Altius Cloud, Inc.

Fair Market Value of the Common Stock
as of May 30th, 2016

PreferredReturn

Summary of Valuation Engagement

This is a valuation (the "Appraisal") of the private equity of Altius Cloud, Inc. (the "Company") as of May 30th, 2016 (the "Appraisal Date"). Preferred Return, Inc. ("Preferred Return") was engaged to provide this opinion of the fair market value ("FMV") of one share of Common Stock of Altius Cloud, Inc. on a closely-held, minority basis (the "Value"), subject to the included Statement of Limiting Conditions. Our opinion is that the Value on the Appraisal Date was:

Security	Shares Outstanding	Value
Common Stock	10,274,000	$0.204 per share

Definition of Fair Market Value

In this analysis we have followed the definition set forth by the Internal Revenue Service and the courts:

> *Fair Market Value is defined as the amount at which the property would change hands between a willing buyer and a willing seller, when the former is not under compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of the relevant facts.*

Safe harbor presumptions:

> *The final Internal Revenue Service ("IRS") regulations adopt a presumption in specified circumstances that, for purposes of section 409A, a valuation of stock reflects the fair market value of the stock, rebuttable only by a showing that the valuation is grossly unreasonable.*

Valuation Approach

We followed AICPA's Valuation of Privately-Held Company Equity Securities Issued as Compensation (the "Practice Aid") and the sources listed in the Appendices, completing the following steps, and rejecting methods we felt were unsuitable:

1. Establish Underlying Assumptions

√ **Term, Volatility, Rate**

We used the closest Treasury rate to the expected term, and the historical volatility of comparable public peers over the same period.

√ **Foreseen Events**

We accounted for any projected financial events using guidance from management.

√ **Breakpoint Waterfall**

We looked at the Company's knowable capital structure and found the liquidation amounts at which the claim on value changes.

2. Calculate Enterprise Value

√ **Comparables**

The Company does not have enough EBITDA to be meaningful, so we used a comparable sales multiple. We chose comparables with similar financial attributes.

√ **Backsolve Model**

Relying on the implied option created by the Series C Preferred Stock, we determined the exit value where those investors would break even.

✗ **Income Approach**

We felt valuing the Company's largely intangible assets would be a weak method because of the lack of comparisons, and its free cash flow was too difficult to predict.

3. Allocate Enterprise Value

√ **Black Scholes OPM**

We allocated value to the capital structure using the Black Scholes option pricing model.

✗ **Expected Return**

We felt projecting a probable liquidity event at this stage would be too speculative, so we rejected this method.

✗ **Current Value Method**

We rejected this approach because it does not value the Company as a going concern.

4. Common Consideration

√ **Marketability Discount**

We calculated the Marketability Discount quantitatively using put option models.

✗ **Secondary Activity**

There were no secondary transactions in the Company's common equity.

✗ **Minority Discount**

We chose not to apply a minority discount given recent comments by regulators and auditors concerning their applicability to private companies.

Company Overview

Business Description

Altius Cloud, Inc. ("Altius") was incorporated January 5th, 2009 and it is headquartered in San Francisco, California, with offices in New York, NY, and Austin, TX.

Altius is a cloud computing and hosting company with specialization in server infrastructure services. The company has developed a server operating system designed to help servers run thousands of servers themselves. The Altius operating system is an optimized and modified Linux distribution improved using the company's own IP. The company has designed its operating system to be entire open-source to prioritize the development of the technology over other concerns.

The company seeks to enable third parties to operate massively scalable server infrastructure on their own through the company's operating system. The lightweight and modular nature of the operating system facilitates the scalability of systems built around it. The company's operating system is intended to keep servers up-to-date autonomously independent of operating system version updates. Altius based system's will be read-only so the entire fleet of servers running the operating system will be more standardized and current than is typical with read/write operating systems. The company intends its product to lead to quicker responses to new technologies, less downtime, reduced strain on server administrators, and improved server security.

Management Team

Marshall N. Kang
Co-Founder and CEO

From 1997 to 2008 Mr. Kang was the chairman and CEO of Oxford Semiconductors, Inc. a holding company that operates through its subsidiaries to manufacture, package, and test integrated circuits. From 1991 to 1997 He served as Vice President of GMI Manufacturing International, a publicly traded company specializing in the trade of integrated circuits and other semiconductor services, as well as manufacturing and designing semiconductor masks. Under Mr. Kang's leadership GMI's sales grew from $75 million to $150 million. Prior to GMI, he served as Deputy General Manager of Global Business and Marketing at Tianjin Corporation. Before joining Tianjin, Mr. Kang worked in various management positions at Astellas International and has previously served on the boards of Unitech International and Intergen Systems, Inc. Mr. Kang received his MBA at Columbia University, and a Bachelors degree in Computer Science from Stanford University.

John Raines
Co-Founder and COO

John Raines co-founded Altius and has served as its Chief Operation Officer since inception. Dr. Raines previously served as President of TechLogic Semiconductor Ltd.'s Worldwide Sales and Applications Engineering since March 2007, Vice President of Sales and Applications Engineering since January 2003, and as its Director of Applications Engineering from July 1998 to January 2003. From September 1996 to May 2005, Dr. Raines also served as a member of its board of directors. Dr. Raines holds a B.S.E.E. from Princeton University and an M.S.E.E. and Ph.D. in electrical engineering from the University of California at Berkeley.

Stephen Taylor, MBA
Chief Financial Officer

Before joining Altius in 2009, Mr. Taylor served as CFO at TechLogic Semiconductor Ltd., a pure-play independent specialty wafer foundry. Prior to that, he served as Controller at Tianjin Semiconductor Corporation (TISC), an investment holding company that manufactures plastic packaged diodes. Prior to his position with TISC,

Mr. Taylor spent 13 years as Senior Accountant with ProtoTech International Holdings, Ltd. He holds a Bachelor's degree in Finance from the University of California Los Angeles.

David Zhang
Vice President of Business Development

Prior to Altius, Mr. Zhang served as Senior Director of licensing and business development at Shanghai Semiconductor Manufacturing Company. He joined Intergen Systems, Inc. in 1990 as Director of New Business Development, and was responsible for licensing activities in various semiconductor services. Mr. Zhang was also responsible for providing semiconductor test services, particularly for mixed-signal semiconductors that perform both analog and digital functions. Prior to Intergen he spent six years as senior research scientist at DuoTech International where he conducted research on plastic packaged diodes, glass packaged diodes, and bridge rectifiers. Mr. Zhang holds a PhD in Bioelectrical Engineering from MIT and a Bachelor's degree in Electrical Science and Engineering from Tamkang University, Taiwan.

Industry Description

Platform-as-a-service (PaaS) provides a cloud computing platform and a solution stack as a service to customers. Technically, a PaaS is an application platform comprised of an operating system, middleware and other software that allows applications to run on the cloud, with much of the management, security, scaling and other stack related difficulties abstracted away. This allows developers to focus on developing their application. The platform manages system administration details such as setting up servers or VMs, installing libraries frameworks and configuring testing tools while customers control software development and configuration settings. As a result, PaaS offerings reduce the cost and complexity of buying and managing the underlying hardware and software and provisioning hosting capabilities.

PaaS is an outgrowth of Software-as-a-Service, a software distribution model in which hosted software applications are made available to customers over the Internet. The realm of services PaaS potentially offers includes application development and testing, providing an operating environment, business analytics, platform integration and data management services. PaaS providers have the capability to sustain several customers in a singular development environment. PaaS platforms differentiate based on the programming languages and frameworks supported, hosting environments supported and scalability and extensibility of the PaaS. More advanced platforms handle multiple programming languages, allowing developers to code in their preferred language. Additionally, advanced platforms support multiple hosting environments, whether public cloud, private cloud, local hypervisor or bare metal. This allows the application developers to migrate their application as needed. Finally, extensibility and scalability provides flexibility to developers, allowing them to add capabilities to the PaaS and auto-scale to handle the increased load of an application.

