DIGITAL BRANDS GROUP

April 1, 2022

DIGITAL BRANDS GROUP, INC.

(NASDAQ – DBGI)

Industry: Apparel

Price Target: $7.00

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Creative Model Driving Sales; Undervalued Stock Poised to Move Higher

Rob Goldman
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DIGITAL BRANDS GROUP, INC. (NASDAQ – DBGI - $1.90)	
Industry: Apparel	12. Mo. Price Target: $7.00

COMPANY SNAPSHOT

Digital Brands Group, Inc. is a curated collection of luxury lifestyle, digital-first brands across complementary categories. The Company offers a wide variety of popular apparel through numerous brands on a both direct-to-consumer and wholesale basis. The Company has created a business model derived from its founding as a digitally native-first vertical brand. Thus, DBGI controls its own distribution, sourcing products directly from third-party manufacturers and selling directly to the end consumer. The Company's novel M&A and operational strategy has fostered meaningful growth and emerging market share across multiple categories.

KEY STATISTICS

Price as of 3/31/22	$1.90
52 Week High – Low	$8.80 - $0.91
Est. Shares Outstanding	12.8M
Market Capitalization	$24.3M
Average Volume	668,703
Exchange	NASDAQ

COMPANY INFORMATION

Digital Brands Group, Inc.
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Austin TX 78701

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INVESTMENT HIGHLIGHTS

Fast-growing, yet undervalued digital-first apparel firm Digital Brands Group, Inc. appears poised to enjoy a meaningful increase in share price and market value. Sales rose by 44% from 2020 to 2021, with even greater gains forecasted ahead, but the stock is assigned a paltry 0.5x price/sales ratio on FY22E projected sales.

Management has created a novel business model which has demonstrated enviable organic and inorganic growth success. This strategy attracts customers leading to repeat orders, and cross-merchandising across DBGI's multiple brands.

The Company's approach, combined with its targeted M&A strategy, could lead to industry-leading sales growth and above-average margins. Plus, M&A integration and cross-sales occur, fixed costs decline.as a percentage of revenue.

DBGI is set to close a major acquisition by the end of 2Q22, which should drive sales growth and be accretive this year. In addition, DBGI may elect to execute more M&A later this year.

Our forecasts suggest sales will jump from $7.6M in 2021 to $52M in 2022 and $87M in 2023. EBITDA profit is slated to occur beginning in 4Q22, with annual EBITDA profit in 2023.

Our $7 price target reflects a slight premium to the average 2022 P/S ratio afforded its peer group, due to the higher sales growth. Upside to the target exists based on the potential of future M&A.

COMPANY OVERVIEW

The View from 30,000 Feet

Tracing its roots to 2012, **Digital Brands Group, Inc. (NASDAQ – DBGI)** appears poised to emerge as one of the fastest-growing apparel brands sales companies in the industry. Seasoned management with a history of success has built a creative and diverse model that is demonstrating superiority in comparison to traditional methods. DBGI elevates and blends brand design, marketing, and operational efficiency under its digitally-first native brand approach. Sales of its multiple brands are derived on both a direct-to-consumer and direct to wholesaler approaches and DBGI has proven adept at fostering repeat sales and cross-merchandising across its own brand portfolio. Moreover, the Company is leveraging its status as a publicly traded entity to embark on a targeted M&A strategy that has enabled DBGI to enjoy outsized growth on both an organic and inorganic basis. Going forward, management's operational, marketing, and customer acquisition strategies should result in major top-line growth. Plus, DBGI's strategy evolution prompts operating leverage, leading to rising gross and operating margins. In fact, DBGI appears set to achieve quarterly break-even EBITDA status by the end of 2022.

We note that the Company's stock is grossly undervalued on a price/sales basis when compared to its peer group, likely due to its nascent size relative to the peers. Still, with the pending closing of a key acquisition and the potential of additional transactions over the next 12-18 months, upside exists in revenue and profit growth, along with its share price. Even without new M&A, we believe that these shares could approach levels just below their 52-week high of $8.80.

