UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported)
June 21, 2023

DIGITAL BRANDS GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-40400	**46-1942864**
(Commission File Number)	(IRS Employer Identification No.)
1400 Lavaca Street, Austin, TX	**78701**
(Address of Principal Executive Offices)	(Zip Code)

(209) 651-0172
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbols**	**Name of each exchange on which registered**
Common Stock, par value $0.0001	DBGI	The Nasdaq Stock Market LLC
Warrants, each exercisable to purchase one share of Common Stock	DBGIW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company x

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Item 1.01 Entry into a Material Definitive Agreement

Settlement Agreement and Release

On June 21, 2023, Digital Brands Group, Inc. (the "Company") and John Hilburn Davis IV (collectively, the "DBG Parties"), on the one hand, and Drew Jones ("Jones"), D. Jones Tailored Collection, Ltd. ("D. Jones"), and Harper & Jones, LLC ("H&J" and collectively with Jones, D. Jones, the "Jones Parties" and together with DBG Parties, the "Parties") executed a Settlement Agreement and Release (the "Settlement Agreement") whereby contemporaneously with the Parties' execution of the Settlement Agreement (i) the Company made aggregate cash payment of $229,000 to D. Jones, (ii) the Company issued 1,952,580 shares of the Company's common stock, par value $0.0001 (the "Common Stock"), to D. Jones, at a per share purchase price of $0.717 which represented the lower of (i) the closing price per share of the Common Stock as reported on The Nasdaq Capital Market (the "Nasdaq") on June 20, 2023, and (ii) the average closing price per share of Common Stock as reported on the Nasdaq for the five trading days preceding June 21, 2023, and (iii) the Company assigned and transferred one hundred percent (100%) of the Company's membership interest in H&J to D. Jones.

The Settlement Agreement contains a mutual release whereby each of the DBG Parties and Jones Parties agreed to release and absolutely and forever discharge the other parties and their respective successors, heirs, licensees, and assigns of and from any and all claims, damages, legal fees, costs, expenses, debts, actions and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, asserted or unasserted, which either they now have, or at any time heretofore ever had, except for violations of the Settlement Agreement. The Settlement Agreement also contains customary representations and warranties by the DBG Parties and by the Jones Parties.

Moreover, the Settlement Agreement contains a resale registration rights provision, pursuant to which the Company shall prepare and file with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-1 (or any successor to Form S-1) covering the resale of all the shares issued pursuant to the Settlement Agreement and all the shares owned by D. Jones and its principals by no later than the earlier of the following dates: (i) within 90 calendar days following the effective date of the registration statement regarding a proposed secondary offering of Company securities that the Company filed with the Securities and Exchange Commission on June 27, 2023 (the "Secondary Registration Statement"), and (ii) October 31, 2023. The Company shall use its commercial best efforts to have the S-1 Resale Registration Statement declared effective as soon as possible and D. Jones and its principals have agreed to sell no more than $500,000 worth of shares in any calendar month after the registration statement is declared effective.

A copy of the Settlement Agreement is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference. The foregoing description of the Settlement Agreement does not purport to be complete and is qualified in its entirety by reference to the applicable exhibit.

Norwest Waiver

On June 21, 2023, the Company, on the one hand, and Norwest Venture Partners XI, LP and Norwest Venture Partners XII, LP (together, the "Norwest Investors"), on the other hand, executed a Waiver and Amendment Agreement (the "Norwest Amendment") whereby the Norwest Investors agreed to waive and terminate certain true up rights of the Norwest Investors under the Agreement and Plan of Merger, dated February 12, 2020, among the Company, Bailey 44, LLC, Norwest Venture Partners XI, LP, and Norwest Venture Partners XII, LP and Denim.LA Acquisition Corp. This transaction is known as the "Norwest Waiver."

A copy of the Waiver and Amendment Agreement is filed as Exhibits 10.2 to this Current Report on Form 8-K and is incorporated herein by reference. The foregoing description of the Waiver and Amendment Agreement does not purport to be complete and is qualified in its entirety by reference to the applicable exhibit.

Sundry Conversion

On June 21, 2023, the Company, on the one hand, and Moise Emquies, George Levy, Matthieu Leblan, Carol Ann Emquies, Jenny Murphy and Elodie Crichi (collectively, the "Sundry Investors"), on the other hand, executed a Securities Purchase Agreement (the "Sundry SPA") whereby the Company issued 5,761 shares of Series C Convertible Preferred Stock, par value $0.0001 per share (the "Series C Preferred Stock") to the Sundry Investors at a purchase price of $1,000 per share. The Series C Preferred Stock is convertible into a number of shares of the Company's Common Stock equal to $1,000 divided by an initial conversion price of $0.717 which represents the lower of (i) the closing price per share of the Common Stock as reported on the Nasdaq on June 20, 2023, and (ii) the average closing price per share of Common Stock as reported on the Nasdaq for the five trading days preceding June 21, 2023. The shares of Series C Preferred Stock were issued in consideration for the cancellation of certain promissory notes issued by the Company to the Sundry Investors dated December 30, 2022 (the "Sundry Loan Documents").

Pursuant to the Sundry SPA, the Company provided resale registration rights to the Sundry Investors. The Sundry SPA provides that the Company shall no later than the earlier of the following dates: (i) the date which is 90 calendar days following the effective date of the Secondary Registration Statement, and (ii) October 31, 2023 use its commercially best efforts to prepare and file with the Securities Exchange Commission a Registration Statement covering the resale of 100% of the Common Stock issuable upon conversion of the Series C Preferred Stock for an offering to be made on a continuous basis pursuant to Rule 415. The Company shall to keep such S-1 Resale Registration Statement effective until the earlier to occur of (x) the date on which all Registrable Securities have been sold pursuant to such S-1 Resale Registration Statement and (y) the date as of which all Investors may sell all of the Registrable Securities without restriction pursuant to Rule 144 (including, without limitation, volume restrictions). The Sundry Investors agreed that in no event will they convert in the aggregate in any calendar month, more than the greater of (i) $1,000,000 of the Series C Preferred Stock (measured by the shares of Common Stock issuable upon conversion of the Series C Preferred Stock multiplied by the conversion price) or (ii) shares of Series C Preferred Stock comprising more than 10% of the aggregate trading volume of the Company's Common Stock as reported by Nasdaq.

In addition, under the Sundry SPA, each of the parties releases the other parties from all claims related to the Sundry Loan Documents and from all surviving obligations under the Second Amended and Restated Membership Interest Purchase Agreement, dated October 13, 2022, among the Company, the Sundry Investors and Sunnyside, LLC.

On June 21, 2023, the Company filed a certificate of designation (the "Series C Certificate of Designation") with the Secretary of State of the State of Delaware, effective as of the time of filing, designating the rights, preferences, privileges and restrictions of the Series C Preferred Stock pursuant to the Sundry SPA.

Copies of the Series C Certificate of Designation and the Sundry SPA are filed as Exhibits 3.1 and 10.3 to this Current Report on Form 8-K, respectively, and are incorporated herein by reference. The foregoing descriptions of the Sundry SPA and the Series C Certificate of Designation do not purport to be complete and are qualified in their entirety by reference to the applicable exhibit.

Item 1.02 Termination of a Material Definitive Agreement.

Item 1.01 is incorporated by reference herein. As described in Item 1.01, in consideration of, among other things, the settlement of certain liabilities of the Company, the Company and the Jones Parties entered into the Settlement Agreement. As further described in Item 1.01, in consideration of the issuance of the shares of Series C Preferred Stock to the Sundry Investors pursuant to the Sundry SPA, the Sundry Loan Documents were terminated.

Item 2.01 Completion of Acquisition or Disposition of Assets.

Item 1.01 is incorporated by reference herein. As described in Item 1.01, the Company sold, transferred, assigned, conveyed and delivered one hundred percent (100 %) of the Company's membership interest in H&J to D. Jones.

Item 3.02 Unregistered Sales of Equity Securities.

Item 1.01 is incorporated by reference herein. As described in Item 1.01, under the terms of the Settlement Agreement, the Company issued 1,952,580 shares of the Company's Common Stock to D. Jones and under the terms of the Sundry SPA, the Company issued to the Sundry Investors 5,761 shares of Series C Preferred Stock, which issuances were exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

Item 5.03 Amendments to Articles of Incorporation or Bylaws.

Series C Convertible Preferred Stock

On June 21, 2023, the Company filed the Certificate of Designation with the Secretary of State for the State of Delaware designating up to 5,761 shares out of the authorized but unissued shares of its preferred stock as Series C Convertible Preferred Stock. The following is a summary of the principal terms of the Series C Preferred Stock.

Dividends

Except for stock dividends or distributions for which adjustments are to be made pursuant to the Certificate of Designation, the holders of the Series C Preferred Stock (the "Series C Holders") shall be entitled to receive, and the Company shall pay, dividends on shares of the Series C Preferred Stock equal (on an as-if-converted-to-Common-Stock basis) to and in the same form as dividends actually paid on shares of the Common Stock when, as and if such dividends are paid on shares of the Common Stock. No other dividends shall be paid on shares of the Series C Preferred Stock.

