



VALUATION

Lilikoi Technologies, Inc.

AUG 2023

PREPARED BY: AUGUST BROWN, LLC
REFERENCE: AB-VA-LLK-050823

THIS REPORT AND ITS CONTENTS
ARE STRICTLY CONFIDENTIAL.
DISTRIBUTION TO AN UNAUTHORIZED
PARTY IS PROHIBITED.

 MD5 SECURE

THIS REPORT CAN BE AUTHENTICATED
THROUGH AN MD5 HASH GENERATED NUMBER.
TO VERIFY THE AUTHENTICITY OF THIS FILE,
PLEASE CONTACT AUGUST BROWN
FOR THE MD5 HASH NUMBER.

August
Brown

VALUATION & ADVISORY SERVICES

10437 W. Innovation Drive
 Suite 410
 Milwaukee, WI 53226
 EM: office@augustbrown.com
 Tel: (414) 704-6755

www.augustbrown.com

August 16, 2023

Mr. Sanjay Patel
 Chairman and Director
Lilikoi Holdings, LLC

ATTN: Mr. Sanjay Patel
 Chairman and Director
 16 S. 16th St. Ste 200
 Fargo, ND 58103

RE: Valuation of Lilikoi Technologies

Dear Mr. Patel:

August Brown has prepared a valuation that reflects the total market potential of Lilikoi Technologies fully deployed across the acquired assets, two well-established US companies, AC1 and ES1, and third company, IndiaCo, a publicly traded company on the India stock exchange. In the context of this work, IP refers to patents, trade secrets, copyrights, and trademarks. The intended use or function of this document is to provide guidance for a total business valuation of Lilikoi Technologies.

Based upon careful consideration of the many factors influencing the valuation of the business using the market and income method, August Brown reached the following opinions for the valuation of Lilikoi Technologies.

Post-Acquisition Valuation	Amount (USD)
Market Method	\$ 390,100,000
Income Method	\$ 262,800,000
Consolidated Average	\$ 326,500,000

Based upon the careful application of two valuation methods (market and income), **August Brown arrived at a valuation of \$326,500,000 for Lilikoi Technologies post-acquisition and integration of the acquired assets.**

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. The report sets forth the techniques employed, and the reasoning that led to the valuation arrived. The intended use and users of the report are specifically identified in the report as agreed upon in the contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with August Brown in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between August Brown and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose.

Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and August Brown will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

Should you have any questions after reading this report, feel free to contact me at your convenience.

Respectfully submitted,



Gordon N. Nameni, PhD
Managing Partner, CEO

August Brown, LLC
10437 W. Innovation Dr. Ste 410
Wauwatosa, WI 53226
Web: www.augustbrown.com
Tel: (217) 819-9843
Email: gordon@augustbrown.com

AUGUST BROWN CERTIFICATION

Certification

I certify to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. August Brown has no present or prospective interest in or bias with respect to the property that is the subject of this report and has no personal interest in or bias with respect to the parties involved with this assignment.
4. August Brown's engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. August Brown's 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.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. The reported analyses, opinions, and conclusions were developed, and this report was prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the American Society of Appraisers.
8. No one provided significant assistance to the person signing this report.

Respectfully submitted,



Gordon N. Nameni, PhD
Managing Partner, CEO

August Brown, LLC
10437 W. Innovation Dr. Ste 410
Wauwatosa, WI 53226
Web: www.augustbrown.com
Tel: (217) 819-9843
Email: gordon@augustbrown.com

Table of Contents

Executive Summary.....	5
Conclusions	7
Section 1.0 Market Valuation Method	8
1.1 Overview	8
1.2 Target Products and Services	9
1.3 Target Market Size for Verticals Identified	15
1.4 Secondary Revenues.....	18
1.5 Determination of the Business Value by the Market Approach	19
1.6 Addendum Reference Files	28
Section 2.0 Income Valuation Method	29
2.1 Projected Revenues and Cash Flows	29
2.2 Discount Rate	31
2.3 Exit Value Calculation	32
2.4 Determination of Income Method Value Assessment for Lilikoi Technologies	35
 Section 3.0 Conclusion	 37
August Brown Statement of Qualifications	38

Table of Tables

Table 1: Applications of 18G in infrastructure.....	10
Table 2: Applications of 18G in infrastructure (continued).....	11
Table 3: Applications of 18G in infrastructure (continued).....	12
Table 4: Applications of 18G in manufacturing.	12
Table 5: Applications of 18G in commercial real estate.	13
Table 6: Applications of 18G in agriculture.	14
Table 7: Applications of 18G in defense and public safety.	14
Table 8: Global revenues for advanced wireless infrastructure and services, 2020 through 2027 (\$ Billions).	15
Table 9: U.S. revenues for advanced wireless infrastructure and services, 2020 through 2027 (\$ Billions).	17
Table 10: Comparable public companies.	20
Table 11: Comparable public companies (continued).....	21
Table 12: Comparable public companies (continued).....	22
Table 13: Comparable public companies (continued).....	23
Table 14: Comparable M&A transactions.	24
Table 15: Theoretical royalty rates for public comparable organization.....	25
Table 16: Technology market valuation supporting Lilikoi’s projected revenue growth.....	26
Table 17: Estimated breakdown of business value components for Lilikoi Technologies, based on acquisitions of comparable firms.	27
Table 18: Summary of business values by market methods.....	27
Table 19: AC1 projected revenue (USD).....	29
Table 20: ES1 projected revenue (USD).....	29
Table 21: IndiaCo. projected revenue (USD).	30
Table 22: AC1 projected cash flow.....	30
Table 23: ES1 projected cash flow.....	30
Table 24: IndiaCo. projected cash flow.	30
Table 25: Required rate of return calculations for comparables.....	31
Table 26: Multiple calculation for ES1.....	33

Table 27: Multiple calculation for IndiaCo. 33

Table 28: Exit Value – AC1 34

Table 29: Exit Value - ES1.¹⁰ 34

Table 30: Exit Value - IndiaCo.¹⁰ 34

Table 31: Total Value – AC1. 35

Table 32: Total Value – ES1. 35

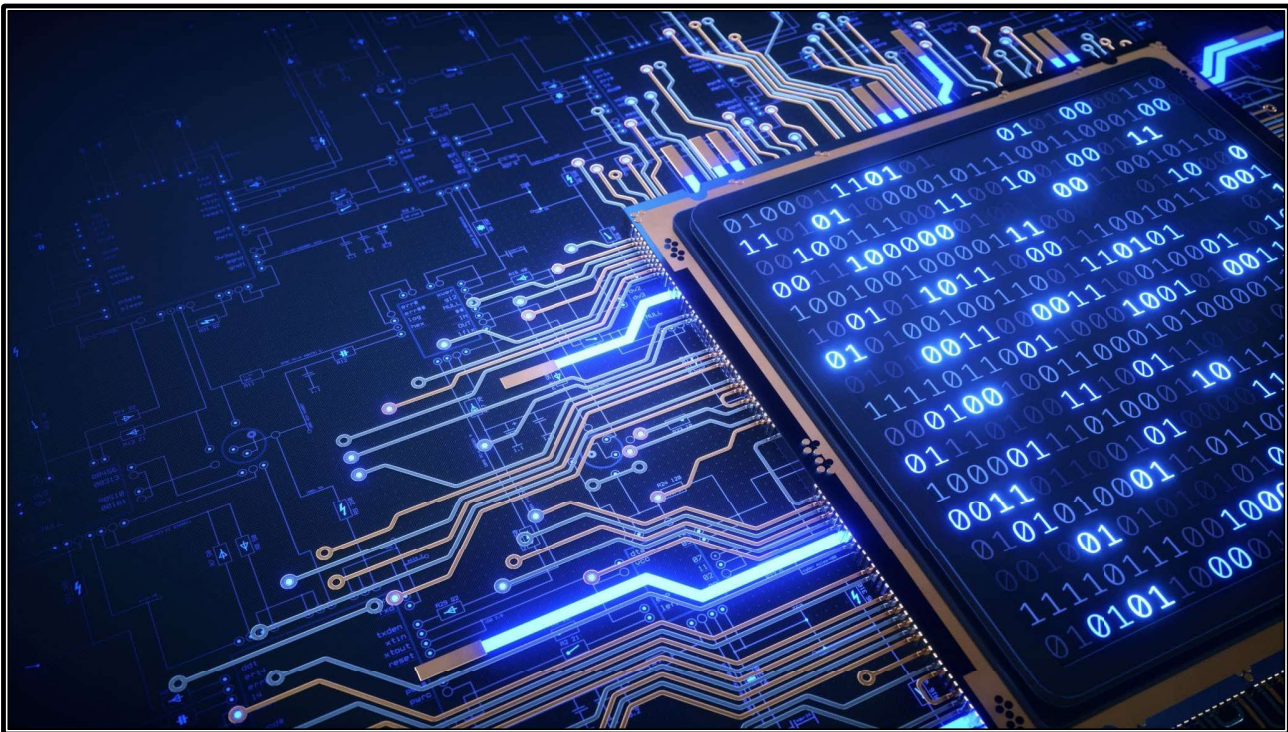
Table 33: Total Value – IndiaCo..... 35

Table of Figures

Figure 1: Advanced wireless communication ecosystems in industrial applications..... 9

Figure 2: Breakdown of global revenues for advanced wireless infrastructure and services, 2022 versus 2027..... 16

Figure 3: Breakdown of U.S. revenues for advanced wireless infrastructure and services, 2022 versus 2027..... 18



Executive Summary

Lilikoi Technologies is in the process of acquiring two well-established US companies, AC1 and ES1, and third company, IndiaCo, a publicly traded company on the India stock exchange. Combined, these companies will provide the infrastructure and customer base to accelerate deployment of Lilikoi Technologies' innovative internet of things (IoT) solutions.