DBGI Brand Snapshot

Digital Brands Group is a curated collection of luxury lifestyle, digital-first brands. The Company has brought together like-minded direct-to-consumer names under one portfolio to share operational, infrastructure, and data resources as means to drive down redundant fixed costs that are difficult to establish and expensive to maintain. By eliminating demanding administrative responsibilities for its brands, DBGI stimulates creativity, innovation, and an elevated commitment to the product and customer experience.

DBGI currently offers products under the DSTLD, Bailey 44, Harper & Jones, and Stateside brands. Bailey is primarily a contemporary womenswear wholesale brand, which has begun to transition to a digital, direct-to-consumer brand. DSTLD is a luxury essentials digital direct-to-consumer brand, to which the Company recently added select wholesale retailers to create more brand awareness. Harper & Jones and Stateside were both acquired in 2021 and have performed exceptionally well, thus far. Harper & Jones is a menswear suiting and sportswear direct-to-consumer brand using its own showrooms. Stateside is a digital, wholesale contemporary womenswear brand. DBGI seeks to leverage all three channels (websites, wholesale and DBGI stores) for its entire brand portfolio. Every brand has a different revenue mix by channel based on optimizing revenue and margin in each channel for each brand, which includes factoring in customer acquisition costs and retention rates by channel and brand.

The Next Crown Jewel

In January of this year, the Company announced a definitive agreement to acquire Sundry, a privately-owned omnichannel, ocean inspired women's lifestyle brand. global lifestyle apparel brand. Sundry generated $18.2 million in revenue in the first nine months of 2021 and $2.7 million in net income. Not only will this transaction add significant revenue and profit to DBGI, but a well-regarded, popular name brand that has successfully leveraged multiple channels. Sundry could be the model for future deals as well. The deal is slated to close by the end of 2Q22.

Valuation/Price Target

Our current forecasts for 2022 assume substantial top-line growth, with sales expected to reach $52 million, up from $7.5 million in 2021. This figure assumes a six-month contribution to sales from Sundry and full year sales from Harper & Jones and Stateside, which were acquired in 2021. While we forecast an operating loss for 2022, our model suggests operating profit of $2 million on $87 million in sales in 2023. It should be noted that these figures could prove to be too low, if DBGI executes additional acquisitions. Thus, we believe these figures to be conservative and could track considerably higher, especially in 2023.

Our $7.00 price target is based on a slight premium to the price/sales multiple afforded DBGI's publicly traded peers. These comparables carry an average P/S ratio on 2022E sales of 2.7x, versus the grossly undervalued DBGI, which carries a 0.5x P/S multiple. Given the expectation of substantially higher sales growth, we believe a premium valuation (3.25x) is warranted, bringing our 12-month price target to $7.00. This target reflects a future FD share count to reflect the Sundry deal, rather than the current, lower share count. As more deals are executed, we will explore price target upside later this year.

THE MODEL, THE BRANDS

Digital Brands Group is a curated collection of luxury lifestyle, digital-first brands. The Company offers a wide variety of apparel through numerous brands on a both direct-to-consumer and wholesale basis and is utilizing a management-created business model derived from DBGI's founding as a digitally native-first vertical brand. Digital native first brands are brands founded as e-commerce driven businesses, where online sales constitute a meaningful percentage of net sales, although they often subsequently also expand into wholesale or direct retail channels. Unlike typical e-commerce brands, as a digitally native vertical brand DBGI controls its own distribution, sourcing products directly from third-party manufacturers and selling directly to the end consumer.

DBGI focuses on owning the customer's "closet share" by leveraging their data and purchase history to create personalized targeted content and fashion looks for that specific customer cohort. As it has evolved, DBGI has expanded into an omnichannel brand that offers styles and content online and selected physical wholesale and retail storefronts. Management believes this approach allows the Company to successfully drive Lifetime Value ("LTV") while increasing new customer growth.

This approach differs from the "broken" strategy in which most of DBGI's peers operate. Traditional department and specialty stores are no longer able to leverage their dominant power as primary source of product as they no longer maintain exclusivity on the customer relationship. Sales have migrated from physical to digital yet digitally native brands cannot properly scale or eke out consistent earnings because shopping, returns, marketing and hiring expenses outstrip repeat customer revenue.