Voting Rights

The Series C Holders are entitled to vote as a class as expressly provided in the Certificate of Designation and where required pursuant to applicable law (including, without limitation, the DGCL). The Series C Holders are also entitled to vote with the holders of shares of Common Stock, voting together as one class, on all matters in which the Series C Holders are permitted to vote with the class of shares of Common Stock pursuant to applicable law (including, without limitation, the DGCL).

With respect to any vote with the class of Common Stock, each share of the Series C Preferred Stock shall entitle the Holder thereof to cast that number of votes per share as is equal to the number of shares of Common Stock into which it is then convertible (subject to the ownership limitations specified in the Certificate of Designation) using the record date for determining the stockholders of the Company eligible to vote on such matters as the date as of which the conversion price is calculated. To the extent that under the DGCL the vote of the Series C Holders, voting separately as a class or series, as applicable, is required to authorize a given action of the Company, the affirmative vote or consent of the Required Holders (as defined in the Certificate of Designation), voting together in the aggregate and not in separate series unless required under the DGCL, represented at a duly held meeting at which a quorum is presented or by written consent of the Required Holders (except as otherwise may be required under the DGCL) shall constitute the approval of such action by both the class or the series, as applicable. Series C Holders shall be entitled to written notice of all stockholder meetings or written consents (and copies of proxy materials and other information sent to stockholders) with respect to which they would be entitled to vote, which notice would be provided pursuant to the Company's bylaws and the DGCL.

Ranking and Liquidation

The Series C Preferred Stock shall rank (i) senior to all of the Common Stock; (ii) senior to Junior Securities; (iii) on parity with Parity Securities; and (iv) junior to Senior Securities, in each case, as to dividends or distributions of assets upon liquidation, dissolution or winding up of the Company, whether voluntarily or involuntarily. Subject to any superior liquidation rights of the holders of any Senior Securities of the Company and the rights of the Company's existing and future creditors, upon a Liquidation, each Holder shall be entitled to be paid out of the assets of the Company legally available for distribution to stockholders, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the Common Stock and Junior Securities and pari passu with any distribution to the holders of Parity Securities, an amount equal to the Stated Value (as defined in the Certificate of Designation) for each share of the Series C Preferred Stock held by such Holder and an amount equal to any accrued and unpaid dividends thereon, and thereafter the Series C Holders shall be entitled to receive out of the assets, whether capital or surplus, of the Company the same amount that a holder of Common Stock would receive if the Series C Preferred Stock were fully converted (disregarding for such purposes any conversion limitations hereunder) to Common Stock which amounts shall be paid pari passu with all holders of Common Stock. The Company shall mail written notice of any such Liquidation, not less than sixty (60) days prior to the payment date stated therein, to each Holder.

Conversion

Each share of the Series C Preferred Stock shall be convertible, at any time and from time to time from and after June 21, 2023 at the option of the Holder thereof, into that number of shares of Common Stock (subject to the limitations set forth in Section 6(d) of the Certificate of Designation) determined by dividing the Stated Value of such share of the Series C Preferred Stock ($1,000 as of June 21, 2023) by the Conversion Price (as defined below) subject to certain terms of the beneficial ownership limitation described in this Certificate of Designation. The conversion price for each share of the Series C Preferred Stock is $0.717, which is the lower of (a) the closing price per share of the Common Stock as reported on the Nasdaq Capital Market on June 20, 2023 (the trading day before the date of the Sundry SPA), and (b) the average closing price per share of Common Stock as reported on the Nasdaq Capital Market for the five trading days preceding the date of the Sundry SPA, subject to adjustment herein (the "Series C Conversion Price").

Certain Adjustments

If the Company, at any time while the Series C Preferred Stock is outstanding, pays a stock dividend, issues stock splits, effects any subsequent rights offerings, or makes any dividend or other distribution of its assets, then the Holder can adjust the Conversion Price of the Series C Preferred Stock, acquire the purchase rights of the Company's securities, or participate in the distribution of the Company's assets pursuant to Section 7 of the Certificate of Designation.

Preemptive Rights

No holders will have any preemptive rights to purchase or subscribe for the Company's Common Stock or any of its other securities.

Redemption

The Company has the option to redeem any or all of the then outstanding Series C Preferred Stock at 112% of the then Stated Value any time after June 21, 2023 and so long as there is an effective Registration Statement covering the shares issuable upon conversion of the Series C Preferred Stock.

Trading Market

The Series C Holders can liquidate or convert the Series C Preferred Shares according to the terms of this Certificate of Designation. However, there is no established trading market for any of the Series C Preferred Stock, and the Company does not expect a market to develop. The Company does not intend to apply for a listing for any of the Series C Preferred Stock on any securities exchange or other nationally recognized trading system.

Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma Financial Information

The unaudited pro forma consolidated balance sheet of the Company as of March 31, 2023 and the unaudited pro forma condensed consolidated statements of operations of the Registrant for the three months ended March 31, 2023 and year ended December 31, 2022 are filed as Exhibit 99.1 to this Current Report on Form 8-K.

(d) Exhibits

Exhibit No.	Description
3.1	Certificate of Designation of Series C Convertible Preferred Stock, dated June 21, 2023
10.1	Settlement Agreement and Release dated June 21, 2023
10.2	Waiver and Amendment Agreement dated June 21, 2023
10.3	Securities Purchase Agreement, dated June 21, 2023, by and among Digital Brands Group, Inc. and the Sundry Investors
99.1	Company unaudited pro forma condensed combined balance sheet as of March 31, 2023 and the unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2023 and year ended December 31, 2022.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DIGITAL BRANDS GROUP, INC.

Date: June 27, 2023

By: /s/ John Hilburn Davis IV
Name: John Hilburn Davis IV
Title: President and Chief Executive Officer

Exhibit 3.1

DIGITAL BRANDS GROUP, INC.
CERTIFICATE OF DESIGNATION OF PREFERENCES,
RIGHTS AND LIMITATIONS
OF
SERIES C CONVERTIBLE PREFERRED STOCK

PURSUANT TO SECTION 151(G) OF THE
DELAWARE GENERAL CORPORATION LAW

The undersigned, John Hilburn Davis IV, does hereby certify that:

1. He is the Chief Executive Officer and Secretary of Digital Brands Group, Inc., a Delaware corporation (the "**Corporation**").

2. The Corporation is authorized to issue 10,000,000 shares of preferred stock, of which (i) 6,300 share of Series A Preferred Stock have been issued and (ii) one share of Series B Preferred Stock has been issued.

3. The following resolutions were duly adopted by the board of directors of the Corporation (the "**Board of Directors**"):

WHEREAS, the Sixth Amended and Restated Certificate of Incorporation of the Corporation, as amended, provides for a class of its authorized stock known as preferred stock, consisting of 10,000,000 shares, $0.0001 par value per share, issuable from time to time in one or more series;

WHEREAS, the Board of Directors is authorized to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of preferred stock and the number of shares constituting any series and the designation thereof, of any of them; and

WHEREAS, it is the desire of the Board of Directors, pursuant to its authority as aforesaid, to fix the rights, preferences, restrictions and other matters relating to a series of the preferred stock, which shall consist of, except as otherwise set forth in the Purchase Agreement, up to 5,761 shares of the preferred stock which the Corporation has the authority to issue, as follows:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby provide for the issuance of a series of preferred stock for cash or exchange of other securities, rights or property and does hereby fix and determine the rights, preferences, restrictions and other matters relating to such series of preferred stock as follows:

TERMS OF SERIES C CONVERTIBLE PREFERRED STOCK

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"**Affiliate**" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 of the Securities Act.

"**Beneficial Ownership Limitation**" shall have the meaning set forth in Section 6(d).

"**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; *provided*, *however*, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York generally are open for use by customers on such day.

"**Closing**" means the closing of the purchase and sale of the Securities pursuant to the Purchase Agreement.

"**Closing Date**" means the Trading Day on which all of the Transaction Documents have been executed and delivered by the applicable parties thereto and all conditions precedent to (i) each Holder's obligations to pay the Subscription Amount and (ii) the Corporation's obligations to deliver the Securities have been satisfied or waived.

"**Commission**" means the United States Securities and Exchange Commission.

"**Common Stock**" means the Corporation's common stock, par value $0.0001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

"**Common Stock Equivalents**" means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"**Conversion Amount**" means the sum of the Stated Value at issue.

"**Conversion Date**" shall have the meaning set forth in Section 6(a).

"**Conversion Price**" shall have the meaning set forth in Section 6(b).

"**Conversion Shares**" means, collectively, the shares of Common Stock issuable upon conversion of the shares of Preferred Stock in accordance with the terms hereof.

"**Delaware Courts**" shall have the meaning set forth in Section 11(d).

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Holder**" shall have the meaning given such term in Section 2.

"**Liquidation**" shall have the meaning set forth in Section 5.

"**Notice of Conversion**" shall have the meaning set forth in Section 6(a).

"**Optional Redemption Amount**" means 112% of the Stated Value then outstanding.