For nearly 20 years, AC1 has supported the Federal Government with mission-critical wireless, air-to ground, Land Mobile Radio (LMR), tactical communication, dispatch/command control, and integrated IT solutions. The company is a powerhouse sales organization with a unique agility to manage large-scale project management with its 24X7 network operations center (NoC). AC1 delivers advanced solutions to meet critical and stringent deadlines of all the mission-critical industry applications including US military, airlines/aviation, US Airforce, Navy, and classified projects.

AC1 delivers and supports simple to complex solutions for airports, airlines, aircraft manufacturers and government agencies, and customers. The company undertakes onsite engineering design and implementation-based projects for the RCT communications systems including for RCT-to-aircraft communications, RCT-to-airline, ramp/gate support personnel, and RCT interface to inbound and outbound emergency telephone/communication systems. The AC1 team designs, deploys, and manages the required infrastructure to support enterprise, mission-critical wired and wireless system applications including radio (LMR), phone and alerting systems. AC1 has partnered with leading manufacturers (OEMs) to provide custom solutions for critical operations, functions, safety, and command/control-based operations. Their unparalleled experience in the wireless, mission-critical communication space shall be a cornerstone of expertise to fulfill the vision.

ES1 was founded in Fargo, North Dakota in 2007 by local technology experts with a unique mission to use next generation sensors and control technology to accurately control the application of the highway stripping paint per the stringent standards of respective Department of Transportation (DoT) and governmental agencies across the nation. The mission was driven by the objectives to ensure minimization of highway accidents and to enhance driver safety.

Since its formation, ES1 has evolved its technology offerings and currently uses programmable logic controller (PLC) based I/O Controls, use of next generation mobile GPS data acquisition processes designed with embedded hardware and firmware developments. The company currently is among the nation's top three solution providers in the infrastructure and transportation sectors. The company's solutions and systems have been deployed and are currently in use across North America and in select countries in South America. ES1 has expanded their line of control technologies to also include control adhesive line systems, truck data logging, and roadway vac and dust collections systems.

Founded in 1997, IndiaCo, provides business automation software development for a wide range of clients across the globe. The company's mix of information technology, digital tools and supportive enabling services catalyzes transformation and through greater reliability process innovations. The company has steadily grown its service offerings and customer base over the past 26 years.

Based on the combination of Lilikoi Technologies' leading-edge IoT and sensory platform along with the customer base, robust infrastructure and digital transformation tools of AC1, ES1 and IndiaCo, it is envisioned that the integrated solution offers an IOT ecosystem that will provide greater value across the transportation industry verticals.

This analysis, which addresses the valuation of combined offering of Lilikoi Technologies, considered two valuation methods, namely market method and income method, independently of one another.

Market Valuation Method

August Brown assessed the target products and services, developed the target market size and evaluated comparable companies in the IoT market. In doing so, August Brown applied three different techniques for the market valuation of Lilikoi Technologies: (1) comparable to public companies; (2) comparable merger and acquisition (M&A) transactions; and (3) Relief-from-Royalties (RfR) method for the business value components.

Based on the assessment, there is a substantial multi-billion-dollar market growing at about 46.9% CAGR from '22-'27 for the applications being pursued. The share of the market targeted by Lilikoi is achievable in August Brown's opinion, given the expertise of the executive Lilikoi team in the industry.

From the three methods applied for the market valuation, August Brown arrived at an average valuation of \$390.1 million.

Income Valuation Method

August Brown analyzed the financial projections, the equity returns, capitalization rates from comparable public companies and performed a discounted cash flow (DCF) of AC1, ES1 and IndiaCo to arrive at Lilikoi Technologies valuation using the income method.

August Brown used rates of 8% (existing business) and 30% (new business) for the DCF calculations over a 5-year forecast period for each company. Though AC1, ES1 and IndiaCo are mature companies, the high 30% DCF rate accounts for the risks associated with the integration of the three companies under Lilikoi Technologies. For the exit value, August Brown used three techniques and then determined the weighted average: (1) multiples method; (2) perpetuity method; (3) liquidation method. The present value of the

projected cash flows determined from the DCF calculations over a 5-year forecast period are added to the weighted average exit values for each company to arrive at the total value for Lilikoi Technologies.

Based on this approach, August Brown calculated the total value of AC1 at \$128.8 million, ES1 at \$77.8 million, and IndiaCo at \$56.2 million with a combined total valuation for Lilikoi Technologies at \$262.8 million.

Conclusions

Based upon careful consideration of the many factors influencing the valuation and application of the Market and Income methods, August Brown determined that the value of Lilikoi Technologies consolidated operation post-acquisition of AC1, ES1 and IndiaCo to be **\$326.5 million** using the average of the market and income valuation methods.

Section 1.0 Market Valuation Method

Lilikoi Technologies (Fargo, ND) is introducing a new generation of wireless communication technologies called “18G”, with capabilities that are expected to significantly exceed those of 5G. These technologies will enhance connectivity within a variety of industries over a relatively long distance (up to 18 miles) and at a very fast speed and with no delays, and will rely on the use of sensors, artificial intelligence (AI), the cloud, and the Internet of things (IoT). To implement 18G as quickly as possible, Lilikoi is pursuing the acquisition of companies that produce sensors, wireless communication equipment, and IoT/AI software.

Lilikoi is currently seeking the purchase of three firms, ES1 (Fargo, ND), AC1 (Annapolis, MD), and an undisclosed company headquartered in India (hereinafter referred to as IndiaCo). ES1 has developed sensors for terrestrial infrastructure and transportation, whereas AC1 has introduced several advanced technologies for air-to-ground and air-to-air communication, airport infrastructure management, mission-critical applications, precision agriculture, and commercial real estate services. IndiaCo, instead, specializes in software development, information technology (IT) management, network monitoring, digital transformation, business intelligence and analytics, and cloud solutions.

In this section, the products and services offered by these organizations are assessed from a market standpoint identifying existing and potential applications, determining their market size, and performing a business market valuation using three different methodologies. *The business market valuation assumes that Lilikoi Technologies is currently composed of only AC1, ES1, and IndiaCo.*

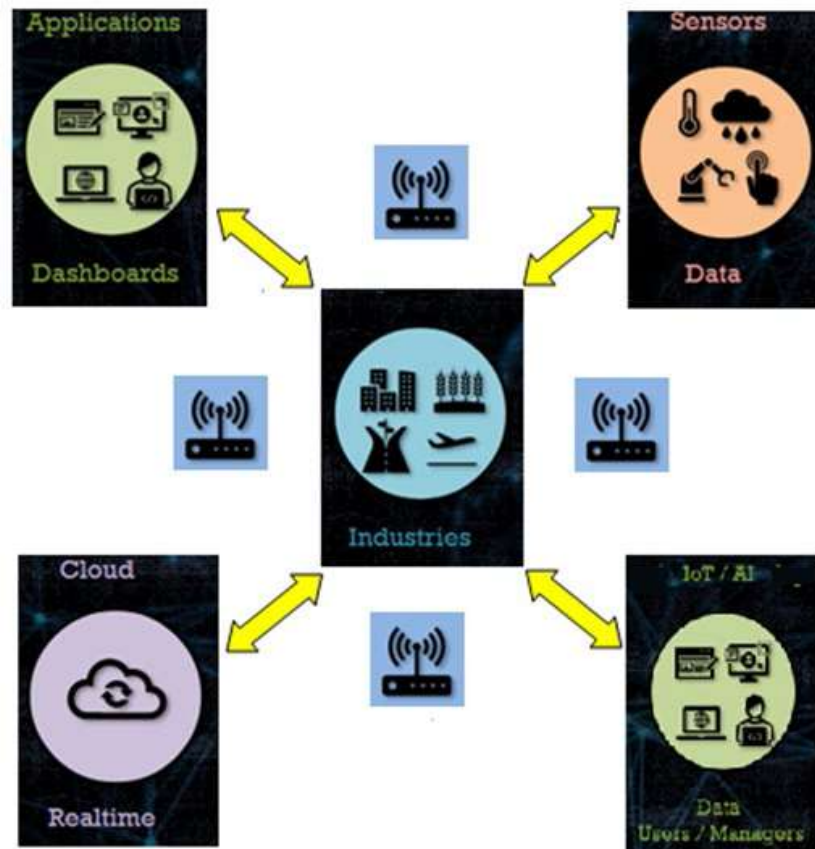
1.1 Overview

Wireless communication based on 5G technologies and other advanced technologies is expected to be characterized by high system capacity, low latency, high reliability, large spectral efficiency, and increasing reliance on the Internet of Things (IoT).