A Vertical, Horizontal, and Integrative Approach

DBGI is revolutionizing the industry's holding company model by owning multiple brands in an effort to drive significant revenue growth over a lower shared cost base, creating margin expansion, resulting in exponential cash flow. Multiple brands are critical for business growth as consumers have evolved from single brand loyalty to wearing apparel from multiple brands. It is about style that commingles clothing from varied sources to produce an ensemble from one's own closet. This could be considered Stage 1: Initial Customer Acquisition.

In Stage Two, Repeat Orders, success is driven by where DBGI acquired and retained the customer. By using wholesale channels for customer acquisition as one channel, DBGI has lower CAC, solid gross margins and massive distribution and reach since this is a limited revenue channel. The customer can see, feel and fit the product, which lowers returns when they acquire online.

In Stage Three, Cross-Merchandising, DBGI leverages digital marketing and channels for personalized brand content creation. By using all DBGI brands to show different looks that are created using their DBGI-owned shopping data, DBGI can reach this desired level. Importantly, it enables the DBGI to generate high gross margins, low CAC, and high retention due to personalized communications, and control over the frequency and content of the customer communications.

Still, each channel offers different margin structures and requires different customer acquisition and retention strategies. DBGI was founded as a digital-first retailer that has strategically expanded into select wholesale and direct retail channels. Today, the Company blends physical and online channels to engage consumers in the channel of their choosing. Products are sold direct-to-consumers principally through its websites and showrooms, but also through the wholesale channel, primarily in specialty stores and select department stores.

As part of the customer relationship, DBGI seeks to leverage a physical footprint to acquire customers and increase brand awareness and use digital marketing to focus on attraction and retention. Building a direct relationship with the customer enables DBGI to utilize customer preferences and shopping habits and analyze all of the customer's data, browsing, shopping history and style preferences. This valuable data can reduce inventory risk and cash needs and control promotional strategies.

Thus, DBGI is poised to consistently generate above-industry average organic top-line growth.

In addition to the organic growth, DBGI has successfully executed a targeted M&A strategy that focuses on product that blends with the existing portfolio, and management's unique marketing and sales strategy. Moreover, as DBGI has evolved, it is adding larger firms in deals that can have the potential to be immediately accretive.

Moreover, as DBGI executes this model, the Company is able to reduce key fixed costs, in addition to CAC, thereby enhancing profit margins. The profit enhancement jumps further with each executed acquisition. With scale and cross-merchandising, DBGI is positioned to reduce include shipping and fulfillment costs, along with marketing, technology and advertising expenses. Plus, the Company benefits from shared offices and resources across the firm. Thus, DBGI is poised to consistently generate above-industry average organic top-line growth and reduce expenses.

The Brands

DSTLD

- Focused on classic design, superior quality, and essential product selection in order to deliver the perfect core wardrobe.
- Inspired by a sophisticated, modern and sleek style utilizing an edited color palette.
- Creative and urban, city dwellers within the coveted age demographic of 25–35.
- Enviable product quality and astute design details offered at a price that traditional retail brands cannot match
- Sold into channels such as Stich Fix, Nordstrom

Bailey44

- A contemporary womenswear brand that combines beautiful, luxe fabrics with on-trend designs specializing in the “date night” category.
- Majority of distribution through specialty and select wholesale partners such as Nordstrom and Bloomingdales.
- Well-known brand, wide distribution

Harper & Jones

- Tastemaker stylish “made-to-measure” suiting and sportswear that relays a one-of-a-kind confidence.
- Ability to provide full-closet customization, including shirts, jackets, pants, shorts, polos, and more that are all made-to-measure.
- Positive working capital cycles with high gross margins.