"**Original Issue Date**" means the date of the first issuance of any shares of the Preferred Stock regardless of the number of transfers of any particular shares of Preferred Stock and regardless of the number of certificates which may be issued to evidence such Preferred Stock.

"**Person**" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"**Preferred Stock**" shall have the meaning set forth in Section 2.

"**Purchase Agreement**" means the Securities Purchase Agreement, dated as of June __, 2023 (the "**Subscription Date**"), among the Corporation and the original Holders, as amended, modified or supplemented from time to time in accordance with its terms.

"**Registration Statement**" means a registration statement meeting the requirements set forth in the Purchase Agreement and covering the resale of the Underlying Shares by each Holder as provided for in the Purchase Agreement.

"**Securities**" means the Preferred Stock and the Underlying Shares.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Share Delivery Date**" shall have the meaning set forth in Section 6(c).

"**Stated Value**" shall have the meaning set forth in Section 2, as the same may be increased pursuant to Section 3.

"**Subscription Amount**" means, as to each Holder, the aggregate amount of indebtedness due and owed to Holder under promissory notes and to be cancelled by Holder in payment for the Preferred Stock issued to Holder pursuant to the Purchase Agreement.

"**Subsidiary**" means any subsidiary of the Corporation and shall, where applicable, also include any direct or indirect subsidiary of the Corporation formed or acquired after the Subscription Date.

"**Successor Entity**" shall have the meaning set forth in Section 7(e).

"**Trading Day**" means a day on which the principal Trading Market is open for business.

"**Trading Market**" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange (or any successors to any of the foregoing).

"**Transaction Documents**" means this Certificate of Designation, the Purchase Agreement, all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated pursuant to the Purchase Agreement.

"**Transfer Agent**" means VStock Transfer, LLC, the current transfer agent of the Corporation, and any successor transfer agent of the Corporation.

"**Underlying Shares**" means the Conversion Shares.

Section 2. Designation, Amount and Par Value. The series of preferred stock shall be designated as its Series C Convertible Preferred Stock (the "**Preferred Stock**") and the number of shares so designated shall be up to 5,761 (which shall not be subject to increase without the written consent of the holders of a majority of the then outstanding Preferred Stock (each, a "**Holder**" and collectively, the "**Holders**")). Each share of Preferred Stock shall have a par value of $0.0001 per share and a stated value equal to $1,000, subject to increase as set forth in Section 3 below (the "**Stated Value**").

Section 3. Dividends. Except for stock dividends or distributions for which adjustments are to be made pursuant to Section 7, Holders shall be entitled to receive, and the Corporation shall pay, dividends on shares of Preferred Stock equal (on an as-if-converted-to-Common-Stock basis) to and in the same form as dividends actually paid on shares of the Common Stock when, as and if such dividends are paid on shares of the Common Stock. No other dividends shall be paid on shares of Preferred Stock.

Section 4. Voting Rights. Holders of the Preferred Stock are entitled to vote as a class as expressly provided in this Certificate of Designation and where required pursuant to applicable law (including, without limitation, the DGCL). Holders of the Preferred Stock are also entitled to vote with the holders of shares of Common Stock (and any other series of preferred stock which vote together with the Common Stock as a single class), voting together as one class, on all matters in which the Holders of the Preferred Stock are permitted to vote with the class of shares of Common Stock pursuant to applicable law (including, without limitation, the DGCL). With respect to any vote with the class of Common Stock, each share of Preferred Stock shall entitle the holder thereof to cast that number of votes per share as is equal to the number of shares of Common Stock into which it is then convertible (subject to the ownership limitations specified in Section 6(d) hereof) using the record date for determining the stockholders of the Company eligible to vote on such matters as the date as of which the Conversion Price is calculated. To the extent that under the DGCL the vote of the holders of the Preferred Stock, voting separately as a class or series, as applicable, is required to authorize a given action of the Company, the affirmative vote or consent of the Holders of a majority of the then outstanding shares of the Preferred Stock (the "**Required Holders**"), voting together in the aggregate and not in separate series unless required under the DGCL, represented at a duly held meeting at which a quorum is presented or by written consent of the Required Holders (except as otherwise may be required under the DGCL), , shall constitute the approval of such action by both the class or the series, as applicable. Holders of the Preferred Stock shall be entitled to written notice of all stockholder meetings or written consents (and copies of proxy materials and other information sent to stockholders) with respect to which they would be entitled to vote, which notice would be provided pursuant to the Company's bylaws and the DGCL.

Section 5. Ranking; Liquidation. The Preferred Stock shall rank (i) senior to all of the Common Stock; (ii) senior to any class or series of capital stock of the Corporation hereafter created specifically ranking by its terms junior to any Preferred Stock ("**Junior Securities**"); (iii) on parity with the Corporation's Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock, as well as any class or series of capital stock of the Corporation created specifically ranking by its terms on parity with the Preferred Stock ("**Parity Securities**"); and (iv) junior to any class or series of capital stock of the Corporation hereafter created specifically ranking by its terms senior to any Preferred Stock ("**Senior Securities**"), in each case, as to dividends or distributions of assets upon liquidation, dissolution or winding up of the Corporation, whether voluntarily or involuntarily. Subject to any superior liquidation rights of the holders of any Senior Securities of the Corporation and the rights of the Corporation's existing and future creditors, upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary (a "**Liquidation**"), each Holder shall be entitled to be paid out of the assets of the Corporation legally available for distribution to stockholders, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common Stock and Junior Securities and *pari passu* with any distribution to the holders of Parity Securities, an amount equal to the Stated Value for each share of Preferred Stock held by such Holder and an amount equal to any accrued and unpaid dividends thereon, and thereafter the Holders shall be entitled to receive out of the assets, whether capital or surplus, of the Corporation the same amount that a holder of Common Stock would receive if the Preferred Stock were fully converted (disregarding for such purposes any conversion limitations hereunder) to Common Stock which amounts shall be paid *pari passu* with all holders of Common Stock. The Corporation shall mail written notice of any such Liquidation, not less than sixty (60) days prior to the payment date stated therein, to each Holder.

Section 6. Conversion.

a) Conversions at Option of Holder. Each share of Preferred Stock shall be convertible, at any time and from time to time from and after the Original Issue Date at the option of the Holder thereof, into that number of shares of Common Stock (subject to the limitations set forth in Section 6(d)) determined by dividing the Stated Value of such share of Preferred Stock by the Conversion Price. Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as **Annex A** (a "**Notice of Conversion**"). Each Notice of Conversion shall specify the number of shares of Preferred Stock to be converted, the number of shares of Preferred Stock owned prior to the conversion at issue, the number of shares of Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by e-mail attachment or by a nationally recognized overnight courier service such Notice of Conversion to the Corporation (such date, the "**Conversion Date**"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. No ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. To effect conversions of shares of Preferred Stock, a Holder shall not be required to surrender the certificate(s) representing the shares of Preferred Stock to the Corporation unless all of the shares of Preferred Stock represented thereby are so converted, in which case such Holder shall deliver the certificate representing such shares of Preferred Stock promptly following the Conversion Date at issue. Shares of Preferred Stock converted into Common Stock or redeemed in accordance with the terms hereof shall be canceled and shall not be reissued.

b) Conversion Price. The conversion price for each share of Preferred Stock is $0.717, subject to adjustment herein (the "**Conversion Price**").

c) Mechanics of Conversion

i. Delivery of Conversion Shares Upon Conversion. Not later than the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined below) after each Conversion Date (the "**Share Delivery Date**"), the Corporation shall deliver, or cause to be delivered, to the converting Holder the number of Conversion Shares being acquired upon the conversion of the Preferred Stock. The Corporation shall deliver the Conversion Shares required to be delivered by the Corporation under this Section 6 electronically through the Depository Trust Company or another established clearing corporation performing similar functions. As used herein, "**Standard Settlement Period**" means the standard settlement period, expressed in a number of Trading Days, on the Corporation's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Conversion.

ii. Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Preferred Stock as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Preferred Stock), not less than such aggregate number of shares of the Common Stock as shall (subject to the terms and conditions set forth in the Purchase Agreement) be issuable (taking into account the adjustments and restrictions of Section 7) upon the conversion of the then outstanding shares of Preferred Stock (assuming any such conversions are made without regard to any limitations on conversion set forth herein). The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable and, if a Registration Statement is then effective under the Securities Act, shall be registered for public resale in accordance with such Registration Statement.

iii. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Preferred Stock. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such conversion, the Corporation shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share. Notwithstanding anything to the contrary contained herein, but consistent with the provisions of this subsection with respect to fractional Conversion Shares, nothing shall prevent any Holder from converting fractional shares of Preferred Stock.

iv. Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of this Preferred Stock shall be made without charge to any Holder for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares, *provided that* the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holders of such shares of Preferred Stock and the Corporation shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all Transfer Agent fees required for same-day processing of any Notice of Conversion and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares.