The global cloud computing industry is estimated at $35.6 billion as of late 2013. Cloud computing as an industry is experiencing broad and robust growth having quickly grown to its present size. High growth rates are anticipated to continue for the foreseeable future as the industry benefits from additional innovations and favorable trends in both technology and business practices. The cloud computing and cloud computing serves market is anticipated to reach as much as $205 billion by 2018. New technologies enabling better virtualization are allowing the industry to realize increase cost savings and greater agility for client businesses. The industry is both exceptionally fast growing at present and particularly crowded. Subsets of the industry are continually being innovated and invented allowing new entry points into the market for start-ups that might otherwise be crowded out of established sectors of the cloud-computing industry. Many subsets, such as the PaaS field, are experiencing high rates of growth and have enviable access to investment capital.

Economic Conditions

Report Dated: April 13, 2016

Economic Review

Reports from the twelve Federal Reserve Districts suggest that national economic activity continued to expand in late February and March, though the pace of growth varied across Districts. Most Districts said that economic growth was in the modest to moderate range and that contacts expected growth would remain in that range going forward. Consumer spending increased modestly in most Districts and reports on tourism were mostly positive. Labor market conditions continued to strengthen and business spending generally expanded across most Districts. Demand for nonfinancial services grew moderately overall. Manufacturing activity increased in most Districts. Construction and real estate activity also expanded. Credit conditions improved, on net, in most Districts. Low prices weighed on energy and mining output as well as prospects for agricultural producers. Overall, prices increased modestly across the majority of Districts, and input cost pressures continued to ease.

Consumer Spending and Tourism

Consumer spending in most Districts increased modestly in late February and March, and retailers generally remained optimistic about the outlook for growth over the remainder of the year. Several Districts cited the continuation of generous discounts and promotions, favorable credit conditions, and low gasoline prices as factors supporting a steady pace of growth in consumer spending. However, contacts in the Chicago District again expressed disappointment that low gas prices and improving labor markets were not providing more of a boost to consumer spending. The Kansas City, Philadelphia, Richmond, and San Francisco Districts reported increases in spending on nondurable goods and services, while some Districts noted higher sales in select categories of durable goods, such as furniture. Auto sales remained strong in several Districts, and the Cleveland, Chicago, and New York Districts reported that leasing activity increased.

Reports on tourism were mostly positive across the Districts, and contacts were largely optimistic about near term prospects. Business and leisure travel remained strong in Atlanta, while business travel was up in Boston and leisure travel was up in Chicago and Richmond. Hoteliers in the Richmond District reported both a strong close to the winter season and a strong start to the spring season. In addition, ski resorts in the Kansas City District reported robust activity. In contrast, contacts in the Atlanta, Boston, Minneapolis, and New York Districts noted fewer international visitors.

Hiring and Business Spending

Labor market conditions continued to strengthen in late February and March. Most Districts again reported job gains, with only Cleveland indicating a decline in overall employment. Service industry employment rose in Boston, New York, Philadelphia, Richmond, St. Louis, and Dallas. Retail payrolls expanded in Richmond, but declined in Dallas. Growth in employment at financial firms was subdued in New York and employment declined in Cleveland. Manufacturing payrolls rose in Boston, Richmond, and Atlanta, but fell in Philadelphia and Cleveland. Energy companies continued to reduce their workforces, with reports of layoffs coming from Cleveland, Atlanta, St. Louis, Minneapolis, and Dallas. Several Districts indicated that contacts had difficulty filling certain positions in a number of low- and high-skilled occupations. Notably, contacts reported difficulty finding quality retail workers (Boston), low-skilled manufacturing workers (Boston and Chicago), construction workers (Cleveland, Richmond, Atlanta, and San Francisco) and skilled professionals in occupations such as information technology, accounting, engineering, and customer service (Richmond and Atlanta).

Business spending generally expanded across most Districts. Districts reporting on inventories indicated that they generally were in line with sales. Retailers in Boston, New York, and Chicago said that inventories for most items were at desirable levels, though contacts in New York, Chicago, and Dallas noted that the mild weather resulted in excess stocks of winter-related items. Manufacturers in Boston and Chicago said inventories were comfortable, while manufacturers in Atlanta said they were somewhat elevated. Capital spending increased on balance in most Districts, with scattered reports of spending for capacity expansion. Retailers in Boston and San Francisco were spending for replacement, and some contacts in Boston were aggressively expanding capacity. Manufacturers in several Districts reported increases in capital outlays (Boston, Cleveland, Chicago, St.

Louis, and Minneapolis). Capital spending remained modest for manufacturers in San Francisco and for refiners in Dallas, and declined further for manufacturers in Kansas City. Outlays for oil and gas extraction were mixed. Contacts in Cleveland reported ongoing expansion (though at a slower pace), while there was little growth in Atlanta and Dallas, and declines in Kansas City. District reports mentioned a variety of other sectors where capital investment had expanded: tourism (Philadelphia and Atlanta), construction and finance (Cleveland), professional, high-tech, and wholesale trade (Kansas City), and pharmaceuticals (San Francisco). In contrast, capital spending by transportation contacts declined in Cleveland and Kansas City.

Nonfinancial Services

Growth in demand for nonfinancial services picked up to a moderate rate and contacts expected this pace of growth to continue. Several Districts reported increases in demand for professional and business services. Contacts in the Boston, Kansas City, and Minneapolis Districts reported moderate increases in demand for information technology, architecture, or legal services and the Boston District reported some growth in demand for consulting. Activity in the health care sector grew at a solid pace in a number of Districts. Contacts in the San Francisco District reported robust demand for health care services (resulting in capacity shortages at some facilities) and contacts in the Richmond District reported a late surge in demand for healthcare services because of a flu and norovirus outbreak. Results were also mostly positive for staffing firms. Transportation activity rose moderately, with several Districts reporting increases in freight volumes. Port contacts in the Richmond District cited record import volumes in February that moderated in March, as well as a modest rise in exports in part because of stronger shipments of agricultural and forest products. San Francisco noted an increase in cargo volumes. Kansas City indicated that transportation and wholesale trade activity had increased sharply, and the Atlanta and Richmond Districts cited notable increases in truck tonnage. In contrast, the Atlanta and Dallas Districts each reported additional decreases in rail cargo, and contacts in the Cleveland and Dallas Districts said that ongoing softness in the energy and steel sectors continued to weigh on freight volumes.

Manufacturing

Manufacturing activity increased in most Districts in late February and March. Contacts described the overall pace of growth as moderate in Richmond and Chicago, while growth was more modest in Philadelphia, St. Louis, and San Francisco. Only Cleveland and Kansas City reported declines in activity. By industry, district reports indicated that the strongest performers were autos (Cleveland, Richmond, Chicago, and Dallas), aerospace (Philadelphia, Cleveland, and Chicago), and computers and electronics (Boston and Dallas). There also were solid gains in construction materials (Philadelphia, Cleveland, and Chicago), food processing (Richmond and Dallas), defense (Chicago), and pharmaceuticals (San Francisco). Results were mixed for producers of paper products, metals, and chemicals. Demand was weak according to plastics manufacturers in Richmond and Kansas City. Demand for steel changed little according to contacts in Cleveland and Chicago, but declined in Kansas City. Several Districts reported weak overall demand for heavy machinery, with Chicago and Minneapolis noting softer demand for agricultural and mining machinery than for construction machinery. Suppliers for the oil and gas industry consistently reported weak demand (Philadelphia, Cleveland, Richmond, Chicago, St. Louis, and Dallas), and some contacts in Chicago and Dallas indicated they were trying to adjust their product offerings toward other industries. Expectations for future manufacturing growth were mixed. In general, contacts' outlooks were optimistic in Boston, Philadelphia, Cleveland, and Richmond, but pessimistic in Atlanta, Minneapolis, and Dallas.

Construction and Real Estate

Construction and real estate activity generally expanded in late February and March, and contacts across Districts maintained a positive outlook for the rest of the year. Residential real estate activity strengthened, on balance, with robust growth in San Francisco, Cleveland, and Boston, but more mixed reports from Dallas, Kansas City, and Atlanta. Several Districts credited a mild winter for stronger home sales, and the pace of home price increases picked up in a number of Districts. Multi-family construction remained strong in most Districts. Chicago, Cleveland, and St. Louis also noted some improvement in demand for single-family home construction, and a contact in San Francisco reported backlogs of more than six months for new single-family units. Commercial real estate activity generally increased, with leasing activity and rents rising in many Districts: particularly strong leasing was noted in retailing in Chicago and in the industrial sector in Dallas. Vacancy rates either moved lower or were unchanged in most Districts. Most Districts reporting on nonresidential construction said that demand increased. Contacts in Boston said the education, health care, hospitality, retail, and office sectors all contributed to its recent construction boom. Nonresidential contractors in Cleveland cited broad-based demand, with particular strength in education and healthcare

projects, where several builders expressed concern about their capacity to take on additional projects. In contrast, Chicago noted continued weak demand for industrial construction, and Philadelphia reported fewer starts of new nonresidential projects.