Communication is migrating from being network-centered to becoming an ecosystem where machines, humans, sensors, and the cloud are all wirelessly connected. Entire industries will benefit from the introduction of these advanced technologies and their reliance on artificial intelligence (AI) to facilitate automation and data analysis.

Indeed, AI is becoming a key tool in many industrial applications for streamlining operations and helping in decision-making, often aided by machine learning (ML). ML, a segment of artificial intelligence, utilizes a combination of algorithms and statistics to collect data from sensors, and recognize and define patterns in large amounts of data, allowing machines to deliver new knowledge and acquire new skills, including elementary decision making and problem solving.

Figure 1: Advanced wireless communication ecosystems in industrial applications.



Source: August Brown

These ecosystems are finding applications in many fields. However, Lilikoi will initially operate mainly within the following sectors: infrastructure, manufacturing, commercial real estate, agriculture, and defense and public safety.

1.2 Target Products and Services

The next tables list various applications for 18G technologies divided according to the five main sectors of interest. Infrastructure represents the most relevant sector with many opportunities for these technologies in areas such as road, air, and maritime transportation and logistics,

energy supply, construction, water supply and wastewater management, solid waste treatment and disposal, as well as smart cities.

Typical functions include monitoring, data collection, machine-to-machine communication, automation, machine-to-human communication, system management, maintenance scheduling, equipment tracking, and security and safety assurance.

Highway maintenance is a segment of particular interest to Lilikoi Technologies. ES1 has already developed 18G technology for highway bridge monitoring. According to the Bureau of Transportation,¹ currently only 44.5% of highways bridges are in good condition, while 48.6% are in fair condition and 6.9% are in poor shape.

The company is also presently involved in the energy sector having the capability of monitoring in real-time the fuel level in propane tanks used for agricultural purposes.

Table 1: Applications of 18G in infrastructure.

Sector	Applications
Road transportation and logistics	Road environment and surface data
	Road marking
	Road maintenance schedule
	Road safety monitoring
	Road guidance during undesirable atmospheric conditions (e.g., fog, snow)
	Autonomous vehicles communication
	Vehicle-to-vehicle communication
	Vehicle-to-infrastructure communication
	Fleet safety, maintenance, and efficiency
	Energy management in electric transportation
	Smart traffic management systems
Air transportation and logistics	Air-to-ground communication
	Air-to-air communication
	Airport infrastructure
	Unmanned aerial vehicle communication
	Air traffic management
	Aircraft maintenance

Source: August Brown

¹ Condition of U.S. Highway Bridges, <https://www.bts.gov/content/condition-us-highway-bridges>, DOA: Feb. 23, 2023.

Table 2: Applications of 18G in infrastructure (continued).

Sector	Applications
Marine transportation and logistics	Land-to-sea communication
	Sea-to-sea communication
	Preventive maintenance monitoring
	Boarding and debarkation of ship passengers
	Marine environment preservation
	Ship management for inland waterways
Energy supply	Energy harvesting and storage
	Monitoring of fuel storage tanks
	Energy management and distribution
	Two-way communication between smart grid components
	Diagnosis, recovery, and maintenance of faulty electric circuits
	Monitoring, control, and optimization of renewable energy supply, transmission, maintenance, and distribution
	Streetlight management
	Control of electricity demand in large cities
Construction	Construction supplies inventory monitoring
	Tools and equipment tracking
	Construction cost management
	Construction scheduling
	Construction site security systems
	Jobsite record keeping
	Construction operator safety
	Equipment operation monitoring
	Steel and concrete structure monitoring
Water supply and wastewater management	Tap-water quality management
	Automatic water metering systems
	Management of hydrological and water resources
	Real-time monitoring of industrial wastewater parameters
	Water-related incident detection systems

Source: August Brown

Table 3: Applications of 18G in infrastructure (continued).

Sector	Applications
Solid waste treatment and disposal	Monitoring of solid waste collection, transport, disposal, and recycling
Smart cities	Access to public services
	Updating on city activities
	Environmental monitoring

Source: August Brown

In manufacturing, 18G wireless communication solutions can be used to improve operations efficiency, security and safety, resource optimization, environmental control, and merchandise tracking, in both the office and the production areas.

Table 4: Applications of 18G in manufacturing.

Sector	Applications
Office and logistics	Workplace management
	Security protocols
Production	People and merchandise tracking
	Space usage
	Audit management
	Product delivery management
	Health and safety policies
	Energy use optimization
	Air quality optimization
	Pollution control
	Industrial automation

Source: August Brown

In commercial real estate, these technologies can help to maximize buy/sell transactions and assist in property management, especially by creating smart buildings with advanced energy and safety features.

Table 5: Applications of 18G in commercial real estate.

Sector	Applications
Real estate sales	Foot traffic analytics
	Purchase information
	Planned construction monitoring
Real estate property management	Tenant relations and property management
	Preventive maintenance and inspection
	Smart building monitoring
	Building maintenance automation
	Building energy management
	Building safety and temperature monitoring
	Flood detection

Source: August Brown

Enhanced wireless communication will also allow farmers to increase yields and profits by modernizing crop growing methods, reducing plant diseases, improving environmental monitoring, controlling equipment operations, and ameliorating animal care.

Lilikoi Technologies is already offering 18G technology for precision farming applications, consisting of wireless infrastructure interacting with moisture sensors, soil nutrients and salts monitoring sensors, nitrogen sensors, watering operations and grain elevators environmental monitoring systems, as well as micro-weather stations.

Table 6: Applications of 18G in agriculture.

Sector	Applications
Agricultural techniques	Precision agriculture (i.e., application of fertilizers and pesticides in response to temporal and spatial variability)
	Smart agriculture (i.e., efficient use of land, water, and energy resources)
	Environmental monitoring
	Irrigation automation
	Plant disease monitoring
	Machinery control
	Greenhouse automation and parameter control
	Bug and insect discovery
	Space-air-ground integration
Animal farming	Automation of animal farming
	Animal feeding control
	Monitoring of animal welfare
	Environmental comfort evaluation of animals
	Drone-based animal management

Source: August Brown

These state-of-the-art technologies will benefit the defense and public safety sector by enhancing mission-critical communication, emergency services, response to catastrophic events, and management of unmanned aerial vehicles.

Table 7: Applications of 18G in defense and public safety.

Sector	Applications
Defense	Mission-critical communication
	Unmanned aerial surveys
	Defense against eavesdropping attacks
Public safety	Unmanned aerial surveys for public safety purpose
	Emergency communication
	Collection and monitoring of crime data
	Data exchange during catastrophic events

Source: August Brown

1.3 Target Market Size for Verticals Identified

In this section, August Brown analyzes the global and U.S. markets² for Lilikoi’s technology providing current revenues and projected growth, while identifying the most significant segments from a market standpoint.

1.3.1 Global Market

The table below summarizes the global market for infrastructure and services related to advanced wireless technologies (5G and others). Infrastructure refers to the combination of hardware, software and services needed to establish the wireless network, whereas services are those activities that are mostly software-driven and are aimed at meeting specific business applications by leveraging cloud computing and the use of sensors. Lilikoi Technologies will operate in both fields.

Infrastructure for 5G and other advanced wireless technologies was valued at \$6 billion in 2022 and is estimated to expand at a very rapid compounded annual growth rate (CAGR) of 51.8% through 2027.

Services represented an even larger market of \$74.7 billion in 2022, with revenues projected to rise at a 48.8% CAGR during the 5-year period.

The global market for these technologies reached \$80.7 billion in 2022 and is forecasted to register a CAGR of 49.1% through 2027.

Table 8: Global revenues for advanced wireless infrastructure and services, 2020 through 2027 (\$ Billions).