d) Beneficial Ownership Limitation. The Corporation shall not effect any conversion of the Preferred Stock, and a Holder shall not have the right to convert any portion of the Preferred Stock, to the extent that, after giving effect to the conversion set forth on the applicable Notice of Conversion, such Holder (together with such Holder's Affiliates, and any Persons acting as a group together with such Holder or any of such Holder's Affiliates (such Persons, "**Attribution Parties**")) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon conversion of the Preferred Stock with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (i) conversion of the remaining, unconverted Stated Value of Preferred Stock beneficially owned by such Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, the Preferred Stock) beneficially owned by such Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 6(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 6(d) applies, the determination of whether the Preferred Stock is convertible (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and of how many shares of Preferred Stock are convertible shall be in the sole discretion of such Holder, and the submission of a Notice of Conversion shall be deemed to be such Holder's determination of whether the shares of Preferred Stock may be converted (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and how many shares of the Preferred Stock are convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, each Holder will be deemed to represent to the Corporation each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Corporation shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 6(d), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (i) the Corporation's most recent periodic or annual report filed with the Commission, as the case may be, (ii) a more recent public announcement by the Corporation or (iii) a more recent written notice by the Corporation or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request (which may be via email) of a Holder, the Corporation shall within one Trading Day confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including the Preferred Stock, by such Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "**Beneficial Ownership Limitation**" shall be 4.99% (or, upon election by a Holder prior to the issuance of any shares of Preferred Stock, 9.99%) of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of Preferred Stock held by the applicable Holder. A Holder, upon notice to the Corporation, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 6(d) applicable to its Preferred Stock *provided that* the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Preferred Stock held by the Holder and the provisions of this Section 6(d) shall continue to apply. Any such increase in the Beneficial Ownership Limitation will not be effective until the sixty-first (61^{st}) day after such notice is delivered to the Corporation and shall only apply to such Holder and no other Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 6(d) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of Preferred Stock.

Section 7. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Corporation, at any time while this Preferred Stock is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any other Common Stock Equivalents (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Corporation upon conversion of, or payment of a dividend on, this Preferred Stock), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Corporation, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 7(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 7(a) above, if at any time the Corporation grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "**Purchase Rights**"), then the Holders will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of such Holder's Preferred Stock (without regard to any limitations on conversion hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (*provided*, *however*, that, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

c) Pro Rata Distributions. During such time as this Preferred Stock is outstanding, if the Corporation declares or makes any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "**Distribution**"), at any time after the issuance of this Preferred Stock, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of this Preferred Stock (without regard to any limitations on conversion hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (*provided*, *however*, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Calculations. All calculations under this Section 7 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 7, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

e) Notice to the Holders.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 7, the Corporation shall promptly deliver to each Holder by facsimile or email a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation (and all of its Subsidiaries, taken as a whole), or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of this Preferred Stock, and shall cause to be delivered by facsimile or email to each Holder at its last facsimile number or email address as it shall appear upon the stock books of the Corporation, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, *provided that* the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Corporation or any of the Subsidiaries, the Corporation shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. For the avoidance of doubt, and without limiting the conversion rights of any Holder, each Holder shall remain entitled to convert the Conversion Amount of this Preferred Stock (or any part hereof) during the twenty (20)-day period commencing on the date of such notice through the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

f) Voluntary Adjustment By Corporation. Subject to the rules and regulations of the Trading Market, the Corporation may at any time, subject to the prior written consent of the Required Holders, reduce the then current Conversion Price to any amount and for any period of time deemed appropriate by the board of directors of the Corporation.

Section 8. Optional Redemption at Election of Corporation. Subject to the provisions of this Section 8, at any time after the Original Issue Date and so long as there is an effective Registration Statement, the Corporation may deliver a notice to the Holders (an "**Optional Redemption Notice**" and the date such notice is deemed delivered hereunder, the "**Optional Redemption Notice Date**") of its irrevocable election to redeem any or all of the then outstanding Preferred Stock in an amount equal to the Optional Redemption Amount on the 10th Trading Day following the Optional Redemption Notice Date (such date, the "**Optional Redemption Date**" and such redemption, the "**Optional Redemption**"). The Optional Redemption Amount will be payable in full on the Optional Redemption Date. The Corporation covenants and agrees that it will honor all Notices of Conversion tendered by Holders from the time of delivery of the Optional Redemption Notice through the Optional Redemption Date.

Section 9. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by e-mail attachment, or sent by a nationally recognized overnight courier service, addressed to the Corporation, at the address set forth above Attention: John Hilburn Davis IV, e-mail address hil@digitalbrandsgroup.com, or such other e-mail address or address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section 9. Any and all notices or other communications or deliveries to be provided by the Corporation hereunder shall be in writing and delivered personally, by facsimile or e-mail attachment, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number, e-mail address or address of such Holder appearing on the books of the Corporation, or if no such facsimile number, e-mail address or address appears on the books of the Corporation, at the principal place of business of such Holder, as set forth in the Purchase Agreement. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or e-mail attachment at the e-mail address set forth in this Section prior to 5:30 p.m. (New York City time) on any date, (ii) the next Trading Day after the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or e-mail attachment at the e-mail address set forth in this Section on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Lost or Mutilated Preferred Stock Certificate. If a Holder's Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Preferred Stock so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership hereof reasonably satisfactory to the Corporation (which shall not include the posting of any bond).

c) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflict of laws thereof. All legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by this Certificate of Designation (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of Wilmington, Delaware, County of New Castle (the "**Delaware Courts**"). The Corporation and each Holder hereby irrevocably submits to the exclusive jurisdiction of the Delaware Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such Delaware Courts, or such Delaware Courts are improper or inconvenient venue for such proceeding. The Corporation and each Holder hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Certificate of Designation and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. The Corporation and each Holder hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Certificate of Designation or the transactions contemplated hereby. If the Corporation or any Holder shall commence an action or proceeding to enforce any provisions of this Certificate of Designation, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

d) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

e) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

f) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

g) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

h) Status of Converted or Redeemed Preferred Stock. Shares of Preferred Stock may only be issued pursuant to the Purchase Agreement. If any shares of Preferred Stock shall be converted, redeemed or reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series C Convertible Preferred Stock.

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RESOLVED, FURTHER, that the Chairman, a Chief Executive Officer, the president or any vice-president, and the secretary or any assistant secretary, of the Corporation be and they hereby are authorized and directed to prepare and file this Certificate of Designation of Preferences, Rights and Limitations in accordance with the foregoing resolution and the provisions of Delaware law.

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 21st day of June, 2023.

DIGITAL BRANDS GROUP, INC.

By: /s/ John Hilburn Davis IV
Name: John Hilburn Davis IV
Title: President and Chief Executive Officer

ANNEX A

NOTICE OF CONVERSION
(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES OF SERIES C CONVERTIBLE PREFERRED STOCK)

The undersigned hereby elects to convert the number of shares of Series C Convertible Preferred Stock, par value $0.0001 per share (the "Preferred Stock"), indicated below into shares of common stock, par value $0.0001 per share (the "Common Stock"), of Digital Brands Group, Inc., a Delaware corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as may be required by the Corporation in accordance with the Purchase Agreement. No fee will be charged to the Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect Conversion: _____
Number of shares of Preferred Stock owned prior to Conversion: _____
Number of shares of Preferred Stock to be Converted: _____
Stated Value of shares of Preferred Stock to be Converted: _____
Number of shares of Common Stock to be Issued: _____
Applicable Conversion Price: _____
Number of shares of Preferred Stock subsequent to Conversion: _____
Address for Delivery: _____
or
DWAC Instructions:
Broker no: _____
Account no: _____

[HOLDER]

By: _____
Name:
Title:

Exhibit 10.1

SETTLEMENT AGREEMENT AND RELEASE

This SETTLEMENT AGREEMENT AND RELEASE (this "Agreement") is entered into as of this 21st day of June, 2023 (the "Effective Date"), by and among Drew Jones ("Jones"), D. Jones Tailored Collection, Ltd. ("D. Jones" or "Purchaser"), Harper & Jones, LLC ("H&J", and collectively with Jones and D. Jones, the "Jones Parties"), Digital Brands Group, Inc. ("DBG" or "Seller"), and John Hilburn Davis IV ("Davis" and collectively with DBG, the "DBG Parties") (the Jones Parties and the DBG Parties collectively, the "Parties").

RECITALS:

A. Effective October 14, 2020, some of the parties hereto entered into the Membership Interest Purchase Agreement ("MIPA") whereby D. Jones sold one hundred percent (100%) of the membership interests (the "Assigned Interests") in Harper & Jones, LLC, a Texas limited liability company ("H&J") to DBG, and the Employment Agreement whereby Jones became an employee of DBG (the "Employment Contract").

B. On several occasions, DBG breached the terms of the MIPA and the Employment Agreement. To address DBG's breaches, the parties entered into a subsequent agreement effective July 29, 2022 (the "2022 Agreement"). The 2022 Agreement, in part, amended Section 2.06 of the MIPA and requires DBG to issue $7,899,356 worth of additional DBG common stock to D. Jones on May 18, 2023. DBG breached the terms of the 2022 Agreement in numerous respects.

C. On September 20, 2022, an Arbitration Demand was filed to address DBG's breaches of the MIPA, the Employment Agreement and the 2022 Agreement.