Banking and Finance

Credit conditions improved, on net, in most Districts, with the exception of Dallas where contacts indicated that the lending outlook remained cautious. Overall, the lending environment remained competitive. Contacts in Richmond said that competition continued to intensify with reports of compression on net interest margins along with an ongoing trend toward bank consolidation. San Francisco said vigorous competition for borrowers was holding down profit margins for some institutions. Boston described the commercial real estate environment as particularly competitive. Business lending grew across several Districts. Commercial and industrial loan demand continued to increase in New York, Philadelphia, St. Louis, and Cleveland. A majority of Districts also noted continued growth in lending for commercial real estate, though Cleveland indicated that the pace of growth had slowed. For consumer lending, New York, Cleveland, and San Francisco all reported increased demand for residential mortgages, while Dallas indicated that growth in mortgage loan volumes had slowed. San Francisco also reported strong growth for revolving credit, and Chicago indicated that credit card utilization rates increased. The Chicago and Philadelphia Districts also cited a pickup in auto loan demand. Reports on changes in credit quality were mixed. Philadelphia and Atlanta noted improvements in credit quality, and Cleveland, New York and Dallas reported that delinquency rates remain low. In contrast, contacts in Dallas said that loan quality continued to mildly deteriorate because of ongoing stress in the energy sector, while contacts in Atlanta said that financial institutions in areas dependent on energy faced continued risk, with some adding to loan loss reserves.

Agriculture and Natural Resources

Agricultural conditions were mixed across the Districts. Contacts in Chicago, St. Louis, Minneapolis, Kansas City, and Dallas reported poor prospects for agricultural profitability because product prices remained low and input costs remained relatively high. Contacts across Districts noted that compared with a year ago, prices were lower for cotton, corn, soybeans, wheat, hay, rice, cattle, chickens, eggs, hogs, and milk. However, contacts also reported some relief in input costs since the previous period, with lower costs for diesel, fertilizer, and farmland rents. That said, costs for chemicals went up and seed costs remained elevated. There were typical seasonal increases in fieldwork in Richmond and Chicago. Earlier flooding made fieldwork more difficult in parts of the Richmond and Atlanta Districts, but harm from flooding in St. Louis was limited. San Francisco reported improved agricultural activity as ample rains enhanced growing conditions and reduced the impacts of the ongoing drought in California. Contacts in Dallas said beef production was higher than a year ago. The elevated dollar held back agricultural exports according to contacts in San Francisco.

Natural resource reports ranged from mixed to negative across Districts. Oil and gas production continued to fall in Atlanta, Kansas City, and Dallas, though contacts in some Districts reported signs that the declines were close to an end. Contacts in Cleveland and Atlanta noted that natural gas prices were under pressure because the warm winter left inventories elevated. Cleveland and Dallas reported that persistently low energy prices were hurting the financial positions of energy firms. Coal output declined in Richmond and St. Louis. In contrast, some idled iron mines in Minneapolis reported plans to reopen soon. San Francisco contacts reported solid domestic timber demand but those in Minneapolis indicated that the warm winter slowed logging activity.

Prices and Wages

Retail prices increased modestly across the majority of the Districts while input cost pressures continued to decline in late February and March, driven importantly by low energy prices. Transportation costs fell, as freight companies passed lower fuel costs through to shipping rates. The Cleveland District reported that diesel fuel surcharges have been largely eliminated. Residential construction contacts in the Philadelphia and Cleveland Districts reported that low energy prices have significantly reduced costs for petroleum-based materials such as shingles. Contacts in San Francisco said that lower fuel prices have improved airline profit margins. Several District reports indicated that contacts generally expect energy and raw material prices to remain at low levels, though a manufacturer in the Minneapolis District expected steel prices to increase later this year.
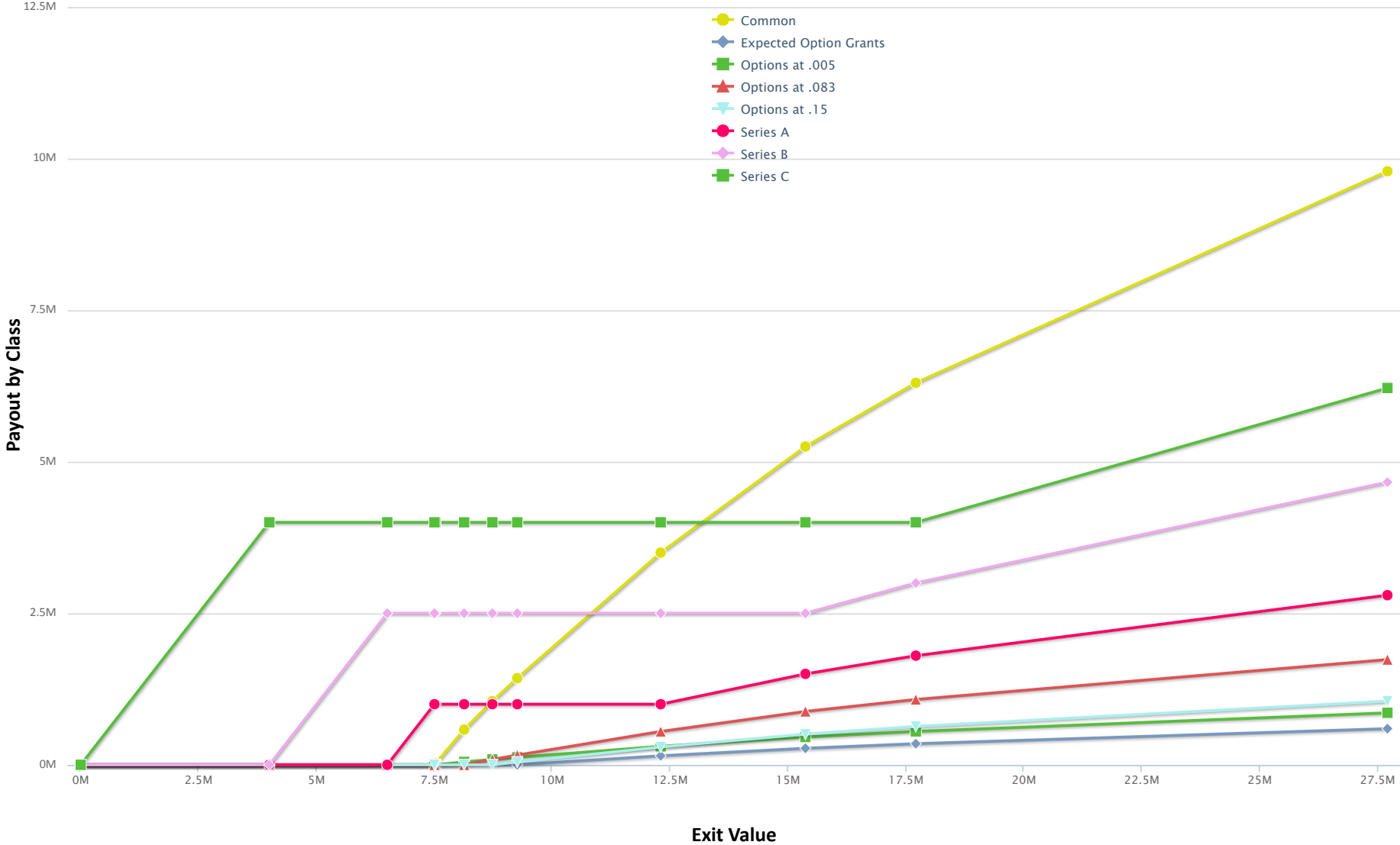
Wages increased in all but one District (Atlanta), and several Districts reported signs of a pickup in wage growth over the last survey period. New York, St. Louis, Minneapolis, and San Francisco reported moderate wage growth, while wage pressures were

characterized as mild in Chicago, mostly contained in Kansas City, and stable in Atlanta. The strongest wage pressures were for occupations where labor shortages are pressing and turnover is elevated. Contacts in the Boston, Cleveland, and St. Louis Districts cited sizeable wage increases for workers in fields such as information technology services and skilled construction and manufacturing trades. In addition, some firms in Philadelphia indicated that they had raised their starting wages in order to attract higher quality workers, and Chicago noted an increase in the number of contacts who raised wages for low-skilled entry-level workers.