Type	2020	2021	2022	2027	CAGR% 2022-2027
Infrastructure	2.9	4.1	6.0	48.3	51.8
Services	36.4	52.2	74.7	545.7	48.8
Total	39.3	56.3	80.7	594.0	49.1

Source: August Brown

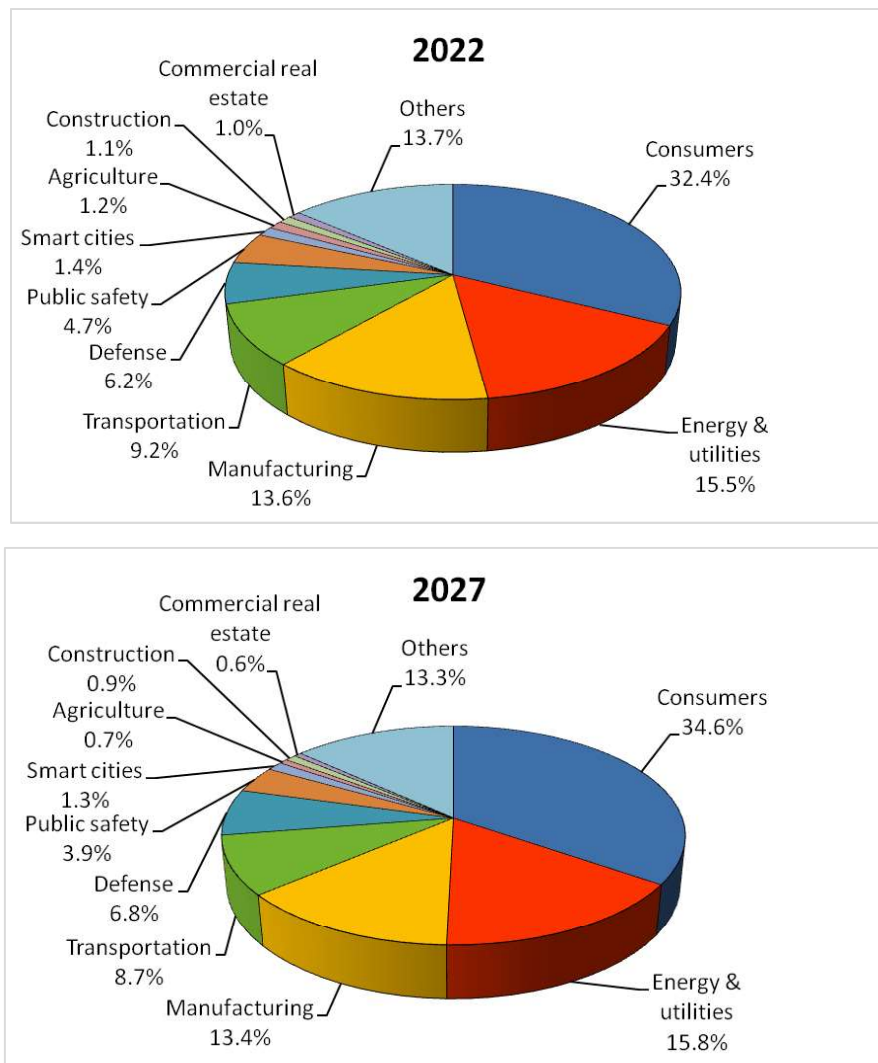
The next figure provides the global 2022 and 2027 sales breakdown by application. Although consumer applications (e.g., media and entertainment, Internet, and home connectivity) accounted for the largest share of the market at 32.4% of the total in 2022, energy & utilities,

² August Brown’s market data are the result of market studies performed by combining, analyzing, and computing data obtained from multiple primary and secondary sources, both public and private. Secondary sources include, but are not limited to, company websites, annual reports, press releases, trade journals and magazines, business directories, public library online services, and proprietary databases.

manufacturing, transportation, and defense represent also relevant segments. The “Others” segment includes applications in healthcare, banking and finance, insurance, and retail.

Among the non-consumer applications, the energy & utilities and defense segments are projected to experience the fastest growth through 2027, reaching shares of 15.8% and 6.8%, respectively.

Figure 2: Breakdown of global revenues for advanced wireless infrastructure and services, 2022 versus 2027.



Source: August Brown

1.3.2 U.S. Market

In the U.S., sales associated with the wireless network infrastructure reached \$1.5 billion in 2022 and are expected to expand at CAGR of 49.0% through 2027; whereas services generated revenues of \$14.8 billion³ and are forecasted to rise at a 46.7% CAGR during the next five years, forming a total market of \$111.6 billion in 2027.

Table 9: U.S. revenues for advanced wireless infrastructure and services, 2020 through 2027 (\$ Billions).

Type	2020	2021	2022	2027	CAGR% 2022-2027
Infrastructure	0.8	1.1	1.5	11.0	49.0
Services	8.2	10.8	14.8	100.6	46.7
Total	9.0	11.9	16.3	111.6	46.9

Source: August Brown

As displayed in the figure below, the sales breakdown by application overall tracks the general global trend. However, non-consumer segments account for a much larger share in their totality. In particular, the four most relevant applications (energy & utilities, manufacturing, transportation, and defense) represented a combined 55.4% of the U.S. total versus 44.5% of the global total in 2022, indicating that in the U.S. there is a significant trend toward the introduction of advanced wireless technologies across a variety of fields and in non-traditional sectors.

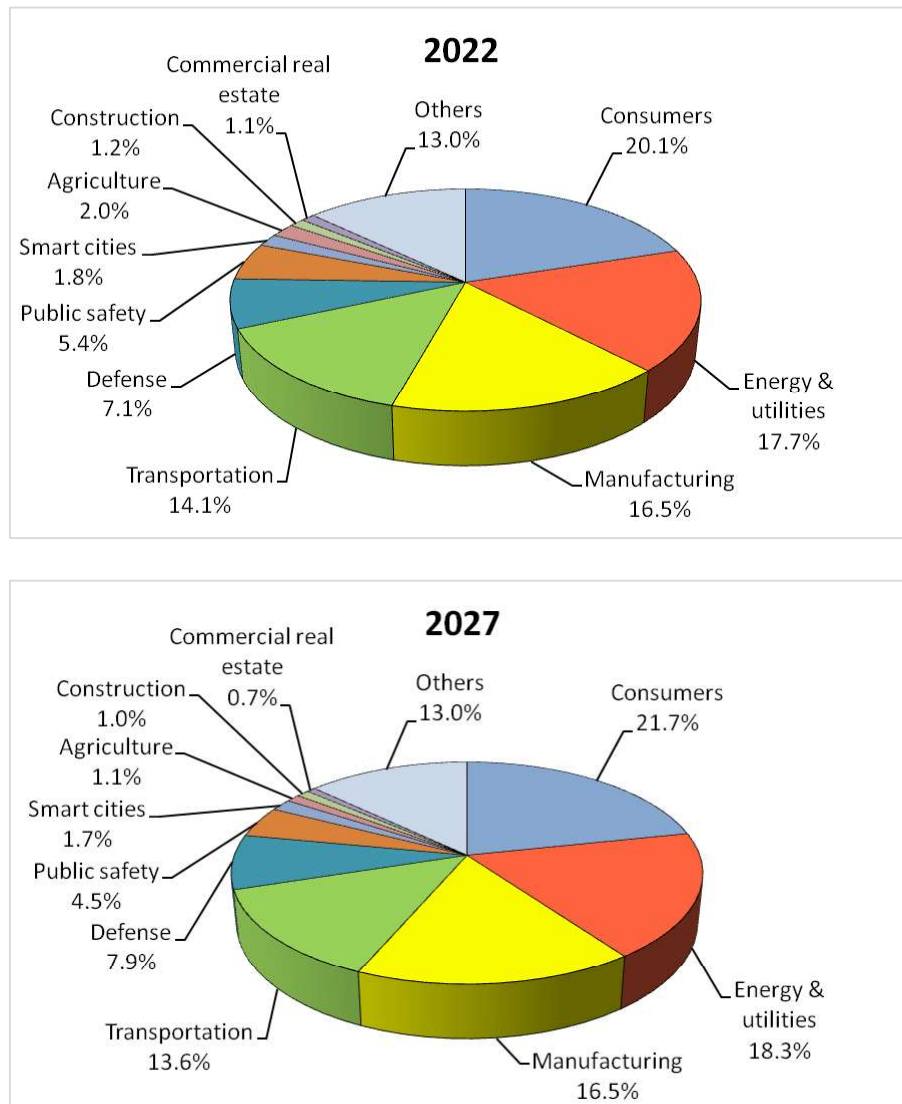
³ Although August Brown market data are original data, the following sources are in general agreement with our U.S. figures:

5G Infrastructure market: <https://www.grandviewresearch.com/industry-analysis/5g-infrastructure-market>

5G service market: <https://www.grandviewresearch.com/industry-analysis/5g-services-market>

DOA: February 27, 2023

Figure 3: Breakdown of U.S. revenues for advanced wireless infrastructure and services, 2022 versus 2027.



