Information
    4. Capital Structure
4. Industry Conditions
5. Current Economic Conditions
6. Valuation Theory and Considerations
    1. Determining Stockholders’ Equity Value
    2. Equity Value Allocation
    3. Premiums and Discounts
7. Valuation of the Company
    1. Approaches Considered and Applied
    2. Selection of Methodology and Weighting
    3. Allocation of Equity
    4. Discounts
    5. Final Value
8. Summary and Results
9. Statement of Limiting Conditions
10. Certification
11. Appendices

DRAFT

September 3, 2026

The Board of Directors
xyz Corp

Re: Valuation of xyz Corp as of May 6, 2005

Dear Members of the Board,

At your request and pursuant to our engagement agreement, we have prepared and enclosed herewith our appraisal report of xyz Corp ("xyz Corp," or the "Company") as of May 6, 2005 (the "Valuation Date"). The purpose of this valuation is to establish the fair market value as of the Valuation Date of one common share of the Company for the purposes of financial statement preparation and reporting under generally accepted accounting principles. This valuation opinion may be used for compliance purposes in conjunction with Internal Revenue Code ("IRC") section 409A. It is anticipated that this valuation will be used to assist the Board of Directors of the Company in determining the potential strike price of options to be used on or subsequent to the date of the appraisal.

xyz Corp is a closely held company without a publicly traded market. As such, the objective of this valuation is not to determine the price or fair market value at which a controlling interest in the Company would sell as if publicly traded. Rather, the objective is to quantify the fair market value of an ownership interest in xyz Corp, as a closely held entity, on a minority, non-marketable basis.

The standard of value relied on in this report is "fair market value," defined by IRS Revenue Ruling ("RR") 59-60 as "the price at which the property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts."

Users of this valuation report should be aware that business valuations are based on asset values and future earnings potential that may or may not materialize. Therefore, the actual results achieved and/or asset values obtained will vary from the forecasts used in this report, and the variations may be material.

In our opinion, based on our study and analysis and the assumptions and limiting conditions as described in this report, we have concluded that the fair market value of xyz Corp's common shares on a closely held, minority, and non-marketable basis as of the Valuation Date is:

Per common share: [insufficient inputs]

This letter and report are to be distributed only in their entirety and are intended and restricted for use by the management of xyz Corp and their representatives ("Management") relative to the aforementioned purpose. This report is not to be copied or made available to any persons without the express written consent of Oxford Valuation Partners.

This document is a Draft D1 working paper. It is not a signed appraisal and is not an issued 409A opinion.

We appreciate the opportunity to provide valuation services to xyz Corp. Our valuation is subject to the attached Statement of Limiting Conditions. Should you require any further information, please contact us at 212-464-7178.

DRAFT

Respectfully submitted,

Oxford Valuation Partners, Inc.
info@oxfordvp.com

DRAFT

ENGAGEMENT OVERVIEW

Purpose and Scope of Valuation

Oxford Valuation Partners has been retained by the Company and has prepared this report for the purpose of expressing its opinion as to the fair market value of the Company's common shares on a closely held, minority, and non-marketable basis as of the Valuation Date. This report is intended to present an objective, unbiased opinion of value for the exclusive purpose mentioned previously.

It is a restricted use valuation appraisal intended only for the purposes indicated herein. A restricted use report is limited in scope. Specifically, our report may not be used in any filings with the Securities and Exchange Commission ("SEC").

Neither this letter nor the attached valuation report may be referred to or quoted in any prospectus, loan agreement or other agreement or document given to third parties without our prior written consent.

Approach to Valuation

This valuation engagement was conducted in accordance with the AICPA's Statement on Standards for Valuation Services No. 1 ("SSVS No. 1"), the AICPA practice aid *Valuation of Privately-Held Company Equity Securities Issued as Compensation* (the "Practice Aid"), and Internal Revenue Manual Business Valuation Guidelines (IRM 4.48.4). In our determination of value, we have considered the factors set forth in RR 59-60:

- The nature of the business and the history of the enterprise from its inception.
- The general economic outlook and the condition and outlook of the specific industry in particular.
- The book value of the stock and the financial condition of the business.
- The size of the block of equity interest to be valued.
- The market price of stocks of corporations engaged in the same or similar line of business.