Capitalization Table

Class of Security	Outstanding	Basis	Coupon	Tier	Preference	Claim
Common Stock	7,000,000	$0.00001		1		
Expected Option Grants	500,000	$0.2040		1		
Options Struck at .005	614,000	$0.0033		1		
Options Struck at .15	840,000	$0.1500		1		
Options at .083	1,320,000	$0.0830		1		
Series A Preferred Stock	2,000,000	$0.5000		2	1.0x multiple, nonparticipating	$1,000,000
Series B Preferred Stock	3,333,333	$0.7500		3	1.0x multiple, nonparticipating	$2,500,000
Series C Preferred Stock	4,444,444	$0.9000		4	1.0x multiple, nonparticipating	$4,000,000
	20,051,777					$7,499,999

Capitalization Breakpoints

Legend:
- Common
- Expected Option Grants
- Options at .005
- Options at .083
- Options at .15
- Series A
- Series B
- Series C

Y-axis: **Payout by Class** (0M, 2.5M, 5M, 7.5M, 10M, 12.5M)

X-axis: **Exit Value** (0M, 2.5M, 5M, 7.5M, 10M, 12.5M, 15M, 17.5M, 20M, 22.5M, 25M, 27.5M)

Breakpoints

Each breakpoint reflects a hypothetical exit value for the Company at which point one of the Company's securities (Debt, Preferred, Common, etc.) or their related derivatives (Options, Warrants, etc.) either starts or stops participating in the incremental distribution of the enterprise value available to be allocated to the Company. As an example, in the absence of long term debt, a Preferred Security with a one time liquidity preference and seniority to the Common Stock will obtain value from the first dollar available for distribution until the liquidation preference has been met. Next, the Common Stock will participate in the amount above and beyond the liquidation preference. At the point where the value per share is greater than the strike price of derivatives, the derivatives will then convert and participate in the value available for distribution, diluting the value available for distribution above and below their strike price. The schedule below shows the various Company specific breakpoints and the related description of each breakpoint:

$4.0m	Series C satisfy all preferences; Series C cap at 1x and stop participating
$6.5m	Series B satisfy all preferences; Series B cap at 1x and stop participating
$7.5m	Series A satisfy all preferences; Series A cap at 1x and stop participating; Common goes in the money
$7.5m	Options at .005 goes in the money
$8.1m	Options at .083 goes in the money
$8.7m	Options at .15 goes in the money
$9.3m	Expected Option Grants goes in the money
$12.3m	Series A converts into common
$15.4m	Series B converts into common
$17.7m	Series C converts into common
>$17.7m	Equilibrium; all series are fully-converted and pro-rata

Income Statement

(Unaudited)

Category	Account	Jun. '15 to May '16
Income	Product Revenue	$3,450,000
	Grant Income	$400,000
		$3,850,000
Operating Expenses	Development and Administrative	$4,000,000
	Sales and Marketing	$1,166,000
	Company Paid Vacation	$20,000
	Entertainment	$4,000
		$5,190,000
Other Expenses	Other	$400,000
		$400,000

Balance Sheet

(Unaudited)

Category	Account	As of May 30, '16
Current Assets	Cash	$2,000,000
	Accounts Receivable	$300,500
		$2,300,500
Fixed Assets	Property and Equipment	$80,000
		$80,000
Other Assets	Other Assets	$20,000
		$20,000
Current Liabilities	Accounts Payable	$200,000
	Accrued Liabilities	$400,000
		$600,000
Shareholders Equity	Common Stock	$1,000
	Series A Preferred	$1,000,000
	Series B Preferred	$2,500,000
	Series C Preferred	$4,000,000
	Retained Earnings	($3,960,500)
	Net Income	($1,740,000)
		$1,800,500

Comparable Public Companies

Company	Symbol	Enterprise Value	Equity Value	Volatility (expected time to liquidity)	Volatility (expected time to successful exit)	TTM Sales	BVIC	EV/ TTM Sales
Attunity Ltd	ATTU	$109.59	$109.59	55.01%	52.57%	$14.5	$0	7.55x
Dot Hill Systems Corp	HILL	$192.9	$233.22	NAN	NAN	$210.3	$49.6	0.92x
Edgewater Technology Inc	EDGW	$51.77	$73.48	34.92%	40.69%	$109	$72.7	0.47x
Luxoft Holding Inc	LXFT	$1,123.08	$1,149.47	41.77%	45.43%	$426.9	$163	2.63x
NetApp Inc	NTAP	$11,095.16	$12,632.66	26.32%	25.00%	$6,298.1	$5,330.8	1.76x
QLogic Corp	QLGC	$782.09	$842.98	41.61%	37.97%	$467.2	$703.4	1.67x
Seagate Technology PLC	STX	$18,252.98	$16,966.98	42.38%	38.63%	$13,724	$6,752	1.33x
Vasco Data Security International Inc	VDSI	$609.56	$702.9	55.46%	51.18%	$168.9	$186.1	3.61x
							mean	2.49x

Multiples and Metrics

We sought guideline public companies that were the most comparable to Altius Cloud, Inc. in terms of business operations, size, stage of development, prospects for growth, and risk. We examined the enterprise value of the guideline public companies basket. These metrics were then used to calculate four valuation multiples: EV/BVIC, EV/ TTM Sales, EV/EBITDA, and P/E. However, upon further investigation, we considered the EV/TTM Sales ratio more relevant due to the Company's fairly developed revenue stream. Therefore we chose to rely exclusively upon this multiple.

We calculated this multiple for each guideline company as of the relevant date and selected the mean multiple of 2.49x trailing twelve-month sales.

Result of Method

We applied a multiple of 2.49x to the Company's trailing twelve-month sales of $3.85 million on the Appraisal Date. This resulted in an estimated value for Altius Cloud, Inc. of $9.6 million as of May 30th, 2016.

Method	Approach	Method Result
Guideline Public Companies	TTM Sales Multiple	$9.6mm

Guideline Venture Financings

Back Solve Model

Under the venture financing approach, the backsolve model involves making assumptions regarding the time to liquidity, volatility, and risk-free rates, and then within an option-pricing model framework solves for the enterprise value such that the value for the most recent preferred financing equals the original investment amount for that security class. That is, the backsolve model consists of a series of concurrent option-pricing models to consider several breakpoints, or exit value thresholds where the value-allocation across securities will change, and allocates value until the incremental value attributable to the preferred securities sold in the most recent round equals the price paid by the investors.

	Breakpoint	Value	Increment	Series C
0.	$0	$10,006,393	$3,834,648	$3,834,648 *100.00%*
1.	$4,000,000	$6,171,745	$1,933,215	$0 *0.00%*
2.	$6,500,000	$4,238,530	$616,093	$0 *0.00%*
3.	$7,500,000	$3,622,436	$13,201	$0 *0.00%*
4.	$7,523,100	$3,609,235	$330,864	$0 *0.00%*
5.	$8,129,936	$3,278,371	$297,516	$0 *0.00%*
6.	$8,728,514	$2,980,856	$240,094	$0 *0.00%*
7.	$9,256,310	$2,740,762	$1,045,892	$0 *0.00%*
8.	$12,297,414	$1,694,870	$637,410	$0 *0.00%*
9.	$15,365,914	$1,057,459	$310,708	$0 *0.00%*
10.	$17,707,014	$746,751	$746,751	$165,516 *22.16%*

Result of Method

We calculated the following enterprise value result from the back solve analysis above:

Method	Approach	Parameter	Result
Guideline Venture Financings	Solve for liquidity event at which Series C Preferred Stock receives $0.9 per share	Enterprise Value	$10.01mm

Enterprise Value

We gave the different methods the following weights in our analysis:

Method	Weight	Result
Guideline Venture Financings	80.00%	$10.01 mm
Guideline Public Companies	20.00%	$9.6 mm
Weighted Average	100.00%	$9.93 mm

Capital Structure Allocation

Option Pricing Method

Under the option pricing method, each class of equity is modeled as a call option with a claim on the equity value of the company. The strike price of an option may correspond to the liquidation preference on the preferred series, the conversion value of the preferred series, or another equity value where the claim on value changes. At each breakpoint in the waterfall, we calculated the common stock's ownership of the amount disbursed between the start of the previous breakpoint and the threshold of the new breakpoint. Using the Black Scholes formula, we calculated the incremental value of each option based on the breakpoints implied. We then multiplied the common class's participation percentage at each segment by the incremental value of the call options, and summed the results.