D. On November 28, 2022, the arbitrator issued a Partial Final Award, which was confirmed by the 116th Judicial District Court of Dallas County, Texas on December 12, 2022. The court's Order required DBG to pay $645,304.00 to D. Jones, which DBG paid.

E. An arbitration hearing was held on February 2, 2023, and a Corrected Final Award was entered on February 13, 2023 (the "Arbitration Award"). The Arbitration Award ordered DBG and Davis to pay claimants an additional $1,247,207.70 in damages, attorney fees and costs through the date of the arbitration hearing. Those amounts remain unpaid.

F. The Parties desire to settle any and all outstanding claims between them by (i) the payment of $229,000 by DBG to D. Jones, (ii) the issuance of $1,400,000 worth of DBG common stock to D. Jones, on the terms and conditions set forth herein, and (iii) the sale and assignment of one hundred percent (100 %) of the membership interests in H&J to D. Jones, on the terms and conditions set forth herein. In addition, the Parties will release all claims, if any, they may have against the other Parties.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1
CASH PAYMENTS TO D. JONES

1.1 Cash Payments to D. Jones. Contemporaneously with the Parties' execution of this Agreement, DBG shall pay to D. Jones the sum of $225,000 made up of the following: (a) $200,000 agreed settlement amount, and (b) $25,000 (which is approximately 50% of the arbitration fees previously paid by the Jones Parties to JAMS). In addition, DBG will pay to D. Jones by wire transfer the sum of $4,000 representing attorney's fees in connection with the negotiation and preparation of this Agreement, the related term sheet, and additional related documents.

ARTICLE 2
ISSUANCE OF DBG STOCK TO D. JONES

2.1 Issuance of DBG Stock to D. Jones.

(a) Issuance. Contemporaneously with the Parties' execution of this Agreement, DBG shall issue and deliver to D. Jones shares of DBG's common stock, par value $0.0001 per share (each a "Share" and, collectively, the "Shares"), the number of Shares of which shall be calculated as follows: $1,400,000 divided by the lower of (a) the closing price per Share on the trading day before the day the Shares are issued to D. Jones, and (b) the average closing price per Share for the 5 trading days preceding the day the Shares are issued to D. Jones (the "Stock Issuance Price").

(b) Additional Stock Issuances. DBG is settling approximately $6.0 million in outstanding liabilities (including the liabilities referenced herein) through the issuance of additional securities, and all such issuances (including the issuance to D. Jones) shall be at the Stock Issuance Price and occur on the same day (collectively, the "Stock Issuance") and that the sale of such shares may have an adverse effect on the market price of the Company's common stock.

(c) Resale Registration Statement. DBG shall prepare and file with the Securities and Exchange Commission ("SEC") a registration statement on Form S-1 (or any successor to Form S-1) covering the resale of the Registrable Securities (as defined below) (the "S-1 Resale Registration Statement") no later than the earlier of the following dates: (i) within 90 calendar days following the effective date of the registration statement regarding a proposed secondary offering of DBG securities that DBG currently plans to file sometime in June 2023 (the "Secondary Offering"), and (ii) October 31, 2023. DBG shall use its commercial best efforts to have the S-1 Resale Registration Statement declared effective as soon as possible. For purposes of this Agreement, the term "Registrable Securities" shall mean all Shares issued hereunder and all Shares owned by D. Jones and its principals. If any time in the future Form S-3 becomes available to DBG to register the Registrable Securities, DBG may amend the S-1 Resale Registration Statement to instead be on Form S-3, and as soon as reasonably practicable thereafter to effect registration of the Registrable Securities (or any unsold portion thereof) and any related qualification or compliance with respect to all Registrable Securities.

(d) Limitation on Resales. D. Jones and its principals agree to sell no more than $500,000 worth of the Shares in any calendar month, commencing with the calendar month in which the S-1 Resale Registration Statement is declared effective.

ARTICLE 3
SALE AND ASSIGNMENT OF H&J MEMBERSHIP INTERESTS

3.1 **Sale and Assignment**. DBG is the owner of one hundred percent (100%) of the membership interests (the "Assigned Interests") in H&J. In consideration of the release of the DBG Parties by the Jones Parties set forth in Section 4.1(a), and upon the terms and subject to the conditions set forth in this Agreement, DBG hereby sells, transfers, assigns, conveys, and delivers to D. Jones the Assigned Interests. To further evidence the sale, DBG will execute and deliver to D. Jones contemporaneously with DBG's execution of this Agreement, an original Assignment of Membership Interests substantially in the form attached hereto as Exhibit A (the "Assignment"). The Assignment will be effective as of 12:01 a.m. on the Effective Date.

ARTICLE 4
RELEASE OF THE PARTIES

4.1 **Release of the DBG Parties**. Upon (i) the cash payments to D. Jones per Article 1 hereto, (ii) the issuance of DBG shares ,per Article 2 hereof, and (iii) the effective sale and assignment of the Assigned Interests per Article 3 and Exhibit A hereof, each of Jones Parties hereby releases and absolutely and forever discharges each of the DBG Parties, and their respective successors, heirs, licensees, and assigns of and from any and all claims, damages, legal fees, costs, expenses, debts, actions and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, asserted or unasserted, which either they now have, or at any time heretofore ever had, except for violations of this Agreement.

4.2 **Release of the Jones Parties**. Each of the DBG Parties hereby releases and absolutely and forever discharges each of the Jones Parties, and their respective successors, heirs, licensees and assigns of and from any and all claims, damages, legal fees, costs, expenses, debts, actions and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, asserted or unasserted, which they either now have, or at any time heretofore ever had, except for violations of this Agreement. This release does not apply, however, to any government criminal action against the Jones Parties. The DBG Parties represent that they are not aware of any such actions by any governmental agency.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE JONES PARTIES

5.1 Authorization of Transaction. Jones and D. Jones, jointly and severally, represent and warrant to the DBG Parties as follows:

(a) D. Jones is a limited partnership duly formed, validly existing, and in good standing under the laws of the State of Texas.

(b) D. Jones has all requisite power, authority, and capacity to execute, deliver, and perform this Agreement and the Assignment (collectively, the "Transaction Documents"). Each of the Jones Parties has all requisite power, authority, and capacity to execute, deliver, and perform the Transaction Documents.

(c) Each of the Transaction Documents is a legal, valid, and binding agreement of the applicable Jones Party or Jones Parties, enforceable against the Jones Parties in accordance with its terms.

(d) No authorization, consent, approval, permit or license of, or filing with, any governmental or public body or authority, or any other person or entity is required to authorize, or is required in connection with, the execution, delivery, and performance of the Transaction Documents on the part of the Jones Parties.

5.2 Jones Parties' Investment Representations. Jones and D. Jones, jointly and severally, represent and warrant to the DBG Parties as follows:

(a) D. Jones (i) is an "accredited investor" within the meaning of Section 501(a) of Regulation D, as adopted pursuant to the Securities Act of 1933, as amended (the "Securities Act"); (ii) is acquiring the Shares for itself for investment purposes only, and not with a view towards any resale or distribution of such Shares; (iii) has been advised and understands that the Shares (A) are being issued in reliance upon one or more exemptions from the registration requirements of the Securities Act and any applicable state securities laws, and (B) have not been and shall not be registered under the Securities Act or any applicable state securities laws, except as otherwise provided herein; (iv) is aware that an investment in DBG is a speculative investment and is subject to the risk of complete loss; and (v) has not seen, received, been presented with, or been solicited by any leaflet, public promotional meeting, newspaper or magazine article or advertisement, radio or television advertisement, or any other form of advertising or general solicitation with respect to the sale of the Shares.

(b) D. Jones and its principals have substantial experience in making investment decisions of this type and D. Jones and its principals have such knowledge and experience in financial and business matters, and that D. Jones and its principals are capable of evaluating the merits and risks of an investment in DBG without the assistance of a purchaser representative. D. Jones and its principals have carefully read and understand all materials provided by or on behalf of DBG or its representatives to D. Jones or its representatives pertaining to an investment in DBG and has consulted, as it has deemed advisable, with its own attorneys, accountants or investment advisors with respect to the investment contemplated hereby and its suitability for D. Jones. D. Jones has completed its independent inquiry and has relied fully upon the advice of its own legal counsel, accountant, financial and other representatives in determining the legal, tax, financial and other consequences of an investment in the Shares and the transactions contemplated thereby and the suitability of an investment in the Shares and the transactions contemplated thereby for D. Jones and its particular circumstances.

(c) D. Jones is not a "bad actor" within the meaning of Rule 506(d) promulgated under the Securities Act.

(d) D. Jones is aware that if the parties to whom the Stock Issuance is made sell their Shares, the sale of such shares may have an adverse effect on the market price of DBG's common stock. D. Jones is also aware that the securities to be sold further to the Secondary Offering will likely be sold at a substantial discount to then then trading price of DBG's common stock which would be dilutive to existing DBG stockholders, including D. Jones, and would have an adverse effect on the price of DBG's common stock.

(e) D. Jones is aware that DBG intends to file a proxy statement with the SEC to solicit stockholder approval of a reverse stock split in a range of 1-for-2.5 to 1-for-50, with the exact number to be set by DBG's Board of Directors, and that the announcement of such reverse stock split and/or effect thereof may have an adverse effect on the price of DBG's common stock.