Our investigation included interviews with Management, analysis of financial and operational data, review of corporate documents and capitalization, independent research on the Company and industry, consideration of guideline public companies and transactions, and allocation of equity among share classes using methodologies from among the current value method, probability-weighted expected return method, and the option pricing method, together with premiums and discounts (control, minority, voting, and lack of marketability).

The approaches used did not comprise an examination in accordance with GAAS. We express no opinion on the accuracy or completeness of information provided by others and have relied upon that information in performing our valuation.

DRAFT

Limiting Conditions

We urge readers to study the Statement of Limiting Conditions included as part of this report. Numerous assumptions are included throughout; readers should study the entire report in order to obtain an understanding of the value estimate contained herein.

Summary of Findings

In our opinion, based on our study and analysis and the assumptions and limiting conditions as described in this report, the fair market value of one common share of xyz Corp on a closely held, minority, and non-marketable basis as of the Valuation Date is:

Per common share: [insufficient inputs]

DRAFT

COMPANY OVERVIEW

Description of the Business

xyz Corp is a US C-corporation. A narrative description of products, markets, and history is to be completed from Management materials at D2. Files received for this Draft D1 are listed in the appendices.

Management Team

The Company’s management team is to be listed from the diligence pack at D2.

Summary Financial Information

Historical balance sheet and income statement recast is reserved for D2 from the financials uploaded with this engagement, consistent with the workfile practice in OVP Technical (financial-statement analysis before applying income, market, or asset methods).

Capital Structure

As of the Valuation Date, the Company’s capital structure is comprised of common stock, preferred stock, and options.

Capital Structure as of the Valuation Date

Class	Shares	Aggregate LP / avg. strike
Preferred	0	$0.00
Common	0	—
Options / pool	0	$0.00
Fully diluted	0	

In keeping with AICPA Practice Aid guidance, the cap table includes unissued options that Management expects to issue in the near term, to the extent such amounts were provided. Preferred is modeled as non-participating with the aggregate liquidation preference shown above. Anti-dilution is assumed broad-based weighted average unless the charter provides otherwise.

DRAFT

INDUSTRY CONDITIONS

xyz Corp operates in an industry to be described from Management materials and independent research at D2. An analysis of the space provides an understanding of the Company relative to its competitors. Competitor selection and guideline-company screens follow the Practice Aid and OVP Technical guideline-public-company process (industry classification, quantitative and qualitative screens, then multiples).

CURRENT ECONOMIC CONDITIONS

The AICPA emphasizes that it is essential to take into account the general economic environment relevant to a company in the course of a valuation appraisal. The Practice Aid notes that the value of a business or its assets cannot be determined in isolation of the condition of, and outlook for, the economy of the geographic regions in which the enterprise operates.

Overall economic activity increased at a slight to moderate pace in seven of the twelve Federal Reserve Districts, while five reported flat or declining activity. Consumer spending increased slightly on balance, though many contacts noted economic uncertainty, price sensitivity, and lower-income consumers pulling back. Manufacturing improved overall, with several Districts citing demand from data centers and energy infrastructure. Financial services were stable to up (commercial lending the primary strength). Residential real estate sales decreased slightly; affordability and low inventories remain key issues. Employment was generally stable; wages rose at a modest or moderate pace. Prices increased moderately; nine Districts mentioned tariffs contributing to higher costs. Outlooks were optimistic, with most Districts expecting slight to moderate growth.

New York District: activity declined modestly despite a small pickup in manufacturing. Employment remained flat; wage growth modest. Consumer spending grew slightly, though uncertainty prompted some consumers to pause major purchases. Businesses expected conditions to improve somewhat.