A table summarizing the assumptions employed is presented below, and detailed explanations of each assumption are presented in the appendices. The formula follows:

$$\textit{option value} = SN(\partial_1) - ke^{-rT_e}N(\partial_2)$$

$$\partial_1 = \ln(S/k) + ([r + \sigma^2] / 2)\,T_e\, / \,\sigma\sqrt{T_e}$$

$$\partial_2 = \partial_1 - \sigma\sqrt{T_e}$$

Symbol	Value Used	Meaning
S	$9.93 million	underlying company value
e	2.71828182...	base of natural logarithms
T_e	2.0	Time to Expected Exit
T_s	3.0	Time to Successful Exit
r_e	0.90%	risk free rate as of the Appraisal Date, corresponding to expected time to liquidity (2.0 year term)
r_s	1.06%	risk free rate as of the Appraisal Date, corresponding to expected time to successful exit (3.0 year term)
σ_e	42.50%	Estimated Volatility, corresponding to expected time to liquidity
σ_s	41.64%	Estimated Volatility, corresponding to expected time to successful exit
k	breakpoints	option's strike price
$\ln(a)$	$\int(1,a)\,(1/x)\partial x$	value of the natural logarithm function
$N(a)$	$\int(-\infty,a)\,f(x)\partial x$	value of the cumulative standard normal distribution

Black Scholes Model

As described in the previous section, the following model allocates value between the various classes of stock subject to the assumptions listed above.

	Breakpoint	Value	Increment	Common	Expected Option Grants	Options at .005	Options at .15
0.	$0	$9,925,375	$3,832,039	$0 0.00%	$0 0.00%	$0 0.00%	$0 0.00%
1.	$4,000,000	$6,093,335	$1,923,767	$0 0.00%	$0 0.00%	$0 0.00%	$0 0.00%
2.	$6,500,000	$4,169,568	$611,066	$0 0.00%	$0 0.00%	$0 0.00%	$0 0.00%
3.	$7,500,000	$3,558,502	$13,081	$13,081 100.00%	$0 0.00%	$0 0.00%	$0 0.00%
4.	$7,523,100	$3,545,421	$327,677	$301,253 91.94%	$0 0.00%	$26,424 8.06%	$0 0.00%
5.	$8,129,936	$3,217,743	$294,345	$230,626 78.35%	$0 0.00%	$20,229 6.87%	$0 0.00%
6.	$8,728,514	$2,923,398	$237,311	$169,959 71.62%	$0 0.00%	$14,908 6.28%	$20,395 8.59%
7.	$9,256,310	$2,686,087	$1,031,101	$702,522 68.13%	$50,180 4.87%	$61,621 5.98%	$84,303 8.18%
8.	$12,297,414	$1,654,987	$625,742	$356,868 57.03%	$25,491 4.07%	$31,302 5.00%	$42,824 6.84%
9.	$15,365,914	$1,029,244	$304,016	$136,353 44.85%	$9,740 3.20%	$11,960 3.93%	$16,363 5.38%
10.	$17,707,014	$725,228	$725,228	$253,174 34.91%	$18,084 2.49%	$22,207 3.06%	$30,381 4.19%

Black Scholes Table (Continued)

	Breakpoint	Value	Increment	Options at .083	Series A	Series B	Series C
0.	$0	$9,925,375	$3,832,039	$0 *0.00%*	$0 *0.00%*	$0 *0.00%*	$3,832,039 *100.00%*
1.	$4,000,000	$6,093,335	$1,923,767	$0 *0.00%*	$0 *0.00%*	$1,923,767 *100.00%*	$0 *0.00%*
2.	$6,500,000	$4,169,568	$611,066	$0 *0.00%*	$611,066 *100.00%*	$0 *0.00%*	$0 *0.00%*
3.	$7,500,000	$3,558,502	$13,081	$0 *0.00%*	$0 *0.00%*	$0 *0.00%*	$0 *0.00%*
4.	$7,523,100	$3,545,421	$327,677	$0 *0.00%*	$0 *0.00%*	$0 *0.00%*	$0 *0.00%*
5.	$8,129,936	$3,217,743	$294,345	$43,490 *14.78%*	$0 *0.00%*	$0 *0.00%*	$0 *0.00%*
6.	$8,728,514	$2,923,398	$237,311	$32,049 *13.51%*	$0 *0.00%*	$0 *0.00%*	$0 *0.00%*
7.	$9,256,310	$2,686,087	$1,031,101	$132,476 *12.85%*	$0 *0.00%*	$0 *0.00%*	$0 *0.00%*
8.	$12,297,414	$1,654,987	$625,742	$67,295 *10.75%*	$101,962 *16.29%*	$0 *0.00%*	$0 *0.00%*
9.	$15,365,914	$1,029,244	$304,016	$25,712 *8.46%*	$38,958 *12.81%*	$64,930 *21.36%*	$0 *0.00%*
10.	$17,707,014	$725,228	$725,228	$47,741 *6.58%*	$72,336 *9.97%*	$120,559 *16.62%*	$160,746 *22.16%*

Result of Method

By summing the amounts allocated to the target security in the option pricing tables above, we derived the allocated value:

Security Class	Fully Diluted Shares	Allocated Value
Common Stock	10,274,000	$0.292 per share

Discounts and Premiums

Marketability Discount

There is usually no market for the common equity of all but the latest-stage private companies. Based on our research and analysis, we applied a discount for lack of marketability of 30.00%. Further workbooks detailing the study of this assumption, including put option calculations, are presented in the appendices.

Assuming the following, after discounting for marketability, the aggregate value of the subject securities results in a per-share value of:

Security	Shares Outstanding	Discounted Value
Common Stock	10,274,000	$0.204 per share

Valuation Result

Fair Market Value Indicated

On the Appraisal Date, our conclusion of the fair market value ("FMV") of one share of Common Stock of Altius Cloud, Inc. on a closely-held, minority basis was:

Security	Shares Outstanding	Value
Common Stock	10,274,000	$0.204 per share

This is a Draft, Not a Certified Report

The purpose of draft appraisal reports (D1, D2, etc.) is to request feedback from the Company's management and auditors and are primarily for the benefit of the appraiser. This purpose of discussion drafts is to verify that an accurate financial picture has been presented to Preferred Return and that the projections made are a realistic expectation of future results. Drafts may not be relied upon as a formal opinion of value. After the final draft is reviewed and accepted by the Company, the final report is issued and the certification will appear here.

Appendices

Appendix A - Volatility Assumption

The first key input in the Black-Scholes Options Pricing Model is volatility - the movement of the company's stock price, up or down, over time. The higher the level of volatility in a stock, the greater the value of the option. For private companies, measuring stock price volatility is more difficult than for public companies, which generally have some historical pricing data that can be used. While the value of a company is driven in large part by its earnings, the measurement of earnings changes on an annual basis provides too few data points to impute any type of stock price volatility. The only credible measure of stock price volatility for a private company, therefore, is using comparable company stock prices or industry indices over time, with the historical period tracking the expiration period of the options being valued.

We analyzed a basket of public companies similar to the Company and examined historical volatility, corresponding to the holding period assumption for the underlying options. Data was provided by CapitalIQ. Based on the historical volatilities of these companies, we used a volatility assumption of 42% calculated from a term of 2.0 years, representing time to an expected liquidity event, and a volatility assumption of 42% calculated from a term of 3.0 years, representing time to a successful liquidity event. Please see Appendix C - Years to Maturity Assumption for further details regarding the time to liquidity assumption.