Stateside

- West Coast inspired style with an elevated basic assortment seamlessly blending both the luxe and casual aesthetic rooted in sustainability and quality.
- Each of the Women’s separates emphasizes elegance and comfort which allows for sophisticated pairings that compliment any look versus being a singular focal point.
- Product category primed for cross-promotion across brands

Sundry is an omnichannel, ocean inspired women's lifestyle brand inspired by Mattieu Leblan's upbringing and ocean lifestyle. Founded in 2011, Sundry offers distinct collections of women's clothing, including dresses, shirts, sweaters, skirts, shorts, athleisure bottoms and other accessories. Sundry's products are coastal casual and consist of soft, relaxed and colorful designs that feature a distinct French chic, resembling the spirits of the French Mediterranean and the energy of Venice Beach in Southern

California. Importantly, Sundry has a different format and layout then the other brands above. Sundry's founders and senior leadership team will remain with the company, headquartered in Los Angeles, California.

In our view, this acquisition should result in a significant acceleration in the Company's customer base due to Sundry's large direct-to-consumer list. A great deal of cross-merchandising potential exists, which will also lower customer acquisition costs, while increasing customer retention and the average annual spend per customer.

Going forward, we envision future deals for DBGI to have similar characteristics to Sundry.

DBGI LEADERSHIP TEAM

Hil Davis, Chief Executive Officer

Hil came to Digital Brands Group in March 2018 with a substantial background in e-commerce and luxury apparel. In 2007, he founded J. Hilburn, a made-to-measure men's apparel brand that he built into a $55 million dollar company in just six years. Most recently, he founded the e-commerce beauty and charitable venture, Beautykind, where he served as CEO, CFO, and Chairman of the board.

Prior to working in e-commerce, Hil held positions as an equity research analyst covering consumer and luxury publicly traded stocks at Thomas Weisel Partners, SunTrust, and Citadel Investment Group. He was also Head of Investor Relations at Brinker International, a $2.9 billion market capitalization restaurant company that owns Chili's.

Laura Dowling, Chief Merchandising Officer

Laura is a change agent who pioneers cutting-edge strategies and challenges status quo by shifting the paradigm in marketing plans and execution. Laura recently joined the team from Coach a Tapestry brand where her innovative audience-driven investments resulted in substantial incremental annual results within the Digital, Social and CRM channels. Prior to Coach, Laura held strategic positions at: Harry Winston and Ralph Lauren where she created and launched first-to-market campaigns that catalyzed revenue growth and recognition for those brands.

Reid Yeoman, Chief Financial Officer

Reid is a seasoned finance professional with core Financial Planning & Analysis background at major multinational Fortune 500 Companies – Including Nike & Qualcomm. He has a proven track-record of driving growth and expanding profitability within retail.

Most recently Reid served as CFO / COO at Hurley – a standalone Global Brand within the Nike Portfolio – where he managed the full P&L / Balance Sheet and oversaw the Brand's logistics and operations. At Hurley, Reid was directly involved in all dimensions of the Business (i.e., product, marketing, sales, HR) and lead the Organization through complex foreign and domestic legal / tax / trade matters and was responsible for negotiating licensing / distributor agreements and wholesale discount structures.

Prior to his role at Hurley, Reid was a critical member of Nike's Global Business Planning Team where he worked directly with the Nike CFO and Brand President to centrally manage the Company's extensive operating overhead budget (~$7B) and capital investments to ensure expenditures were aligned to the Brand's strategic priorities.

Reid is a native Californian and holds an MBA from UCLA's Anderson School of Management, and a BA from UC Santa Barbara.

Lisa Kulson, Women's Design Director

Recently joined DBG as the Women's Design Director and will lead the transformation of the women's contemporary label Bailey 44 with new capsule collection launching this Fall. A member of the CFDA since 2016, Kulson is well-known for her time at Theory as Creative Director and SVP of Design. She was there at the brand's inception in 1997 then left to create her own label and returned in 2003 to creatively consult while simultaneously aiding in the launch of the contemporary "H" by Tommy Hilfiger collection.

Lisa designs clothing for modern women who prioritize effortless sophisticated, aspirational clothes that stand the test of time. dressing and living an inspired, global lifestyle. Rather than following fast fashion trends, she focuses on creating

John Patrick, Men's Design Director

JP joined in December 2019 with an extensive background In apparel design, merchandising, VM presentation, retail development, and commerce which began at Ralph Lauren where he was then recruited by Hart Schaffner Marx to lead design and merchandising to develop and grow a captured brand strategy—pairing licensed brands with exclusive retail partners.