(f) None of the Jones Parties will disclose any of the matters set forth in Sections 5.2(d) and 5.2(e) or acquire or sell any securities of DBG prior to the filing of the aforementioned registration statement regarding the Secondary Offering.

(g) The Jones Parties are aware that on May 23, 2023, the Company received a letter (the "Letter") from the Listing Qualifications Staff (the "Staff") of Nasdaq notifying the Company that the Staff had determined to delist the Company's common stock from Nasdaq based on the Company's failure to comply with the listing requirements of Listing Rule 5550(b)(1), as a result of the Company's stockholders' deficit for the period ended March 31, 2023, as demonstrated in the Company's Quarterly Report on Form 10-Q filed on May 22, 2023, while the Company was under "Panel Monitor" as had been previously disclosed in the Company's SEC filings. The Letter states that the Company's securities would be subject to delisting unless the Company timely requests a hearing before the Panel. The Company timely submitted a hearing request and, at the hearing, the Company will present its plan for regaining and sustaining compliance with all applicable requirements for continued listing on The Nasdaq Capital Market. Although the Company has taken efforts to improve its stockholders' equity, including converting a portion of its outstanding liabilities into preferred stock of the Company and obtaining certain stockholders' waiver of anti-dilution rights, the Company expects that at the time of the hearing it will be required to demonstrate the Company's ability to regain compliance with the $2.5 million stockholders' equity requirement, set forth in Listing Rule 5550(b)(1), and its ability to sustain long term compliance with such requirement. If the Panel does not believe that the Company has demonstrated its ability to regain and sustain compliance with all applicable requirements for continued listing on The Nasdaq Capital Market, the Panel is likely to determine to delist the Company's securities from The Nasdaq Stock Market. **Notwithstanding the foregoing, there can be no assurance that the Company will be successful in its efforts to maintain the Nasdaq listing. If the Company's common stock and warrants cease to be listed for trading on The Nasdaq Capital Market, the Company expects that its common stock and warrants would be traded on one of the three tiered marketplaces of the OTC Markets Group. If Nasdaq were to delist the Company's common stock and warrants, it would be more difficult for the Company's stockholders, including the Jones Parties, to dispose of the Company's securities and more difficult to obtain accurate price quotations on the Company's common stock or warrants. The Company's ability to issue additional securities for financing or other purposes, or otherwise to arrange for any financing it may need in the future, may also be materially and adversely affected if the Company's common stock or warrants are not listed on a national securities exchange.**

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF THE DBG PARTIES

The DBG Parties, jointly and severally, represent and warrant to the Jones Parties as follows:

6.1 **Authorization of Transaction**.

(a) DBG is a corporation duly formed, validly existing, and in good standing under the laws of the State of Delaware.

(b) DBG has all requisite power and authority to execute, deliver, and perform the Transaction Documents and to consummate the transaction contemplated by the Transaction Documents.

(c) The execution, delivery, and performance by DBG of the Transaction Documents have been duly authorized by all necessary action on the part of DBG. Davis has all requisite power, authority, and capacity to execute, deliver, and perform the Transaction Documents.

(d) Each of the Transaction Documents is a legal, valid, and binding agreement of the applicable DBG Party or DBG Parties, enforceable against the DBG Parties in accordance with its terms.

(e) No authorization, consent, approval, permit or license of, or filing with, any governmental or public body or authority, or any other person or entity is required to authorize, or is required in connection with, the execution, delivery, and performance of the Transaction Documents on the part of the DBG Parties.

6.2 **Title to Assigned Interests**. DBG is the true and lawful owner of the Assigned Interests and is transferring good title to the Assigned Interests, free and clear of any and all liens, debts, claims, liabilities, obligations, encumbrances, and security interests.

6.3 **Operation in the Ordinary Course of Business**. From the execution of the Non -Binding Term Sheet – Purchase Agreement to the execution of this Agreement, the DBG Parties have not taken any actions or engaged in any transactions with respect to H&J which are outside of H&J's ordinary course of business, including, but not limited to, borrowings by H&J.

ARTICLE 7
MISCELLANEOUS

7.1 **Entire Agreement**. This Agreement and the Transaction Documents set forth the entire agreement and understanding of the Parties with respect to the transactions contemplated hereby. The Recitals above are binding terms of this Agreement.

7.2 **Applicable Law**. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by the laws of the State of Texas. In the event that judicial proceedings are instituted to enforce any of the provisions of this Agreement, such proceedings shall be brought in a court of competent jurisdiction in Dallas County, Texas.

7.3 **Severability**. If any term, provision, covenant, or restriction of this Agreement is held by the final, non-appealable order of a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the terms, provisions, covenants, and restrictions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

7.4 **Further Assurances**. Each party shall cooperate and take such actions, and execute all such further instruments and documents as the other party may reasonably request in order to convey title to the Assigned Interests to Purchaser and otherwise to effect the terms and purposes of this Agreement.

7.5 **Counterparts.** This Agreement may be executed in one or more counterparts and by facsimile or other electronic transmission, each of which shall be an original, but all of which taken together shall constitute a single document. A photocopy, electronic copy, or facsimile of an executed counterpart of this Agreement shall be sufficient to bind the parties whose signature(s) appear thereon.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the Effective Date.

/s/Drew Jones
Drew Jones

D. Jones Tailored Collection, Ltd.

By: DJones, LLC
Its: General Partner

By: /s/Drew Jones
Drew Jones, Managing Member

Harper & Jones, LLC

By: /s/Drew Jones
Drew Jones, CEO

/s/ John Hilburn Davis IV
John Hilburn Davis IV

Digital Brands Group, Inc.

By: /s/ John Hilburn Davis IV
John Hilburn Davis IV, CEO

By: /s/ Trevor Pettennude
Trevor Pettennude on behalf of the BOD

EXHIBIT A
Assignment

ASSIGNMENT OF MEMBERSHIP INTERESTS

This Assignment of Membership Interests (the "Assignment") is made and entered into to be effective as of 12:01 a.m. on the 21st day of June, 2023 (the "Effective Date"), by and between Digital Brands Group, Inc. ("Assignor"), and D. Jones Tailored Collection, Ltd. ("Assignee"). Drew Jones, the manager Harper & Jones, LLC (the "Manager"), executes this Assignment for the purposes described in Recital C below.

RECITALS

A. Assignor owns one hundred percent (100%) percent of the Membership Interests (the "Assigned Interests") in Harper & Jones, LLC, a Texas limited liability company (the "Company").

B. Pursuant to that certain Settlement Agreement and Release by and among Assignor, Assignee, and certain affiliates of Assignor and Assignee, dated effective as of June 21, 2023, Assignor desires to sell the Assigned Interests to Assignee and Assignee desires to purchase the Assigned Interests.

C. Assignor and the Manager desire to: (i) waive any and all requirements for or restrictions on the transfer of Membership Interests contained in the governing documents of DBG, (ii) consent to the assignment of the Assigned Interests, and (iii) consent to the admission of Assignee as a Member of DBG with respect to the Assigned Interests.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Assignment. Assignor hereby sells, conveys, transfers, and assigns to Assignee the Assigned Interests, and Assignee hereby accepts the assignment of the Assigned Interests.

2. Waiver, Consent, and Admission. Assignor and the Manager hereby: (i) waive any and all requirements for or restrictions on the transfer of Membership Interests contained in the governing documents of DBG, (ii) consent to the assignment of the Assigned Interests, and (iii) consent to the admission of, and hereby admit, Assignee as a Member of DBG with respect to the Assigned Interests.

3. Capitalized Terms. All capitalized terms used in this Assignment but not defined herein shall have the meaning set forth in DBG Agreement.

4. Binding Agreement. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective representatives, successors, and assigns.

5. Governing Law. This Assignment shall be governed by the laws of the State of Texas. In the event that judicial proceedings are instituted to enforce any of the provisions of this Assignment, such proceedings shall be brought in a court of competent jurisdiction in Dallas County, Texas.

6. Counterparts. This Assignment may be executed in one or more counterparts and by facsimile or other electronic transmission, each of which shall be an original, but all of which taken together shall constitute a single document. A photocopy, electronic copy (e.g., a "pdf" or "tif" file), or telecopy of an executed counterpart of this Assignment shall be sufficient to bind the parties whose signatures appear thereon.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Assignment on the date(s) set forth below to be effective as of the Effective Date.

ASSIGNOR:

Digital Brands Group, Inc.

By: _____
John Hilburn Davis IV, CEO

By: _____
Trevor Pettennude on behalf of the BOD

ASSIGNEE:

D. Jones Tailored Collection, Ltd.

By: DJones, LLC
Its: General Partner

By: _____
Drew Jones, Managing Member

MANAGER:

_____
Drew Jones

Exhibit 10.2

WAIVER AND AMENDMENT AGREEMENT

This Waiver and Amendment Agreement (this "**Agreement**") is entered into as of June 21, 2023 (the "**Effective Date**"), by and among Digital Brands Group, Inc. (the "**Company**"), Norwest Venture Partners XI, LP ("**NVP XI**"), and Norwest Venture Partners XII, LP ("**NVP XII**" and together with NVP XI, the "**NVP Parties**"). Each of the Company, Norwest Venture Partners XI, LP, and Norwest Venture Partners XII, LP are individually a "**Party**" and collectively, the "**Parties**". All capitalized terms used but not defined herein shall have the respective meanings ascribed to them in that certain Merger Agreement, as defined below.