Comparable	Symbol	Description	σ_e	σ_s
Attunity Ltd	ATTU	Attunity Ltd is a provider of real-time data integration software. The Company's software solutions provide organizations to integrate and enable cross-system access for business information. Its software is used for projects, such as reporting and data warehousing, migration and modernization, application release automation, file replication and distribution. The Company's software includes products for real-time data integration, application release automation (a process that automates the deployment and upgrade of custom applications and Web content across various stages of the application and content lifecycle), and managed file transfer (a process that allows organizations to secure and automate business-to-business information exchanges over Internet connections).	55%	53%
Dot Hill Systems Corp	HILL	Dot Hill Systems Corp. (Dot Hill) is engaged in designing, manufacturing and marketing a range of storage systems, including hybrid storage arrays, for the entry and mid-range storage markets. The Company operates through two business segments: Server OEM and Vertical Markets. The Server OEM segment consists of Original Equipment Manufacturers (OEM) who purchases products from the Company to sell along with server products. The Company's products are sold in server led sales into its end-user customers' corporate information technology infrastructure. The Vertical Markets segment consists of selected Vertical Markets, which includes Media and Entertainment, Telecommunications Infrastructure, Oil and Gas, Big Data Analytics and Digital Imaging, among others. The Company sells its products to customers through both Vertical Markets OEM partners or embedded solutions integrators, as well as through channel partners.		
Edgewater Technology Inc	EDGW	Edgewater Technology, Inc. is a provider of transformational classic and product-based consulting services. The Company helps the C-suite drive transformational change through its selection of business and technology services, and channel-based solutions. The classic consulting disciplines (such as business advisory, process improvement, organizational change	35%	41%

Comparable	Symbol	Description	σ_e	σ_s
		management, mergers and acquisitions (M&A) due diligence, and domain expertise) are blended with technical services (digital transformation, technical roadmaps, data and analytics services, custom development and system integration) to help organizations leverage investments in legacy information technology (IT) assets. It offers a range of consulting services, such as classic consulting and product-based consulting. In addition, it also provides synergistic services in the area of data management and analytics, such as enterprise information management services and analytics services.		
Luxoft Holding Inc	LXFT	Luxoft Holding, Inc. is a provider of software development services and information technology (IT) solutions to a global client base consisting primarily of large multinational corporations. The Company's software development services consist of critical custom software development and support, product engineering and testing, and technology consulting. The Company focuses on six industry verticals: financial services; travel and aviation; technology; telecom; automotive and transport; and energy. The Company serves large multinational corporations primarily in Western Europe and North America that rely on its IT solutions and software development capabilities for many of their mission critical systems. The Company operates through a global dedicated delivery model.	42%	45%
NetApp Inc	NTAP	NetApp, Inc. (NetApp) provides software, systems and services to manage and store customer data. The Company enables enterprises, service providers, governmental organizations, and partners to envision, deploy and evolve their information technology (IT) environments. The Company offers a portfolio of products and services that satisfy a range of customer workloads across different data types and deployment models. Its data management and storage offerings help manage business productivity, performance and profitability, while providing investment protection and asset utilization. The Company's FlexPod portfolio includes FlexPod Datacenter for core enterprise data centers and service providers, FlexPod Express for medium-sized businesses and branch offices, and FlexPod Select for data-intensive workloads. The portfolio is validated with hypervisors, operating systems, systems management tools and cloud management platforms.	26%	25%
QLogic Corp	QLGC	QLogic Corporation designs and supplies network infrastructure products that provide and manage computer data communication. The Company's products are used in enterprise data centers, cloud computing, Web 2.0 and other environments. The Company classifies its products into three categories: Host Products, Network Products and Silicon Products. Host Products consist of Fibre Channel adapters, iSCSI adapters, FCoE converged network adapters, and 10 gigabit Ethernet adapters. Network Products consist of blade, edge and high-port count modular-chassis Fibre Channel switches, Fibre Channel virtualized pass-through modules, universal access point switches, Enhanced Ethernet pass-through modules and storage routers. Silicon Products consist of ASICs, including Fibre Channel controllers, iSCSI controllers, converged network controllers, Ethernet controllers, converged switch controllers and cLOM controllers.	42%	38%
Seagate Technology PLC	STX	Seagate Technology plc (Seagate) is a provider of electronic data storage products. The Company's products are hard disk drives (HDD). The Company produces a range of electronic data storage products, including solid state hybrid drives (SSHD), solid state drives (SSD), peripheral	42%	39%

Comparable	Symbol	Description	σ_e	σ_s
		component interconnect express (PCIe) cards and Serial AT Attachment (SATA) controllers. The Company's products are designed for enterprise servers and storage systems for applications, client compute applications and client non-compute applications. The Company's product and solution portfolio for the enterprise data storage industry includes storage enclosures, integrated application platforms and high performance computing (HPC) data storage solutions. Its data storage services provide online backup, data protection and recovery solutions for small to medium-sized businesses. Its products include Enterprise Performance HDDs, Mobile HDDs and SSHDs, NAS HDDs, and Surveillance HDDs, among others.		
Vasco Data Security International Inc	VDSI	VASCO Data Security International, Inc. designs, develops, markets and supports hardware and software security systems that manage and secure access to information assets. Those security systems include user authentication and public key infrastructure (PKI) products and services for employee and consumer security, e-business and e-commerce. The Company operates in two segments: authentication products and services. The target markets of the Company are banking and financial services market and the enterprise and application security market.	55%	51%

Appendix B - Risk Free Rate Assumption

Though a truly risk-free asset exists only in theory, in practice most professionals and academics use short-dated government bonds of the currency in question. For USD investments, usually US Treasury bills are used, while a common choice for EUR investments are German government bills or Euribor rates. We used the rate of contemporaneous U.S. Government Treasury bill consistent with the 2.0 years to maturity assumed elsewhere in the report. The interest rate on this bond was 0.90%.

Appendix C - Discount Rate Assumption

The discount rate provides a hypothetical buyer or investor with the rate of return necessary in the marketplace to attract the capital of a willing financial buyer inherent in the applied value standard. The level of return acceptable to individual buyers and the price driven by that rate which is acceptable to individual sellers vary among specific sellers and buyers. The task of the appraiser is to select the rate that would be acceptable to both the willing seller and the willing buyer within the applied definition of value, parties without compulsion but with knowledge of the relevant facts. This definition requires the appraiser to function as a surrogate for both the seller and buyer and project to them the facts relevant to understanding why the rate selected is fair and reasonable for both parties.

As noted previously, in the applied definition of value, the buyer is a financial and not a strategic buyer. This means, as detailed in that section, the buyer is not: a) one who is motivated by any synergy or other strategic advantage to be obtained through acquisition, and b) not a current shareholder, creditor, competitor, related party or controlled entity which for reasons that accompany those considerations could be expected to pay more (or less) than the arms-length financial buyer who is essential to the standard of fair market value.

Given the Company's size, the basis for this valuation and the philosophy of Revenue Ruling 59-60, it is possible to look to the venture financing market to estimate our discount rate. While we use market data to build the discount rate used in this appraisal, risks specific to the Company must also be considered.

Stage	Expected IRR (1)	Actual IRR (2)	Expected IRR (3)	Expected IRR (4)	Expected IRR (5)
Seed	80%	125%	50% - 70%	50% - 70%	50% - 70%
Startup	60%	100%	50% - 70%	50% - 70%	50% - 70%
First	50%	60%	50% - 60%	50% - 60%	50% - 60%
Second	40%	50%	35% - 50%	35% - 50%	35% - 50%
Third	30%	40%	30% - 50%	30% - 50%	30% - 50%
Bridge	25%	30%	25% - 35%	25% - 35%	25% - 35%

A buyer of the subject company would expect a rate of return consistent with rates of return demanded by venture capital firms, the source of funding for companies like the one considered in this appraisal. The Company may undergo a shift in its business model that poses some risk to the enterprise. The Company may survive but not flourish, resulting in a failure to achieve a level of revenues and profitability required to create a meaningful exit or liquidity event. Causes of failure can be related to macroeconomic issues, such as recession interest rates, unemployment, consumer sentiment and "shocks", such as wars or terrorist activities. There are also industry-specific, financial, and operational causes of distress. Industry-specific causes can result from overcapacity, global shifts, import and export limitations, restrictions, regulations, technology changes, and obsolescence. Financial cause would include over-extension, insufficient capitalization, and inadequate cash flow for debt service, capital expenditures, or working capital. Operational causes include such events as the loss of a major customer, over-expansion, or failed growth initiatives.