Then moved into Womenswear with Lilly Pulitzer, where he spearheaded store design, retail development, and established corporate standards for company stores and franchises to scale successfully.

He most recently worked with the founders of UNTUCKit to transition the brand from an Ecommerce retailer to a click & mortar kingpin, operation over 70+ stores for them.

FINANCIALS SNAPSHOT

(Analyst Note: The forecasts, estimates, and prognostications are my own and not those of DBGI management. A projected financial model can be found after the Conclusion section.)

The 2021 Year

For 2021, DBGI recorded net revenue of $7.6 million, a 44% rise from 2020 levels. Net loss attributable to common stockholders in fiscal 2021 was $32.4 million, or $4.21 per diluted share. The net loss included $16.4 million in non-cash expenses. This compared to a net loss attributable to common stockholders in fiscal 2020 of $10.7 million, or a net loss of $16.15 per diluted share, which includes $0.9 million in non-cash expenses.

Momentum is in the Company's future as DBGI enjoyed a whopping 425% growth in revenue in 4Q21, aided in part by the two 2021 acquisitions (Harper & Jones, Stateside). While the bulk of 2021 sales were wholesale, management is beginning to see a critical shift which leads to higher sales and greater operating leverage. The synergistic sales process is evolving from initial customer acquisition via direct-to-consumer sales to repeat brand sales to cross-merchandise/brand sales.

The 2022 and 2023 Years

Clearly, this year's results will be primarily driven by recent and pending acquisitions, along with the aforementioned cross-sales. Harper & Jones and Stateside were on the books for only seven and five months, respectively, last year. Given their 4Q21 sales momentum and time for management to enhance merchandising, positioning, and marketing, they should be huge contributors. The Sundry transaction will likely close by the end of 2Q22 so there should be six months worth of results (2H22) on the books this year. By extrapolating quarterly sales from the DBGI January 2022 press release and conservatively assuming no growth, we project a $12 million contribution to DBGI for 2022.

In our view, even at that level, it is a very favorable for DBGI management. This $34 million deal includes $20.0 million in cash which will be paid at the closing and $14.0 million in promissory notes due December 31, 2022, subject to adjustment.

Our forecasts suggest net revenue of $52 million, with a loss per share of $0.89, on a weighted share count of 18 million. Our loss estimate could be overly conservative as we believe DBGI could achieve quarterly EBITDA profit in 4Q22, with around $10M in sales, as fixed costs as a percentage of revenue decline as revenue increases and fixed costs rise at a lower rate than revenue growth.

For 2023, we project $87 million in net revenue and EPS of $0.04, on a 26 million share count As with 2022, these figures could be below actual recorded results, especially if management is able to close new transactions, which we believe they could do, beginning later this year. Still, we elected to take a conservative approach to both revenue and expenses and did not include any contribution from such events.

As noted above, management believes it has designed a process that is superior to the broken retail apparel model. Moreover, we believe that DBGI management has just begun to reap the rewards of this strategy. As illustrated in Table I below, DBGI comparables that also primarily sell their goods online are growing at a slower pace than the one we forecast for DBGI, yet the stock trades at a huge discount to the peer group price/sales ratio average (2.7x vs. 056x for 2022). Not only do we believe that this gap will narrow, but we proffer that DBGI will ultimately be assigned a 20% premium to the peer group average to account for its higher sales this year.

As a result, our 12-month price target of $7.00 reflect a 2022 P/S ratio of 3.25 along with a higher than share count of 24 million (and thus higher market cap) to account for the Sundry deal.