Source: Federal Reserve Beige Book, February 2026 national summary (Cleveland Fed, information collected on or before 23 Feb 2026). https://www.federalreserve.gov/monetarypolicy/beigebook202602-summary.htm — replace with the edition nearest the valuation date.

VALUATION THEORY AND CONSIDERATIONS

Determining Stockholders' Equity Value

The appraisal of any asset can be classified into one of three generally accepted approaches — the income, market, and asset-based approaches. The IRS has noted that professional judgment should be used to select the approach(es) that best indicate the value of the business interest. The appraiser considers, but is not required to use, all three.

Market approach. An informed buyer would not pay more for an asset than the cost of an identical or similar asset. Methods include guideline transactions, guideline public companies, and guideline venture funding (backsolve).

Income approach. Value is the present value of future earning capacity available for distribution to investors. Methods include discounted cash flow and capitalized cash flow. The income approach may be highly speculative where the enterprise has not yet reached profitability.

DRAFT

Asset- or cost-based approach. A prudent investor would pay no more than the amount for which the asset could be replaced. This approach may be appropriate at an early stage of development, where future cash flows are highly uncertain, or where liquidation is reasonably likely.

Equity Value Allocation

The Practice Aid describes acceptable methods to allocate value between preferred and common stock based on relative economic and control rights. No single methodology is superior in all circumstances.

Current Value Method (CVM). Enterprise value is allocated to preferred based on liquidation preference or conversion value, whichever is greater, assuming optimal exercise at the valuation date.

Option Pricing Method (OPM). Common and preferred are treated as call options on enterprise value, with exercise prices based on liquidation preferences. Common has value only if proceeds at a liquidity event exceed the preferred liquidation preference. The method commonly uses the Black-Scholes model and is sensitive to the volatility assumption.

Probability-Weighted Expected Return Method (PWERM). Share value is the probability-weighted present value of expected returns across future outcomes (IPO, sale, dissolution, or continued private operation).

Premiums and Discounts

The same share may have a different value depending on control, size, and marketability. A control premium reflects the ability to govern the business; its inverse is a minority interest discount. A discount for lack of marketability (DLOM) reflects that privately held shares cannot be sold as readily as publicly traded shares. OVP Technical practice uses quantitative DLOM models (Protective Put / Chaffee, Asian Put / Finnerty, and where a recent preferred round exists, the Differential Put) together with qualitative judgment.

DRAFT

VALUATION OF THE COMPANY

Approaches Considered and Applied

We considered the income, market, and asset approaches. The asset approach was not applied; the Company is modeled as a going concern. Equity value is the weighted conclusion of the indications below, using the same DCF In. / DCF_GG / DCF_ExitMult / GL Comps - Final / Equity Conclusion structure as the OVP 409A workfile. That concluded equity is then allocated with the option pricing method.

Weighted average cost of capital

Component	Value
Risk-free rate	4.0%
Equity risk premium	0.0%
Beta	0.00
Industry risk premium	0.0%
Size premium	0.0%
Company-specific premium	0.0%
Cost of equity (CAPM, 50 bp round)	4.0%
Cost of equity (build-up)	4.0%
WACC (CAPM)	4.0%
WACC (build-up)	4.0%
Private venture rate	40.0%
Selected method	capm
Selected WACC	4.0%

Equity Value Conclusion

Determination Method	Indicative Equity Value (EV)	Weights
Income approach (discounted cash flow)	Not applied	0.0%
Market approach (guideline public companies)	Not applied	0.0%
Supplied / invested capital	Not applied	0.0%
Weighted EV	—	—

DRAFT

Selection of Methodology and Weighting

Weights are those entered on the intake form (or an even split across methods that actually produced a number). Written reasoning for unequal weights belongs in the workfile.