Source: August Brown

1.4 Secondary Revenues

At its early stage, Lilikoi will focus primarily on commercial real estate, road transportation, energy storage, and farming. However, additional revenues can be generated by applying Lilikoi's technology in many more additional products/services associated with the previously discussed five main sectors (infrastructure, manufacturing, commercial real estate, agriculture, and defense and public safety). More specifically, some applications that are capturing increasing attention are the following:

- Construction site security systems
- Access to public services in smart cities
- Local energy management and distribution
- Monitoring, control, and optimization of renewable energy sources
- Smart traffic management systems
- Energy use optimization in manufacturing
- Product delivery management in manufacturing

Secondary revenues can also be derived from the introduction of 18G technology in other fast-growing sectors such as healthcare, retail, and banking/financial services.

1.5 Determination of the Business Value by the Market Approach

In this section, August Brown utilizes the market approach to determine the business value of Lilikoi Technologies. The market approach is based on the assessment of comparable firms and is performed according to three methods:

- Analysis of comparable public companies.
- Analysis of comparable merger and acquisition (M&A) transactions.
- Determination of the technology value and other components of Lilikoi's business using similar firms.

1.5.1 Analysis of Comparable Public Companies

In this first method, 50 U.S. public companies were analyzed and their market capitalization (i.e., the number of shares multiplied by the share price), enterprise value (EV) (i.e., the current business value), revenue, and EV/Revenue ratio (or multiple) were calculated. The selected companies offer one or more of the following products/services:

- Wireless technologies
- Internet of Things (IoT), cloud, sensors, and artificial intelligence (AI) software, platforms, and services
- Enterprise IoT services
- Software as a service (SaaS) and connectivity as a service (CaaS) for enterprises
- Smart sensors
- Industrial sensors and automation
- Sensors for the transportation sector
- Mission-critical sensors and wireless connectivity
- Information technology (IT) solutions and connectivity for commercial real estate, smart buildings, and proptech
- Hardware/software and IT services for precision and smart agriculture

The table below summarizes the result of this analysis. The table was compiled using data from Security and Exchange Commission (SEC) filings and the Google Finance website and is updated

to the end of April 2023. Revenues are reported as TTM (Trailing 12 Months). The enterprise value is calculated as: $EV = \text{Market Cap.} + \text{outstanding debt} - (\text{cash and cash equivalents})$.⁴

Table 10: Comparable public companies.

Company	Business Description	Market Cap. (M\$)	EV (M\$)	Revenue (M\$)	EV/Revenue
Airbnb	Real estate search engine and proptech	75,120	67,770	8,400	8.1
Airgain	Wireless technologies and connectivity solutions	58	49	76	0.6
Akamai Technologies	Cloud services for enterprises	12,940	14,980	3,620	4.1
Alphabet	IoT and AI products and platforms	1,350,000	1,260,000	282,840	4.5
Amazon	Consumer and enterprise IoT	1,050,000	1,130,000	513,980	2.2
Amdocs	5G and cloud software and service	11,540	11,610	4,660	2.5
Amphenol	Advanced interconnect systems and sensors	46,530	49,660	12,623	3.9
Analog Devices	Smart sensor components	95,770	100,770	12,580	8.0
AT&T	Wireless communication devices and services	141,640	292,690	120,740	2.4
Benson Hill	Precision agriculture, automation, and SaaS	236	266	381	0.7
Ceva	Technology for vision, audio, AI, and connectivity	661	542	135	4.0

Source: SEC Filings, Google Finance, August Brown

⁴ Enterprise Value vs. Market Capitalization: What's the Difference? - <https://www.investopedia.com/ask/answers/111414/whats-difference-between-enterprise-value-and-market-capitalization.asp#:~:text=Enterprise%20value%20is%20a%20more,its%20cash%20and%20cash%20equivalents.>
DOA: March 1, 2023

Table 11: Comparable public companies (continued).

Company	Business Description	Market Cap. (M\$)	EV (M\$)	Revenue (M\$)	EV/Revenue
Cisco Systems	Internet-based networking technologies	205,640	190,500	53,160	3.6
Cloudflare	Cloud, IoT, and software services	21,250	21,290	975	21.8
Crown Castle	Wireless infrastructure	57,190	84,380	6,990	12.1
CTS	Industrial sensors	1,430	1,390	587	2.4
Digi International	Products and solutions for industrial IoT	1,200	1,420	413	3.4
DXC Technology	Cloud, automation, and security software for enterprises	5,770	9,410	14,850	0.6
Everbridge	Enterprise software applications	1,310	1,610	432	3.7
Extreme Networks	Software-driven networking solutions	2,390	2,540	1,180	2.2
Honeywell International	Smart and mission-critical sensors, and wireless connectivity	131,020	140,620	35,470	4.0
IBM	Software, infrastructure, cloud, and AI solutions	116,060	154,500	60,530	2.6
Inseego	5G and IoT wireless solutions	71	230	245	0.9
Intel	Components and products for connectivity and AI	132,870	147,000	63,050	2.3
Jones Lang LaSalle	Commercial real estate services and proptech	6,480	8,660	20,862	0.4
Kore Group Holdings	End-to-end IoT solutions for enterprises	90	484	268	1.8
L3Harris Technologies	Mission-critical communication systems	38,840	45,370	17,060	2.7

Source: SEC Filings, Google Finance, August Brown

Table 12: Comparable public companies (continued).

Company	Business Description	Market Cap. (M\$)	EV (M\$)	Revenue (M\$)	EV/Revenue
Lantronix	Wireless connectivity and SaaS	152	173	132	1.3
Microchip Technology	Smart sensor components	43,940	50,480	8,050	6.3
Microsoft	Software, devices, and services for IoT and AI	2,140,000	2,110,000	204,090	10.3
Motorola Solutions	Mission-critical communication systems	48,500	53,590	9,110	5.9
MSA Safety	Security and protection sensors and wireless connectivity	5,150	5,610	1,530	3.7
Nvidia	Networking, cloud, AI, autonomous vehicles, and robotic solutions	679,520	678,480	26,970	25.2
Oracle	Enterprise cloud software services	260,360	343,760	47,960	7.2
Palo Alto Networks	Cloud, automation, and security software for enterprises	60,960	61,480	6,160	10.0
PCTEL	Devices and solutions for wireless connectivity	86	57	99	0.6
Powerfleet	IoT SaaS solutions	106	118	135	0.9
PTC	Software and services for enterprises	15,130	16,260	1,940	8.4
Qualcomm	Components, software, and services for wireless technology	131,450	140,160	42,958	3.3
Rockwell Automation	Industrial automation and digital transformation solutions	31,790	35,710	7,880	4.5
Samsara	Cloud connectivity for enterprises	11,470	11,000	653	16.8

Source: SEC Filings, Google Finance, August Brown

Table 13: Comparable public companies (continued).

Company	Business Description	Market Cap. (M\$)	EV (M\$)	Revenue (M\$)	EV/Revenue
Semtech	Components, IoT systems, and cloud connectivity services for enterprises	1,470	2,560	757	3.4
Sensata Technologies	Sensors, sensor-based solutions, and mission-critical products for industrial applications	7,240	10,240	4,029	2.5
Silicon Laboratories	Electronic components and software for IoT infrastructure	5,480	4,820	1,020	4.7
Skyworks Solutions	Devices and technologies for 5G wireless infrastructure	17,560	18,870	5,300	3.6
T-Mobile	Wireless communication devices and services	181,240	279,760	79,570	3.5
Trimble	Precision agriculture, automation, and SaaS	11,910	13,380	3,680	3.6
Twilio	Cloud communication platform	11,250	8,330	3,830	2.2
Verizon Communications	Devices, software, and services for wireless communications	163,760	, 337,950	136,840	2.5
WeWork	Commercial real estate services and proptech	381	20	3	6.7
Zillow	Real estate search engine and proptech	10,580	9,150	1,960	4.7
Avg. EV/Revenue Ratio					4.9

Source: SEC Filings, Google Finance, August Brown

Based on this method and total revenue of \$112.1 million for Lilikoi by the end of 2023 (see detailed revenue summary in the income method section) the company's net present value as of the end of April 2023, is \$484.5 million, using a yearly discount rate of 20% adjusted monthly.

1.5.2 Analysis of Comparable M&A Transactions

In this approach, August Brown retrieved data about recent acquisitions of comparable U.S. firms using SEC filings and press releases from the companies in the sector and calculated the EV/Revenue ratio for the acquired companies. Though this type of information is hard to find, August Brown was able to collect complete data for 10 companies. Results are summarized in the next table.

Table 14: Comparable M&A transactions.