WHEREAS, Company entered into an Agreement and Plan of Merger, dated February 12, 2020 (as amended, the "**Merger Agreement**"), with Bailey 44, LLC, a Delaware limited liability company ("**Bailey**"), NVP XI, and NVP XII, on the one hand, and the Company and Denim.LA Acquisition Corp., a Delaware corporation and a former wholly-owned subsidiary of the Company ("**Merger Sub**"), on the other hand, pursuant to which Merger Sub was merged with and into Bailey with Bailey surviving as a wholly-owned subsidiary of the Company; and

WHEREAS, the Parties now desire to waive and amend certain provisions of the Merger Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises, benefits and covenants contained herein and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Parties, intended to be legally bound, hereby agree as follows:

1. Waiver and Termination of the Post-Closing Adjustment and Anti-Dilution Protection: The Parties hereby waive, and amend the Merger Agreement to terminate, Section 2.06(b) of the Merger Agreement. Following the Effective Date, Section 2.06(b) of the Merger Agreement shall be null, void and no longer of any effect. Notwithstanding anything to the contrary, to the extent any default or breach shall have occurred under the Merger Agreement as a result of any failure by any Party to comply with Section 2.06(b) of the Merger Agreement, each of the Parties hereto hereby expressly waives, each such default or breach (as applicable) and hereby expressly waives all of their respective rights, remedies, powers and privileges relating thereto or in connection therewith (at law, in equity or otherwise), to the extent arising before, on or after the Effective Date.

2. Acknowledgements. Each of the NVP Parties hereby acknowledges and agrees that:

(a) The NVP Parties are aware that on or around the Effective Date, the Company is settling approximately $6.0 million in outstanding liabilities through the issuance of additional securities convertible into shares of the Company's common stock and that the sale of such shares may have an adverse effect on the market price of the Company's common stock. The NVP Parties are also aware that the Company plans to conduct an offering of the Company's securities in or around June 2023, and such securities will likely be sold at a substantial discount to then then trading price of the Company's common stock which would be dilutive to existing Company stockholders, including the NVP Parties, and would have an adverse effect on the price of the Company's common stock.

(b) The NVP Parties are aware that the Company intends to file a proxy statement with the SEC to solicit stockholder approval of a reverse stock split in a range of 1-for-2.5 to 1-for-50, with the exact number to be set by the Company's Board of Directors, and that the announcement of such reverse stock split and/or effect thereof may have an adverse effect on the price of the Company's common stock.

(c) The NVP Parties are aware that on May 23, 2023, the Company received a letter (the "**Letter**") from the Listing Qualifications Staff (the "**Staff**") of Nasdaq notifying the Company that the Staff had determined to delist the Company's common stock from Nasdaq based on the Company's failure to comply with the listing requirements of Listing Rule 5550(b)(1), as a result of the Company's stockholders' deficit for the period ended March 31, 2023, as demonstrated in the Company's Quarterly Report on Form 10-Q filed on May 22, 2023, while the Company was under "Panel Monitor" as had been previously disclosed in the Company's SEC filings. The Letter states that the Company's securities would be subject to delisting unless the Company timely requests a hearing before the Panel. The Company timely submitted a hearing request and, at the hearing, the Company will present its plan for regaining and sustaining compliance with all applicable requirements for continued listing on The Nasdaq Capital Market. Although the Company has taken efforts to improve its stockholders' equity, including converting a portion of its outstanding liabilities into preferred stock of the Company and obtaining the Seller's waiver of its anti-dilution rights under the Merger Agreement, the Company expects that at the time of the hearing, it will be required to demonstrate the Company's ability to regain compliance with the $2.5 million stockholders' equity requirement, set forth in Listing Rule 5550(b)(1), and its ability to sustain long term compliance with such requirement. If the Panel does not believe that the Company has demonstrated its ability to regain and sustain compliance with all applicable requirements for continued listing on The Nasdaq Capital Market, the Panel is likely to determine to delist the Company's securities from The Nasdaq Stock Market. **Notwithstanding the foregoing, there can be no assurance that the Company will be successful in its efforts to maintain the Nasdaq listing. If the Company's common stock and warrants cease to be listed for trading on The Nasdaq Capital Market, the Company expects that its common stock and warrants would be traded on one of the three tiered marketplaces of the OTC Markets Group. If Nasdaq were to delist the Company's common stock and warrants, it would be more difficult for the Company's stockholders, including the NVP Parties, to dispose of the Company's securities and more difficult to obtain accurate price quotations on the Company's common stock or warrants. The Company's ability to issue additional securities for financing or other purposes, or otherwise to arrange for any financing it may need in the future, may also be materially and adversely affected if the Company's common stock or warrants are not listed on a national securities exchange.**

3. Release.

(a) Effective as of the date of this Agreement, the Company, on behalf of itself and its respective present and former parents, subsidiaries, affiliates, officers, directors, shareholders, managers, members, successors, and assigns (collectively, "**Company Releasors**") hereby releases, waives, and forever discharges the NVP Parties, and each of them, and their respective present and former, direct and indirect, parents, subsidiaries, affiliates, employees, officers, directors, shareholders, managers, members, agents, representatives, successors and assigns (collectively, "**NVP Releasees**") of and from any and all actions, causes of action, suits, losses, liabilities, rights, debts, dues, sums of money, accounts, reckonings, obligations, costs, expenses, liens, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands, of every kind and nature whatsoever, whether now known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected, in law, admiralty, or equity (collectively, "**Company Claims**"), which any of such Company Releasors ever had, now have, or hereafter can, shall, or may have against any of such NVP Releasees for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of time through the Effective Date, in each case, relating to Section 2.06(b) of the Merger Agreement. The parties hereby designate all Investor Releasees as third-party beneficiaries of this Section 3 having the right to enforce such Section.

(b) Effective as of the date of this Agreement, the NVP Parties, on behalf of themselves and their respective present and former parents, subsidiaries, affiliates, officers, directors, shareholders, managers, members, successors, and assigns (collectively, "**NVP Releasors**" and together with the Company Releasors, each a "**Releasor**") hereby releases, waives, and forever discharges the Company and its present and former, direct and indirect, parents, subsidiaries, affiliates, employees, officers, directors, shareholders, managers, members, agents, representatives, successors and assigns (collectively, "**Company Releasees**") of and from any and all actions, causes of action, suits, losses, liabilities, rights, debts, dues, sums of money, accounts, reckonings, obligations, costs, expenses, liens, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands, of every kind and nature whatsoever, whether now known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected, in law, admiralty, or equity (collectively, "**Seller Claims**" and together with the Company Claims, each a "**Claim**" or "**Claims**"), which any of such NVP Releasors ever had, now have, or hereafter can, shall, or may have against any of such Company Releasees for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of time through the Effective Date, in each case, relating to Section 2.06(b) of the Merger Agreement. The parties hereby designate all Company Releasees as third-party beneficiaries of this Section 3 having the right to enforce such Section.

(c) Each Releasor understands that it may later discover Claims or facts that may be different from, or in addition to, those that it or any other Releasor now knows or believes to exist regarding the subject matter of the release contained in this Section 3, and which, if known at the time of signing this Agreement, may have materially affected this Agreement and such party's decision to enter into it and grant the release contained in this Section 3. Nevertheless, the Releasors intend to fully, finally, and forever settle and release all Claims that now exist, may exist, or previously existed, as set out in the release contained in this Section 3, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or different facts. The Releasors hereby waive any right or Claim that might arise as a result of such different or additional Claims or facts. The Releasors have been made aware of, and understand, the provisions of California Civil Code Section 1542 ("**Section 1542**"), which provides: "**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**" The Releasors expressly, knowingly, and intentionally waive any and all rights, benefits, and protections of Section 1542 and of any other state or federal statute or common law principle limiting the scope of a general release.

4. Limited Effect. Except as set forth herein, the waiver and amendments contained herein shall not be construed as an amendment or waiver of any other provision of the Merger Agreement, or as a waiver of any further or future action on the part of either Party that would require the waiver of the other Party. On and after the Effective Date, each reference in the Merger Agreement to "this Agreement," "the Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference to the Merger Agreement in any other agreements, documents, or instruments executed and delivered pursuant to, or in connection with, the Merger Agreement will mean and be a reference to the Merger Agreement as specifically amended by this Agreement.

5. Ratification; Conflict: Except as amended by this Agreement, each of the Parties hereto agree that the Merger Agreement shall remain in full force and effect. In the event of conflict between the Merger Agreement and this Agreement, the provisions of this Agreement shall prevail.

6. Miscellaneous: The provisions of Article IX of the Merger Agreement shall be incorporated herein *mutatis mutandis*.

[Signature page follows]

IN WITNEES WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

DIGITAL BRANDS GROUP, INC.