Allocation of Equity

The OPM values shares by creating a series of call options with exercise prices based on liquidation preferences and conversion behavior. Before common shareholders receive value, preferred holders receive their full liquidation preference. Transition points are the preference amount, option-exercise points, and the conversion indifference point. Black-Scholes isolates the value of each range as the difference between call values at adjacent

breakpoints; that incremental value is then shared by the classes that participate in the range.

Black-Scholes assumptions: equity value —; time to liquidity 6.00 years; risk-free 4.0%; volatility 50.0%; dividend yield 0 percent.

OPM not run — required valuation inputs are incomplete (see gap list on the intake form).

OPM not run — required valuation inputs are incomplete (see gap list on the intake form).

OPM not run — required valuation inputs are incomplete (see gap list on the intake form).

OPM not run — required valuation inputs are incomplete (see gap list on the intake form).

Discounts

Because the common shares represent interests in a closely held entity, a DLOM is applied to the freely traded indication. The Protective Put (Chaffee) indication, using an at-the-money European put on the pre-DLOM common value with the same volatility, risk-free rate, and tenor, is —. The selected DLOM for this Draft D1 is 20.0%.

Final Value

Final Value

Equity value (controlling, marketable)	—
Common value per share, pre-DLOM	—
Discount for lack of marketability	20.0%
Fair market value per common share (minority, non-marketable)	—

DRAFT

SUMMARY AND RESULTS

Based on the preceding analysis, the estimated fair market value of xyz Corp's common shares on a closely held, minority, and non-marketable per-share basis is:

Per common share: [insufficient inputs]

We are unrelated to the Company and have no current or expected interest in the Company or its assets. The results of our analyses were in no way influenced by the fee paid for our services.

STATEMENT OF LIMITING CONDITIONS

1. This report is limited to issues concerning compliance with IRC §409A (or the analogous private-company ordinary-share purpose for a UK company). It is not intended or written to be used, and cannot be used, for the purpose of avoiding any penalties that may be imposed on any taxpayer.
2. Oxford Valuation Partners has relied upon information furnished by the Company with no independent verification of its accuracy or completeness.
3. We have not performed an examination or compilation of forecasts in accordance with AICPA standards and express no assurance on forecast data.
4. The opinions of value are not intended to represent value at any time other than the Valuation Date. We offer no opinion as to whether the Company would actually be sold for the amount offered as its fair market value.
5. Fees are not contingent upon the valuation opinion. Neither Oxford Valuation Partners nor its staff have a present or intended financial interest in the Company.
6. This Draft D1 is unsigned. It does not constitute an issued appraisal. Safe-harbor 409A treatment requires an independent qualified appraiser and a complete workfile.

CERTIFICATION

The undersigned hereby certifies that the members of our engagement team have no direct or indirect financial interest in the property that is the subject of this assignment. Neither employment nor compensation is contingent upon the recommendations reached. This report is intended to have been prepared in accordance with AICPA SSVS No. 1 and the Practice Aid, and to adhere to ASA Business Valuation Standards and USPAP. To the best of our knowledge, all statements of fact contained in this report are true and correct.

Not signed — Draft D1 only.

_____

Sanjay Gandhi
President
Oxford Valuation Partners, Inc.
sgandhi@oxfordvp.com

September 3, 2026

APPENDICES

DRAFT

Black-Scholes / OPM assumptions

Assumption	Value
Valuation date	May 6, 2005
Report date	September 3, 2026
Currency	USD
Equity value	—
Time to liquidity (years)	6.00
Risk-free rate	4.0%
Equity volatility	50.0%
Dividend yield	0.0%
Selected DLOM	20.0%
Protective put (Chaffee)	—

Sources consulted include AICPA SSVS No. 1 (2007); AICPA Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*; AICPA Accounting and Valuation Guide (2019); Internal Revenue Manual 4.48.4; IRS Revenue Ruling 59-60; and OVP Technical files on DLOM (Chaffee / Finnerty / Differential Put), WACC (Kroll / Duff & Phelps), and volatility from guideline companies.

DRAFT