Table I. DBGI Publicly-Traded Peer Group								
Company Name	**Symbol**	**Price (3/31/22)**	**Mkt Cap (mil)**	**FY22E Revs (mil)**	**FY23E Revs (mil)**	**22EA - 23E Revs Growth**	**2022E Price/Revs**	**2023E Price/Revs**
a.k.a. Brands	AKA	$4.42	$571	$798	$985	23.4%	0.7	0.6
Allbirds	BIRD	$6.01	$889	$362	$460	27.1%	2.5	1.9
VFC	VFC	$57	$22,226	$11,860	$12,760	7.6%	1.9	1.7
Warby Parker	WRBY	$33.81	$3,881	$657	$819	24.7%	5.9	4.7
Average			**$6,892**	**$3,419**	**$3,756**	**21%**	**2.7**	**2.2**
				FY22E	**FY23E**		**FY22E**	**FY23E**
DBGI Proj Growth								
DBGI Today		$1.90	$24	$52	$87	**67.3%**	**0.5**	0.3
DBGI w/Sundry		**$7.04**	$169	$52	$87	**67.3%**	**3.25**	1.9
Sources: www.Yahoo!Finance.com, Company websites, Goldman Small Cap Research								

RISK FACTORS

In our view, there are varied risks with respect to DBGI's business. From the big picture perspective, continued rising inflation could have a negative impact on consumers' discretionary spending, thereby slowing the Company's growth. A shift in fashion trends and procurements, or consumer loyalties to other brands could also impair growth. The DBGI cross-merchandising successes may also not be sustainable as a trend and as a driver of revenue. Direct sales to consumers versus wholesalers may not enjoy big increases, impairing profitability and other channel growth may prove to be less profitable as well. DBGI's M&A strategy may be stalled if M&A pricing becomes prohibitive and fewer quality deals exist. Access to capital, while not an issue for DVGI presently, could become a hurdle depending upon the economy and the long term capability of leadership to continue to demonstrate its ability to generate outsized growth, post-acquisition. Competitive risks include lower pricing, more effective sales/marketing, greater overall efficiency.

The aforementioned risks could come from larger competitors, existing firms, or new entrants. Still, these future concerns are consistent with firms of DBGI's size and standing. Moreover, we believe that DBGI's seasoned management team is prepared to overcome these hurdles and generate significant top-line growth and consistent social media management implementations.

Volatility and liquidity are typical concerns for microcap stocks. However, an overriding financial benefit as a public company is the favorable access to and the availability of capital to fund M&A, product launches, consistent marketing campaigns and other initiatives. Since the proceeds of any future funding would be used in large part to advance major business development and sales, we believe that any dilutive effect from such a funding could be offset by related increases in market value.

CONCLUSION

Fast-growing, yet undervalued digital-first apparel firm Digital Brands Group, Inc. appears poised to enjoy a meaningful increase in share price and market value. Sales rose by 44% from 2020 to 2021, with even greater gains forecasted ahead, but the stock is assigned a paltry 0.5x price/sales ratio on FY22E projected sales.

Management has created a novel business model which has demonstrated enviable organic and inorganic growth success. This strategy attracts customers leading to repeat orders, and cross-merchandising across DBGI's multiple brands. The Company's approach, combined with its targeted M&A strategy, could lead to industry-leading sales growth and above-average margins. Plus, M&A integration and cross-sales occur, fixed costs decline.as a percentage of revenue.

DBGI is set to close a major acquisition by the end of 2Q22, which should drive sales growth and be accretive this year. In addition, DBGI may elect to execute more M&A later this year. Our forecasts suggest sales will jump from $7.6M in 2021 to $52M in 2022 and $87M in 2023. EBITDA profit is slated to occur beginning in 4Q22, with annual EBITDA profit in 2023.

Our $7 price target reflects a slight premium to the average 2022 P/S ratio afforded its peer group, due to the higher sales growth. Upside to the target exists based on the potential of future M&A.