Please see the spreadsheet model released with the report for the discount rate applied.

1. Bygrave, William, Professor for Free Enterprise, Babson College, "Classic Venture Capital in the Next Millennium", June 1997.

2. Houlihan Valuation Advisors and Venture One study on pricing of venture capital investments in Technology and Life Sciences Companies in the United States. January 1993 to June 1996.

3. Lames L. Plummer, QED Report on Venture Capital Financial Analysis (Palo Alto: QED Research, Inc., 1987).

4. Sahlman, William A. and Howard H. Stevenson, et al, Financing Entrepreneurial Ventures, Business Fundamentals Series (Boston: Harvard Business School Publishing, 1998).

5. Scherilis, Daniel R. and William A. Sahlman, A Method for Valuing High-Risk Long Term Investments: The Venture Capital Method (Boston: Harvard Business School Publishing, 1987).

Appendix D - Years to Maturity Assumption

The Black Scholes formula relies upon an assumption concerning the time to maturity or expiration of the underlying contract. In assessing the appropriate time to expiration, we considered three factors -- management's projection of the timing for a successful liquidity event, the likelihood of the Company curtailing operations based on its current capitalization and operating income, and industry-wide studies regarding time between a companies first financing and a successful liquidity event. However, Altius Cloud, Inc.'s access to cash and borrowing may not be adequate to fund its operations over this time period. If the Company required additional financing to fund operations and was unable to raise capital, it may be forced to cease its operations. In establishing the likely time to exit, we examined historical venture-backed exits. Data supplied by the NVCA (National Venture Capital Association) indicates that of all venture-backed exits between 2002 and 2010, approximately one third resulted in any return to common shareholders. Thus, approximately two thirds of venture capital exits resulted in a return of less than one times to preferred investors and, due to liquidation preferences, no return to common shareholders.

Estimated successful liquidity event
After considering these facts and guidance provided by Management and an analysis of the broader private company success, we decided to use a success-maturity assumption of 3.0 years from the Appraisal Date as the time-to-maturity input for calculating the discount for lack of marketability. Per guidance from the AICPA, when considering the duration of the restrictions, it may be appropriate to estimate the discount for lack of marketability based on the full time to liquidity considering only successful exits (in which the common stock ultimately realizes a nonzero value), rather than the expected time to liquidity considering all exits including dissolution (in which the common stock ultimately does not have value).

Expected time to liquidity across all scenarios
After considering these facts and guidance provided by Management, an analysis of the broader private company success, as well as the Company's balance sheet and current profitability, we decided to use an expected time to liquidity assumption of 2.0 years from the Appraisal Date as the time-to-maturity input for the Guideline Venture Financing and Capital Allocation models. Per guidance from the AICPA, in an OPM framework, the backsolve method for inferring the equity value implied by a recent financing transaction involves making assumptions for the expected time to liquidity, volatility, and risk-free rate and then solving for the value of equity such that value for the most recent financing equals the amount paid. The expected time to liquidity is defined as the probability-weighted average time to liquidity across all future exit scenarios and represents the expected time over which the enterprise value may evolve before the payoffs to the various classes of equity are resolved.

Appendix E - Marketability Discount Assumption

Perhaps the most common valuation discount is the discount for lack of marketability ("DLOM"). Marketability is defined as the ability to convert an investment into cash quickly at a known price and with minimal transaction costs. The DLOM is a downward adjustment to the value of an investment to reflect its reduced level of marketability.

Studies

Two general types of empirical studies provide evidence for the existence and magnitude of the DLOM. The first type, restricted stock studies, compares the trading prices of a company's publicly held stock sold on the open market with those of unregistered or restricted shares of the same company sold in private transactions. The second type, pre-IPO studies, examines the prices of transactions while the company was still private, compared to the eventual IPO price. The restricted stock studies have found average DLOMs in the range of 30% to 35%, while the pre-IPO studies have reported average DLOMs generally around 45%. The studies also have found a very wide range of discounts, depending upon the transactions, from 90% to -10% (i.e., a premium).

Protective Put Option Calculation

A frequently-used technique, given the deterministic nature of the calculation and the ease of its review, is a model utilizing a Black-Scholes pricing formula to determine the value of a protective European put option. The original author of this method, David B.H. Chaffee, suggested, "If one holds restricted or non-marketable stock and purchases an option to sell those shares at the free market price, the holder has, in effect, purchased marketability for those shares. The price of that put is the discount for lack of marketability." In this example, the put option provides protection from downside risk:

$$value = ke^{-r_s T_s} N(-\partial_2) - SN(-\partial_1)$$

$$\partial_1 = \ln(S/k) + ([r_s + \sigma^2]/2) T_s / \sigma\sqrt{T_s}$$

$$\partial_2 = \partial_1 - \sigma\sqrt{T_s}$$

Value Protected	Price of Put Option	Implied Discount
$9,925,375	$2,598,497	26.18%

Asian Put Option Calculation

An Asian average-strike option's payoff depends on a strike price which is set equal to the arithmetic mean of the asset price during the life of the option. The variance in asset price is simulated by Monte Carlo Methods. In our model we used 1,000 simulations and 100 steps per simulation over the time interval, allowing normally-distributed stochastic drift to affect the asset price over the interval in each simulation and then taking the arithmetic mean of the results. The payoff resulting from the simulation was used to compute the value of a put option.

The model assumes that an investor would, in the absence of any transfer restrictions, be equally likely to sell the shares any time during the restriction period. The cost of transfer restrictions can be priced as the value of an average-strike put option.

The cost of restriction divided by the underlying value of the interest on the Appraisal Date determines the discount. Consistent with the other option pricing models utilized in this report, key inputs include: the holding period of the interest, the assumed volatility of the company (either historical or implied), and the risk free rate over the term of the investment. These assumptions are derived separately and presented in the other appendices. The formula for computing the put option, relying upon the assumptions established elsewhere in the report, is thus:

$$value = e^{-r_s T_s}(1/M)\, \Sigma_M^{k=1}[S_t^{(k)} - (1/N)\, \Sigma_N^{k=1}\,[S_{t_i}^{(k)})]^+$$

M = number of Monte Carlo simulations

N = number of time interval steps

Value Protected	Price of Put Option	Implied Discount
$9,925,375	$1,526,364	15.38%

Comments on Selected Discount

The SEC and AICPA encourage the use of quantitative models to back up the selected DLOM, and we have provided them. However, these methods are not perfect and should serve as a proxy for establishing a defensible range of discount. Specifically, the Asian put model projects that an investor buys a put option on the value of the company, essentially allowing them to sell the company at the Appraisal Date at the extant price, with the funds to be received at the end of the option term. It is difficult to assert that a model with a mathematically unambiguous definition derived from the public derivatives markets is a perfect representation of the marketability for a security with no liquid market at all. With the trades implied by the models, the investor essentially creates a risk-free bond, and the out-of-pocket expense to put this hedge in place is zero. The model also assumes the controlling investor in the company has exact market timing, which is dubious because of how time-consuming and expensive it is to bring private stock to market. These models more closely account for the risk of the investor losing money during the holding period, rather than the inherent difficulty in bringing liquidity to private stock. Due to these shortcomings, we generally view the put option methods as a lower bound on the marketability discount, and have adjusted the results in light of the Company's particular financial condition. We used an adjusted value of 30% in our analysis.

Appendix F - Qualifications of Business Appraiser

Keyvan Firouzi serves as a principal at Preferred Return and is responsible for managing client engagements and issuing valuation opinions. Prior to joining Preferred Return, Keyvan was a valuation specialist with PricewaterhouseCoopers, providing valuation opinions for over-the-counter derivatives and structured products.

Keyvan holds a bachelor's degree in Business Economics and Accounting from the University of California at Santa Barbara. He has been conferred the Chartered Financial Analyst designation.