Company Sold (Buyer)	Business Description	Sale Year	Sale Price (M\$)	Revenue (M\$)	EV/Revenue
Sierra Wireless (Semtech)	Devices, network services, and software for 5G and IoT	2022	1,200.0	670.0	1.8
Next Level Internet (T3 Communications)	Connectivity as a service (CaaS)	2022	12.9	11.6	1.1
Uplogix (Lantronix)	Solutions for intelligent IT and IoT	2022	12.0	9.0	1.3
Silicon Labs I&A (Skyworks Solutions)	5G wireless infrastructure and industrial sensors	2021	2,754.1	1,705.0	1.6
MTS Systems (Amphenol)	Precision sensors and advanced test systems	2021	1,700.0	781.0	2.2
Xirgo Technologies (Sensata Technologies)	Wireless IoT communication devices	2021	400.0	100.0	4.0
Ventus (Digi International)	Network as a service (NaaS) for enterprises	2021	350.0	54.3	6.4
Building Engines (Jones Lang LaSalle)	Smart building platform	2021	300.0	30.0	10.0
NimbeLink (Airgain)	Industrial IoT and machine-to-machine solutions	2021	22.7	21.0	1.1
Haxiot (Digi International)	Wireless technologies	2021	13.0	3.0	4.3
Avg. EV/Revenue Ratio					3.4

Source: SEC Filings, Company Press Releases, August Brown

With this approach, the resulting average EV/Revenue ratio is 3.4, which translates to a net present value for Lilikoi of \$336.2 million.

1.5.3 Technology Value and Other Business Components

In this third method, August Brown first determined the value of Lilikoi’s core technology by the *Relief-from-Royalty* method,⁵ followed by an assessment of all the components of the business value based on recorded mergers and acquisitions (M&A) transactions to obtain the total enterprise value.

The core technology of Lilikoi and its subsidiaries ES1, AC1, and IndiaCo. is represented by their capability of designing equipment, control systems, automation, and software, and integrating them seamlessly within an 18G wireless network in a way that improves operational efficiency and reduces labor costs.

The *Relief-from-Royalties (RfR)* method calculates the value of an intangible asset based on the hypothetical royalties that are saved by owning the asset rather than licensing it. To provide the technology valuation, August Brown selected 10 firms from the comparable public companies previously analyzed, for which financial data are available, more specifically: Airbnb, Alphabet, Amphenol, Cisco Systems, Honeywell International, Nvidia, PTC, Qualcomm, Sensata Technologies, and Skyworks Solutions.

Theoretical royalty rates (TRRs) for these firms were calculated utilizing the so called 25% rule (25% of the ratio between operating profits and revenues). The following values were determined based on the most recent financial data (Security & Exchange Commission filings).

Table 15: Theoretical royalty rates for public comparable organization.

Company	Theoretical Royalty Rate (%)
Airbnb	6.2
Alphabet	7.7
Amphenol	5.9
Cisco Systems	7.6
Honeywell International	5.6
Nvidia	5.6
PTC	7.8
Qualcomm	9.1
Sensata Technologies	5.3
Skyworks Solutions	10.0
Average	7.1

Source: August Brown

⁵ <http://marekpanfil.com/wp-content/uploads/2021/04/Marek-Panfil-Business-combination-IFRS3-recognition-valuation-of-intangible-assets.pdf>

The calculated average TTR of 7.1% was adjusted to consider the following factors:

- Technology similarity to Lilikoi’s
- Other unrelated products/services sold by these organizations
- Size and growth rate of each firm’s market compared to Lilikoi’s target markets
- Firm’s market share compared to Lilikoi for the considered technology
- General industry patent royalty rates

A final value of 7.6% was determined to be a fair royalty rate for the analyzed technology. This figure was introduced in a valuation model to calculate a reasonable market price for Lilikoi’s core technology, which would also support the projected mid-term revenue growth.

From an analysis of comparable firms, August Brown determined that the average remaining useful (or economic) life (RUL) of existing wireless technologies is 7 years. However, since Lilikoi’s technology is emergent and state-of-the-art, a RUL of 10 years was utilized for the market valuation. This RUL is also consistent with the terms of the connectivity service agreement between Lilikoi Technologies and its sister company Lilikoi Wireless, the supplier of the spectrum access services.

The company’s projected revenues provided in the financial analysis were used in the technology market valuation model, which is summarized in the table below. For the 2028-2033 period, it was assumed that after the initial four years of fast growth, company revenues will continue to expand at a more conservative CAGR of 15%, as these newer wireless technologies become more mature and new firms enter the market with competing products and services. A 15% CAGR is also reasonable because it has been the average revenue growth rate during the past 6 years for the 50 public companies analyzed in this study.

Table 16: Technology market valuation supporting Lilikoi’s projected revenue growth.

Year	2023	2024	2028	2030	2032	2033
Revenues (\$ Millions)	112.06	128.12	255.93	338.47	447.62	514.76
Royalty rate (%)	7.6	7.6	7.6	7.6	7.6	7.6
Projected royalty payment (\$ Millions)	8.52	9.74	19.45	25.72	34.02	39.12
Patent maintenance expense (\$ Millions)	3.15	3.60	7.20	9.52	12.59	14.48
Net royalty payment (\$ Millions)	5.37	6.13	12.25	16.21	21.43	24.65
Discount factor (r=20%)	0.91	0.76	0.37	0.25	0.18	0.15
Net royalty payment value (\$ Millions)	4.88	4.65	4.48	4.11	3.78	3.62
Fair market value of Lilikoi’s technology (\$ Millions)	47.40					

Source: August Brown

The current value of Lilikoi’s technology reaches \$47.4 million according to the RfR method.

As a next step, August Brown analyzed Security & Exchange Commission (SEC) filings related to recent acquisitions of five companies operating within the wireless technology sector, selected from those used in the second method, for which transaction details were available (Next Level Internet, NimbeLink, Silicon Laboratories I&A, Ventus, and Xirgo Technologies), and estimated the value of tangible and intangible assets, as well as liabilities, contributing to the total business value. They are summarized in the next table.

It was determined that for organizations operating in the field of wireless technology, intangible assets currently account for 89.4% of the total assets, while the core technology represents 12.6% of the total intangible assets. In addition to core technology, intangible assets include customer relationships, goodwill (e.g., brand recognition, company reputation, and economic growth expectations), and others (e.g., trademarks, copyrights, agreements, designs, regulatory approvals, and software code).

Table 17: Estimated breakdown of business value components for Lilikoi Technologies, based on acquisitions of comparable firms.

Business Value Component	Value (\$M)
Core technology	47.4
Customer relationship	138.3
Goodwill	126.1
Other intangible assets	63.9
Tangible assets	44.4
Liabilities	(70.6)
Total	349.5

Source: August Brown

As a result of this assessment, the current value of Lilikoi’s business according to this third method is estimated at \$349.5 million, corresponding to 3.1 times its 2023 revenues.

1.5.4 Conclusive Assessment of Business Value by the Market Approach

Based on the three methods applied, the business value of Lilikoi Technologies is calculated to be \$390.1 million, or 3.5 times its projected 2023 revenues.

Table 18: Summary of business values by market methods.

Market Method	Value (M\$)
Comparable public companies	484.5
Comparable M&A transactions	336.2
Relief-from-royalty/ Business value components	349.5

Average	390.1
----------------	--------------

Source: August Brown

1.6 Addendum Reference Files

See the addendum reference files below.

Addendum Reference Files		
No.	File Name	Description
1.1	Lilikoi Target Company Narrative (V2.1).pdf	Overview of ES1 and AC1
1.2	Lilikoi Project Overview (3.15) pdf	Overview of Lilikoi business
1.3	Lilikoi Target Company Profiles – Phase 1 (V1.2).pdf	Summary of ES1 and AC1 activities
1.4	LGI – Letter of Intent (V1.1)_FINAL_Signed.pdf	Letter of intent for various technology applications
1.5	Lilikoi Technology Inc. – Lilikoi Wireless Inc. Wireless Connectivity Services Agreement.pdf	Wireless connectivity services agreement with Lilikoi Wireless, Inc.
1.6	IndiaCo Corporate_Profile – AG (5-1-2023).pdf	IndiaCo company profile

Section 2.0 Income Valuation Method

In this section, August Brown uses the income valuation method to assess the value of Lilikoi Technologies. This method involves estimating the future cash flows that the company expects to generate and then discounts those cash flows back to their present value using a discount rate (Discount Cash Flow, DCF analysis). The discount rate is typically based on the risk associated with the company's operations and the expected return that investors require. To arrive at the total value, the value of the assets and/or an exit value is added to the DCF value.