Table II. Digital Brands Group, Inc.
Pro Forma Income Statement
($,000)

	FY21A	FY22E	FY23E
NET REVENUE	**$7,585**	**$52,000**	**$87,000**
Cost of Net Revenue	$4,689	$29,000	$45,000
Gross Profit	**$2,896**	**$23,000**	**$42,000**
Gross Margin	*38.2%*	*44.2%*	*48.3%*
Operating Expenses	$34,244	$37,000	$40,000
Operating Income	**($31,348)**	**($14,000)**	**$2,000**
Operating Income Margin	*N/A*	*N/A*	*N/A*
Other expenses	($2,109)	($2,000)	($1,000)
Loss before provision income tax			
Income tax provision	$1,100	$0	$0
Net Income (Loss)	**($32,357)**	**($16,000)**	**$1,000**
Wtd. Avg Earnings Per Share	**($4.21)**	**($0.89)**	**$0.04**
Wtd. Est. Shares Outstanding	7,689	18,000	26,000

Sources: DBGI and Goldman Small Cap Research

DIGITAL BRANDS GROUP, INC
STATEMENT OF BALANCE SHEETS

	December 31, 2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 528,394	$ 575,986
Accounts receivable, net	89,394	35,532
Due from factor, net	985,288	210,033
Inventory	2,755,358	1,163,279
Prepaid expenses and other current assets	417,900	23,826
Total current assets	4,776,334	2,008,656
Deferred offering costs	367,696	214,647
Property, equipment and software, net	97,265	62,313
Goodwill	18,264,822	6,479,218
Intangible assets, net	12,841,313	7,494,667
Deposits	137,794	92,668
Total assets	$ 36,485,224	$ 16,352,169
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 6,562,690	$ 5,668,703
Accrued expenses and other liabilities	2,237,145	1,245,646
Deferred revenue	276,397	1,667
Due to related parties	277,635	441,453
Contingent consideration liability	12,179,476	-
Convertible notes, current	100,000	700,000
Accrued interest payable	1,110,679	737,039
Note payable - related party	299,489	137,856
Venture debt, net of discount	6,001,755	5,854,326
Loan payable, current	2,502,000	992,000
Promissory note payable	3,500,000	4,500,000
Total current liabilities	35,047,266	20,278,690
Convertible note payable, net	5,501,614	1,215,815
Loan payable	713,182	709,044
Derivative liability	2,294,720	-
Warrant liability	18,223	6,265
Total liabilities	43,575,005	22,209,814

Commitments and contingencies (Note 12)		
Stockholders' equity (deficit):		
Series Seed convertible preferred stock, $0.0001 par, no shares and 20,714,518 shares, authorized, issued and outstanding at December 31, 2021 and 2020, respectively	-	2,071
Series A convertible preferred stock, $0.0001 par, no shares and 14,481,413 shares authorized, no shares and 5,654,072 shares issued and outstanding at December 31, 2021 and 2020, respectively	-	565
Series A-2 convertible preferred stock, $0.0001 par, no shares and 20,000,000 shares authorized, no shares and 5,932,742 shares issued and outstanding at December 31, 2021 and 2020, respectively	-	593
Series A-3 convertible preferred stock, $0.0001 par, no shares and 18,867,925 shares authorized, no shares and 9,032,330 shares issued and outstanding at December 31, 2021 and 2020, respectively	-	904
Series CF convertible preferred stock, $0.0001 par, no shares and 2,000,000 shares authorized, no shares and 836,331 shares issued and outstanding at December 31, 2021 and 2020, respectively	-	83
Series B convertible preferred stock, $0.0001 par, no shares and 20,714,517 shares authorized, no shares and 20,714,517 shares issued and outstanding at December 31, 2021 and 2020, respectively	-	2,075
Undesignated preferred stock, $0.0001 par, 10,000,000 shares and 936,144 shares authorized, 0 shares issued and outstanding as of both December 31, 2021 and 2020	-	-
Common stock, $0.0001 par, 200,000,000 and 110,000,000 shares authorized, 13,001,690 and 664,167 shares issued and outstanding as of both December 31, 2021 and 2020, respectively	1,300	66
Additional paid-in capital	58,612,873	27,481,995
Accumulated deficit	(65,703,954)	(33,345,997)
Total stockholders' equity (deficit)	(7,089,781)	(5,857,645)
Total liabilities and stockholders' equity (deficit)	$ 36,485,224	$ 16,352,169

RECENT TRADING HISTORY FOR DBGI

(Source: www.StockCharts.com)

SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 25 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

ANALYST CERTIFICATION

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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