Appendix G - Sources of Information

In conducting this valuation engagement Preferred Return considered all material information required to reach a reasoned conclusion as to the value of of Altius Cloud, Inc., given its stage of development and operating context, and in accordance with prevailing national standards of appraisal as set forth by the AICPA and other national bodies. Our investigation included a thorough review of relevant corporate documents material to the valuation process. The articles of incorporation, descriptions of the capital structure and implied rights and preferences, information related to issuance of equity and debt instruments (including any issued or contemplated options and warrants) as well as company bylaws and other relevant documents were all reviewed. The review included an analysis of any reviewed financials, performance forecasts and other historical and prospective financial and operating data and projections concerning the Company. In addition to company documents, we conducted independent research of the economic conditions prevalent during the appraisal period. We also independently reviewed the Company's product and service offerings and its market position relative to competitors in the marketplace. We also reviewed the financial and operating history of the Company and of the industry sector in which the Company operates. Analysis of corporate documents and broader industry research was supplemented by interviews with Company Management concerning financial statements, capital structure, operating and financial performance as well as estimations of future performance and operating plans for the Company. This dialogue included discussion regarding the assumptions and risk factors underlying any operating or financial plans, forecasts or estimates. Our valuation involved research and analysis concerning guideline public companies, and transactions involving comparable public and private companies, so as to establish comparative benchmarks for valuation purposes. Finally, our process included analysis and estimation of the fair value of of the Company as of the Appraisal Date. Any material events that took place after the Appraisal Date, and prior to the Report Date, which were reasonably knowable at the time of the Appraisal Date, have been taken into consideration in our analysis in accordance with the guidelines established in AICPA's practice aid.

Preferred Return called the Company's offices in San Francisco, CA and interviewed one of its managers. Management provided the following information:

- Historical financial statements

- Management's internal financial for year-to-date results

- Management's financial projections

- The Company's articles of incorporation and other corporate documents

- Various marketing materials, reports and analyses prepared by management including information presented on the Company's web site

- A historical schedule of options issued by the Company, and the terms and conditions of those issuances

- Board presentations and financial updates, including competitive analysis

- The Company's most recent capitalization table, as of the Appraisal Date

- Other publicly available information for companies deemed to be comparable to the Company

In addition, we consulted the following sources, among others:

- Ibbotson Associates. SBBI 2013 Yearbook, Valuation Edition

- A Task Force of the AICPA. Valuation of Privately-Held-Company Equity Securities Issued as Compensation. AICPA. 2013.

- Interviews with management regarding the history and operations of the Company, its historical financial performance, future performance estimates, the outlook for the Company and the industry sector in which it operates, the state of competition in its primary and adjacent markets, and the assumptions underlying any plans or estimates as well as risk factors that could affect future performance;

- Independent review of corporate documents related to financial performance, operating performance, incorporation and governance, capital structure, equity and debt instruments, and other matters material to the valuation analysis

- Independent review of the industry sector and broader economic and competitive environment in which the Company operates;

- Development of a peer group of publicly traded companies as well as a set of transactions involving public and private companies; relevant analysis was conducted to provide comparative benchmarks for valuation purposes

- Valuation analysis utilizing appropriate methodologies from among the income approach, the market approach, and the asset approach.

- Allocation of value analysis utilizing appropriate methodologies from among the current value method, the probability-weighted return method, and the option pricing method.

- Consideration of premiums and/or discounts such as control premiums, minority interest discounts, voting control adjustments, and lack-of-marketability discounts.

Appendix H - Statement of Limitations

Preferred Return's opinion is provided subject to the following Statement of Limiting Conditions:

1. The Company has engaged Preferred Return as a valuation consultant to prepare a restricted use report. A restricted use report is limited in scope. Specifically, our report may not be used in any filing with the Securities and Exchange Commission ("SEC"). In the event that the SEC requests a copy of a valuation report to support the exercise price herein established, the Company and Preferred Return agree that Preferred Return will provide a full scope, self-contained valuation report for submission to the SEC. The Company may not require Preferred Return to reconcile this restricted use report to any final formal report that may be prepared by Preferred Return.

2. We have no reason to believe, and no facts have come to our attention to cause us to believe, that the information set forth in this Report is not correct.

3. In the course of this engagement, Preferred Return has been provided with written information, oral information and data in electronic form related to the Company's financial and operating performance, its capital structure and other matters relevant to the valuation analysis. Preferred Return has relied upon the accuracy of the financial statements provided by the Company with no independent verification of its accuracy or completeness. We have reviewed for reasonableness these data, in light of the industry and economic data discussed in this report and the results of our interviews of Management, and we have no reason to believe the data are unreasonable. However, as valuation consultants, we have not audited these data and express no opinion or other form of assurance regarding their accuracy or fairness of presentation.

4. The information furnished by others, including Company management, is presumed to be true and accurate and no responsibility is assumed for its accuracy or completeness. Preferred Return issues no warranty or other form of assurance regarding the accuracy of information furnished by others. Company management understands that any errors or omissions in information that was provided to us may materially affect our conclusions.

5. Preferred Return has relied upon the financial forecasts provided by management with no independent verification of the forecasts or underlying assumptions. Prospective financial information and cash flow estimates provided by the Company are solely for use in this valuation analysis. This information is not to be construed as nor is offered as a prediction that a particular level of income or profit will be achieved. There is often a difference between estimated and actual results, and the difference may be material.

6. We have not performed an examination or compilation of the Company's financial forecasts in accordance with standards established by the American Institute of Certified Public Accountants (AICPA). Consequently, we do not express an opinion or any other form of assurance on the reasonableness of the forecast data or their underlying assumptions or if any of the forecasts are presented in conformity with AICPA presentation guidelines.

7. Certain financial data used in our analysis has relied upon management's adjustments to the financial statements, which are assumed to be in accordance with generally acceptable accounting principles. We have not independently verified the accuracy or completeness of the data provided and do not express an opinion or offer any form of assurance regarding its accuracy or completeness.

8. Preferred Return assumes no hidden or unapparent conditions regarding the subject assets, properties or business interests. We did not consider the impact of any liens or encumbrances except as specifically stated and did not conduct any physical inspection of any properties or assets of the Company. For the purposes of the valuation analysis we have assumed that there is full compliance with all federal, state and local laws and that all required licenses or consents have been or can be obtained from the requisite regulatory authority.

9. This Report has been prepared solely for the person or persons to whom it is addressed and solely for the purpose stated; this Report may not be used for any other purpose, and no party other than the Company may rely on it for any purpose whatsoever. Except as set forth in this Report, neither this Report nor any portions hereof may be copied or disseminated through advertising, public relations, news, sales, Securities

and Exchange Commission disclosure documents or any other media without the express written consent of Preferred Return.

10. The valuation analysis assumes that, as of the Valuation Date, Company will continue to operate as a going-concern, that the Company has no undisclosed real or contingent assets of liabilities that would have a material affect on our analysis and that the Company will continue to be competently managed. This valuation analysis does not entail an evaluation of management's effectiveness, nor are we responsible for future management actions upon which actual results will depend.

11. In accordance with US Treasury rules, the advice contained herein was not intended or written to be used, and cannot be used, by any person for the purpose of avoiding penalties that may be imposed by the Internal Revenue Code or applicable state or local tax laws.

12. The opinions of value contained herein are not intended to represent the value of the subject assets at any time other than the Appraisal Date that is stated in this Report. Changes in market conditions that take place after the Appraisal Date could result in opinions of value that are materially different from those offered and Preferred Return assumes no responsibility for such changes, except as otherwise stated in this Report. We offer no opinion as to whether the Company would actually be sold for the amount offered as its indicated value.

13. Our fees for this service are not contingent upon the valuation opinion expressed herein, and neither Preferred Return nor any of its staff have a present or intended financial interest in the Company.

14. Preferred Return is not required to provide additional work or services, or to give testimony or be in attendance in court with reference to the assets, properties or business interest in question or to update any report, analysis or conclusion unless arrangements acceptable to Preferred Return have been separately agreed with the Company. Preferred Return reserves the right to make adjustments to the analysis, opinion and conclusions presented in this Report as we deem necessary in consideration of additional or more reliable data that may become available.