To perform a discounted cash flow calculation analysis, there are two required variables inputs:

- Projected cash flows
- Discount rate

2.1 Projected Revenues and Cash Flows

The projected revenues and cash flows are based on proforma financials produced by the company as well as the historical information for the businesses being acquired. Therefore, the projected figures are a combination of the current revenues and cash flows that AC1, ES1, and IndiaCo generate as going-concern businesses and the new revenues and cash flow that will accrue to all three companies post-acquisition by Lilikoi Technologies.

Table 19: AC1 projected revenue (USD).

Area	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Current Business	34,764,848	38,241,333	42,065,467	48,223,271	57,324,893
New Business	50,268,697	55,295,567	60,825,123	69,729,082	82,889,692
Total Revenue	85,033,545	93,536,900	102,890,590	117,952,353	140,214,585

Source: Lilikoi Technologies and August Brown

Table 20: ES1 projected revenue (USD).

Area	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Current Business	4,007,662	4,618,110	5,321,449	6,131,905	7,066,169
New Business	6,053,938	9,961,990	17,325,824	27,845,800	43,908,000
Total Revenue	10,061,600	14,580,100	22,647,273	33,977,705	50,974,169

Source: Lilikoi Technologies and August Brown

Table 21: IndiaCo. projected revenue (USD).

Area	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Current Business	14,250,000	17,192,500	20,085,500	23,846,055	28,310,688
New Business	2,712,500	2,812,500	2,875,000	2,959,865	3,047,235
Total Revenue	16,962,500	20,005,000	22,960,500	26,805,920	31,357,923

Source: Lilikoi Technologies and August Brown

The proforma financials project five years of cash flows following the acquisition and include both the existing business with combined revenues projected to grow at a CAGR of 15.0% as well as the new business, which is forecast to expand at a combined CAGR of 21.8%.

Table 22: AC1 projected cash flow.

Area	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Free Cash Flow - Existing Business	5,200,000	5,720,000	6,292,000	7,982,955	10,102,989
Investment	-16,000,000				
Net Operating Cash Flow - New Business	7,282,000	8,010,200	8,811,220	11,165,203	14,148,070
Free Cash Flow - New Business	-8,718,000	8,010,200	8,811,220	11,165,203	14,148,070

Source: Lilikoi Technologies and August Brown

Table 23: ES1 projected cash flow.

Area	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Free Cash Flow - Existing Business	822,460	947,737	1,092,077	1,258,401	1,450,132
Investment	-10,000,000				
Net Operating Cash Flow - New Business	1,012,304	2,053,815	4,848,316	9,932,812	19,683,253
Free Cash Flow - New Business	-8,987,696	2,053,815	4,848,316	9,932,812	19,683,253

Source: Lilikoi Technologies and August Brown

Table 24: IndiaCo. projected cash flow.

Area	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Free Cash Flow - Existing Business	890,750	1,166,550	1,797,548	2,553,541	3,627,481
Free Cash Flow - New Business	-58,125	112,500	129,375	147,993	167,600

Source: Lilikoi Technologies and August Brown

2.2 Discount Rate

The discount rate represents the compensation that investors require to assume the risk of investing in an asset in hopes of receiving the future cash flows generated from it. The primary method for calculating the discount rate in business valuations, which need the assessment of both equity and debt, is by using the weighted average cost of capital (WACC).⁶

The WACC represents a firm's average cost of capital from all sources, including common stock, preferred stock, bonds, and different forms of debt. WACC is expressed by the general formula:

$$WACC = K_e \times W_e + K_d \times W_d$$

where: K_e = cost of equity; K_d = after-tax cost of debt; W_e and W_d = proportion of equity/debt.⁷

The cost of equity K_e is also known as the required rate of return (RRR) and represents the lowest return that both bondholders and shareholders demand to provide the company with capital.⁸ A firm's WACC is likely to be higher if its stock is relatively volatile or if its debt is seen as risky because investors will demand greater returns.

The required rate of return (RRR) is thus the minimum rate an investor will accept for a project or investment. It is calculated as: $RRR = \text{risk-free rate of return (RFR)} + \text{Beta} \times (\text{RM} - \text{RFR})$, where Beta is a measure of stock volatility and $(\text{RM} - \text{RFR}) = \text{market rate of return} - \text{risk-free rate of return} = \text{equity market risk premium}$.⁹

To calculate the RRR for this assessment, Beta was determined by looking at publicly traded companies engaged in verticals and services comparable to the businesses of Lilikoï Technologies and its acquisition targets. The average Beta is 1.325. The RFR value is given by the 10-year T-Bill (Treasury Bill), while a value of 4.29% was determined for RM, corresponding to the average yearly market return over the past 10 years for the same companies. As a result, an RRR value of 4.42% was calculated for these four well-established, large, and publicly traded companies.

Table 25: Required rate of return calculations for comparables.

Company	Ticker Symbol	Beta	RFR
---------	---------------	------	-----

⁶ Discount Rate, <https://www.wallstreetprep.com/knowledge/discount-rate/>, DOA: May 2, 2023

⁷ Some common mistakes to avoid in estimating and applying discount rates, https://www2.deloitte.com/content/dam/Deloitte/xs/Documents/About-Deloitte/mepovdocuments/mepov13/dtme_mepov13_Discount%20rates.pdf, DoA: May 2, 2023

⁸ Cost of equity definition, formula, and example, <https://www.investopedia.com/terms/c/costofequity.asp#:~:text=If%20you%20are%20the%20investor,a%20particular%20project%20or%20investmentttttt>, DOA: May 2, 2023

⁹ How to calculate the discount rate to use in a discounted cash flow (DCF) analysis, <https://www.forentrepreneurs.com/discount-rate-for-dcf/#:~:text=Conclusion,than%2040%25%20year%20on%20year>, DOA: May 2, 2023

			10-year T-Bill
Communications			
Comtech Telecommunications Corp.	NASDAQ: CMTL	1.7	3.88%
Topcon	TYO:7732	1.22	
Trimble Inc.	NASDAQ:TRMB	1.59	
Graco Inc.	NYSE:GGG	0.79	

Source: Yahoo Finance, 03/06/2023

The application of Lilikoi’s technology in target business applications would have a greater risk factor due to the extremely early stage of the company, the uncertainty associated with its market penetration assumptions, and the execution of its business plan.

As Lilikoi Technologies acquires three established and mature companies, most of the growth is expected to come from the new revenue streams. Therefore, the discount rate should account for the risks associated with these new ventures. Since the new revenue streams are unproven and there is a risk of failure or underperformance, a discount rate of 30% or higher may be appropriate to reflect this risk.

Additionally, the discount rate should also consider factors such as the company's financial health, management team, market conditions, competition, and other relevant factors that could impact future cash flows.

Ultimately, the choice of discount rate for a startup company depends on the investor's risk appetite and the specific circumstances of the investment opportunity. In today’s investment environment a return of at least 30% is expected by investors looking to fund new and unproven ventures.

Thus, August Brown believes that it is reasonable to assume a DCF rate of 30% associated for the purposes of its DCF calculations for the new businesses. A more reasonable rate of 8% is applied to the cash flows expected from the ongoing and established businesses, which is still slightly higher than the Required Rate of Return (RRR) for the industries Lilikoi Technologies is involved in.

2.3 Exit Value Calculation

In order to determine the total business value of Lilikoi using the DCF model, the exit value that represents the estimated value at the end of a DCF period, which based on the projections provided by the management is 5 years, is added to the present value of the projected cash flows to determine the total value. It is important to note that the five-year period is chosen based on the availability of the projections and is in no way a reflection of August Brown’s opinion as to

the ability of the venture to generate cash flow and grow for a finite amount of time only. In fact, it is the opinion of August Brown that the business will continue as a going concern well beyond the five-year period.

Three methods were used to determine the exit value and then a weighted average was calculated.

1. **Multiples Method:** This involves selecting an appropriate valuation multiple based on industry standards and applying it to the estimated earnings or cash flows in the final year of the holding period. A discounted P/E multiple was used in the calculation based on publicly traded comparables.

- Comtech Telecommunications Corp. (NASDAQ: CMTL) was chosen as a comparable to AC1 , and its P/EBITDA multiple was calculated as follows:

As of the end of April 2023, the market cap for CMTL was approximately \$295 million and its Price to EBITDA ratio was calculated using its published Q1 2023 results and recent stock price. The resulting multiple is 10.51. For the purpose of determining a multiple for Lilikoi Technologies, a discount of 30% was applied giving the net P/EBITDA multiple of 7.36.

- Three companies were chosen to determine a multiple for ES1. They are Topcon (TYO:7732), Trimble Inc. (NASDAQ:TRMB), and Graco Inc. (NYSE:GGG). The multiple was calculated as shown in the table below.

Table 26: Multiple calculation for ES1.

	Market Cap	P/E
Topcon (TYO:7732)	1,411,000,000	14.75
Trimble Inc. (NASDAQ:TRMB)	12,634,000,000	27.37
Graco Inc. (NYSE:GGG)	11,687,000,000	25.42
Suggested Weighted Average Multiple @ 30% discount:		13.59

Source: Yahoo Finance

- Three companies were also chosen to determine a multiple for IndiaCo. They are Oracle Corp. (ORCL), DXC Technology Co. (NYSE:DXC), and Extreme Networks, Inc. (NASDAQ:EXTR). The multiple was calculated as indicated in the next table.

Table 27: Multiple calculation for IndiaCo.

	Market Cap	P/E
Oracle (NYSE: ORCL)	256,130,000,000	31.31

DXC Technology (NYSE:DXC)	5,435,000,000	8.12
Extreme Networks (NASDAQ:EXTR)	2,250,000,000	38.76
Suggested Weighted Average Multiple @ 30% discount:		20.76

Source: Yahoo Finance

2. **Perpetuity Method:** This involves assuming that the company will continue to generate free cash flow after the exit. The exit value is calculated by applying a discount rate to the estimated cash flows in the final year before exit.
3. **Liquidation Method:** This involves estimating the value of the assets that the company will have at the end of the holding period and subtracting any outstanding debt or liabilities.

Table 28: Exit Value – AC1 .¹⁰

Method #	Description	Amount (USD)
1	DCF of Perpetuity on Exit	111,806,954
2	Discounted Price/Earnings	91,114,085
3	Orderly Liquidation	3,000,000
Weighted Average Exit Value		91,614,468

Source: August Brown

Table 29: Exit Value - ES1.¹⁰

Method #	Description	Amount (USD)
1	DCF of Perpetuity on Exit	42,006,871
2	Discounted Price/Earnings	108,143,027
3	Orderly Liquidation	5,772,853
Weighted Average Exit Value		68,144,739

Source: August Brown

Table 30: Exit Value - IndiaCo.¹⁰

Method #	Description	Amount (USD)
----------	-------------	--------------

¹⁰ 5th year projected results of combined operations were used in the calculations.

1	DCF of Perpetuity on Exit	49,908,985
2	Discounted Price/Earnings	56,560,946
3	Orderly Liquidation	4,622,985
Weighted Average Exit Value		48,373,768

Source: August Brown

2.4 Determination of Income Method Value Assessment for Lilikoi Technologies

The financial value has been determined to be \$128,835,601 for AC1, \$77,785,110 for ES1, and \$56,149,048 for IndiaCo. for a combined total of **\$262,769,759** based on the DCF and exit value calculations.

Table 31: Total Value – AC1.

Area	Amount (USD)
DCF (5 years):	\$37,221,133
Exit Value (weighted average):	\$91,614,468
Total Income Method Value:	\$128,835,601

Source: August Brown

Table 32: Total Value – ES1.

Area	Amount (USD)
DCF (5 years):	\$9,640,370
Exit Value (weighted average):	\$68,144,739
Total Income Method Value:	\$77,785,110

Source: August Brown

Table 33: Total Value – IndiaCo.

Area	Amount (USD)
DCF (5 years):	\$7,775,280
Exit Value (weighted average):	\$48,373,768
Total Income Method Value:	\$56,149,048

Source: August Brown

2.6 Addendum Reference Files

See the addendum reference files below.

Section 3.0 Conclusion

Based upon careful consideration of the many factors influencing the valuation and applying Market and Income methods, August Brown determined that the value of Lilikoi Technologies consolidated operations post-acquisition of AC1, ES1 and IndiaCo to be **\$326.5** million using the average of the Market and Income valuation methods.

Based on our analysis, we assign a fairly high valuation to the new company that is planning to consolidate three established mature businesses with a range of new products and services deploying Lilikoi Technologies' proprietary technology and client access. The relatively high valuation is in part due to the significant new opportunities for revenue and cash flow growth that will be created by the introduction of new products and services. Our assessment of potential market demand for these offerings and the company's ability to effectively market and sell them leads us to believe that the new products and services will be successful.

Furthermore, as the company grows and acquires additional units, we recognize the potential for synergy between various businesses and market applications to derive additional value and achieve even higher growth. The existing infrastructure, client base, and expertise of AC1, ES1 and IndiaCo provide a strong foundation for successful deployment of the new products and services. By leveraging these existing resources and capabilities, the company can improve operational efficiencies and cross-sell new offerings to existing clients. Overall, our evaluation of the company's growth potential leads us to assign a high valuation, making it an attractive investment opportunity for potential investors or buyers.

It's important to note that our valuation is based on the business plan and projections provided by the company. While we have conducted thorough due diligence and analyzed various factors to arrive at our valuation, there are inherent risks and uncertainties associated with any business plan and projections, especially for a new venture introducing new products and services. We have relied on the assumptions and estimates provided by the company, and any significant changes to these assumptions or estimates could impact our valuation. We strongly recommend that potential investors or buyers conduct their own due diligence and carefully review the company's business plan and projections before making any investment decisions. Our valuation report should not be considered as a guarantee of future performance or success.

August Brown Statement of Qualifications

August Brown is a boutique technology-focused management consulting and advisory firm with a specialization in feasibility studies. We are dedicated to providing deep insights with analytical rigor that drive growth strategies, market positioning and continuous improvement. Advisory services include IP valuation and appraisal of equipment used in energy generation, distribution and storage, as well as particle sizing, chemical processing, chemical sensing, and water treatment.

August Brown actively works with subcontractors in the subject fields outside of the immediate coverage areas of the in-house staff.

I. RECENT COMMERCIAL PROJECTS

- 10/2021: IP valuation and appraisal of polymer-derived ceramic, coal-core composites as anodic lithium battery materials
- 08/2019: IP valuation of water-related technologies for the placement of bacteriostatic materials in water purification (Teel, Inc.)
- 11/2017: Performed valuation of liquid crystal based chemical sensors in Platypus Technologies IP portfolio
- 10/2015: Performed IP due diligence valuation of crushed and pozzolanic glass for PPG Industries IP strategy development

II. CERTIFICATIONS AND ACHIEVEMENTS

- 2022 – Enrolled in USAP Machinery & Equipment Valuation Training
- 2015 – PPG Management Essentials (Abbreviated EMBA), University of Pittsburgh – Katz School of Business (Pittsburgh, PA)
- 2008 – Strategic Technology Management, University of Illinois at Urbana-Champaign - College of Engineering (Urbana, IL)

III. OTHER ACHIEVEMENTS:

- 2022 – Invited Speaker, NEOMA Business School, Paris, France
- 2018, 2019 – Invited Speaker, Harvard University Technology Management Office
- 2018 – Invited Speaker, Wisconsin Alumni Research Foundation
- 2010 – National Science Foundation Corporate Post-Doctoral Research Award

IV. PATENTS:

- Meng; Jian; (Gastonia, NC); Fagg; Mike; (Shelby, NC); Rich; John (Allison Park, PA); Nameni; Gordon N.; (Menomonee Falls, WI); Leehr; William;(Winston-Salem, NC); Westbrook; Paul A.; (Lake Lure, NC). Fiberglass Materials, Methods of Making, And Applications Thereof. Appl. USPTO No. 15/229937. August 5, 2016.
- Sherwood, W., Easter, W., Hill, A., Nameni, G. Composite Tile and Method of Manufacture, USPTO No. 11136270, Oct. 5, 2021.

V. EDUCATION:

Ph.D., The University of Illinois at Urbana-Champaign

Dept. of Materials Science & Engineering, Polymer Science Concentration
Urbana-Champaign, Illinois, USA

Thesis: Design of Advanced Fibrous Based Material Systems to Meet the Critical Challenges in Water Quality and Carbon Dioxide Mitigation. Strategic Technology Management Certification

Honors:

State of Illinois Entrepreneurship Center Grant

U.S. Fulbright Fellowship Recipient

National Science Foundation Corporate Post-Doctoral Research Award, AO Smith Corp.

National Science Foundation-STC WaterCAMPWS, Graduate student Fellowship,
Excellence in Education Award

U.S. Environmental Protection Agency – P3 Award for Design of Sustainable Water Treatment

Alfred P. Sloan Fellowship Recipient

Sc.M., Brown University, Biomedical Engineering

Providence, Rhode Island, USA

Thesis: *Assessing the Viability of Rat Calvarial Osteoblasts in the Presence of Micro-Polymeric Materials*

Honors: Brown University Entrepreneurship Finalist

Irene Diamond Fellowship for Graduate School

Sc.B., Brown University, Materials Engineering

Providence, Rhode Island, USA

Honors: All-American Collegiate Award

For Additional Information Regarding This Report, Please Contact:

August Brown, LLC
10437 W. Innovation Dr., 410
Milwaukee, WI 53226
EM: Office@augustbrown.com
Tel: (414) 704-6755