By: /s/John Hilburn Davis, IV
Name: John Hilburn Davis, IV
Title: Chief Executive Officer

NORWEST VENTURE PARTNERS XI, LP

By: Genesis VC Partners XI, LLC, its General Partner

By: NVP Associates, LLC, its Managing Member

By: /s/ Sonya Brown
Name: Sonya Brown
Title: General Partner

NORWEST VENTURE PARTNERS XII, LP

By: Genesis VC Partners XII, LLC, its General Partner

By: NVP Associates, LLC, its Managing Member

By: /s/ Sonya Brown
Name: Sonya Brown
Title: General Partner

[Signature Page to Waiver and Amendment Agreement]

Exhibit 10.3

SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (the "**Agreement**"), dated as of June 21, 2023, is by and among Digital Brands Group, Inc., a Delaware corporation (the "**Company**"), and each of the investors listed on Schedule I (individually, a "**Investor**" and collectively, the "**Investors**").

RECITALS

A. The Company and each Investor is executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended (the "**1933 Act**"), and Rule 506(b) of Regulation D ("**Regulation D**") as promulgated by the United States Securities and Exchange Commission (the "**SEC**") under the 1933 Act.

B. The Company has authorized a new series of convertible preferred stock of the Company designated as Series C Convertible Preferred Stock, par value $0.0001 per share, the terms of which are set forth in the certificate of designation for such series of Preferred Stock (the "**Certificate of Designations**") in the form attached hereto as **Exhibit A** (together with any convertible preferred shares issued in replacement thereof in accordance with the terms thereof, the "**Series C Preferred Stock**"), which Series C Preferred Stock shall be convertible into shares of Common Stock, par value $0.0001 per share (the "**Common Stock**") (such shares of Common Stock issuable pursuant to the terms of the Certificate of Designations, including, without limitation, upon conversion or otherwise, collectively, the "**Conversion Shares**"), in accordance with the terms of the Certificate of Designations.

C. The initial conversion price per share of the Series C Preferred Stock as set forth in the Certificate of Designations is calculated as follows: the lower of (a) the closing price per share of the Common Stock as reported on the Nasdaq Capital Market on the trading day before the date hereof, and (b) the average closing price per share of Common Stock as reported on the Nasdaq Capital Market for the five trading days preceding the date hereof.

D. Each Investor wishes to purchase, and the Company wishes to sell, upon the terms and conditions stated in this Agreement, the aggregate number of shares of Series C Preferred Stock (the "**Shares**") set forth opposite such Investor's name on **Schedule I**.

E. The Shares and the Conversion Shares are collectively referred to herein as the "**Securities**."

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1.0 Basic Terms of Purchase and Sale.

1.1 Purchase and Sale of Series C Preferred Stock.

(a) The Company has adopted and filed with the Secretary of State of the State of Delaware prior to the date hereof, the Certificate of Designations to create the Series C Preferred Stock.

(b) Subject to the terms and conditions of this Agreement, each of the Investors hereby purchases from the Company, and the Company hereby sells and issues to each of the Investors, that number of Shares as is set forth opposite such Investor's name on **Schedule I** at a purchase price of $1,000 per Share, with the aggregate purchase price to be paid by each Investor being as stated on **Schedule I** opposite such Investor's name, which purchase price is being paid by the Investor's cancellation of indebtedness evidenced by a promissory note issued by the Company to the Investor, dated December 8, 2023, in the principal amount set forth opposite such Investor's name on **Schedule I** (each, a "**Note**" and collectively, the "**Notes**"). To facilitate the issuance of shares in accordance with the provisions of this Agreement, the Company may round the number of Shares allocated to any Investor up to the nearest whole number. The Company's agreements with each of the Investors are separate agreements, and the sale of the Shares to each of the Investors are separate sales.

(b) As soon as practicable after the date hereof, the Company shall deliver to each Investor purchasing Shares a certificate representing that number of the Shares set forth on **Schedule I** opposite the name of such Investor against delivery to the Company by such Investor of evidence of the cancellation of all amounts owing under the Investor's Note in such form as reasonably requested by the Company.

1.2 Registration of Shares of Common Stock Underlying Series C Preferred Stock.

(a) S-1 Resale Registration Statement. The Company shall prepare and file with the Securities and Exchange Commission ("**SEC**") a registration statement on Form S-1 (or any successor to Form S-1) covering the resale of the Registrable Securities (as defined below) (the "**S-1 Resale Registration Statement**") no later than the earlier of the following dates: (i) the date which is 90 calendar days following the effective date of the registration statement regarding a proposed secondary offering of Company securities that the Company currently plans to file sometime in June 2023 (the "**Secondary Offering**"), and (ii) October 31, 2023. The Company shall use its commercial best efforts to have the S-1 Resale Registration Statement declared effective as soon as possible and to keep such S-1 Resale Registration Statement effective until the earlier to occur of (x) the date on which all Registrable Securities have been sold pursuant to such S-1 Resale Registration Statement and (y) the date as of which all Investors may sell all of the Registrable Securities without restriction pursuant to Rule 144 (including, without limitation, volume restrictions). For purposes of this Agreement, the term "**Registrable Securities**" shall mean the Conversion Shares. If any time in the future Form S-3 becomes available to the Company to register the Registrable Securities, the Company may amend the S-1 Resale Registration Statement to instead be on Form S-3, and as soon as reasonably practicable thereafter to effect registration of the Registrable Securities (or any unsold portion thereof) and any related qualification or compliance with respect to all Registrable Securities. Each Investor agrees that in no event will such Investor, on an individual basis, convert in any calendar month more than the greater of (i) $300,000 of Registrable Securities (measured by the number of shares of Common Stock underlying the Shares to be converted multiplied by the then conversion price per Share) or (ii) Shares which underlying shares of Common Stock comprises more than 3% of the aggregate trading volume of the Company's Common Stock as reported by Nasdaq.

(b) Expenses. The Company shall pay all expenses in connection with any registration obligation provided herein, including, without limitation, all registration, filing, stock exchange fees, printing expenses, any FINRA filing fees, all fees and expenses of complying with applicable securities or blue sky laws, and the fees and disbursements of counsel for the Company and of the Company's independent accountants and excluding any underwriting discounts and selling commissions and all legal fees and expenses of legal counsel for any Investor.

(c) Removal of Restrictive Legends. The certificates evidencing the Conversion Shares shall not contain any legend restricting the transfer thereof (including the legend set forth below in Section 3.7): (A) while a registration statement (including the S-1 Resale Registration Statement) covering the sale or resale of such Conversion Shares is effective under the Securities Act, or (B) following any sale of such Conversion Shares pursuant to Rule 144, or (C) if such Conversion Shares are eligible for sale under Rule 144(b)(1), or (D) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the SEC) (collectively, the "**Unrestricted Conditions**"). The Company shall cause its counsel to issue a legal opinion to the Company's transfer agent for the Common Stock (the "**Transfer Agent**") promptly after the date the Unrestricted Conditions are first met if required by the Company's Transfer Agent to effect the issuance of the Conversion Shares without a restrictive legend or removal of the legend hereunder. If the Unrestricted Conditions are met at the time of issuance of the Conversion Shares, then such Conversion Shares shall be issued free of all legends. The Company agrees that following the date the Unrestricted Conditions are first met or such legend is otherwise no longer required under this Section 1.2(c), it will, no later than three (3) trading days following the delivery by the Investor to the Company or the Transfer Agent of a certificate or book-entry notice representing the Conversion Shares issued with a restrictive legend, deliver or cause to be delivered to such Investor a certificate, book-entry notice or electronic transfer representing such Conversion Shares that is free from all restrictive and other legends.

2.0 Representations and Warranties of the Company.

The Company hereby represents and warrants to the Investors as follows:

2.1 Incorporation. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted.

2.2 Authorization. All corporate action on the part of the Company, its officers, directors and shareholders necessary for the authorization, execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein, and for the authorization, issuance and delivery of the Shares (and the Common Stock issuable upon conversion of the Shares), has been taken, and this Agreement, when executed and delivered, shall constitute the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other laws of general application relating to or affecting the enforcement of creditors' rights. The Company has all requisite legal and corporate power to enter into this Agreement, to sell the Shares hereunder, and to carry out and perform its obligations hereunder.

2.3 Valid Issuance of the Shares. The rights, preferences and privileges of the Series C Preferred Stock are as stated in the Certificate of Designations. The Shares to be purchased by the Investors hereunder (and the Common Stock issuable upon conversion of the Shares) will, upon issuance pursuant to the terms hereof (or upon conversion of the Shares), be duly and validly issued, fully paid and nonassessable and will be free from any liens or encumbrances created by the Company (except as provided in this Agreement with respect to federal and applicable state securities laws). Based in part upon the representations of the Investors in Section 3 of this Agreement, the Shares (and the Common Stock issuable upon conversion of the Shares), when issued and delivered pursuant to this Agreement, will be issued in compliance with federal and all applicable state securities laws. Subject in part to the truth and accuracy of each Investor's representations set forth in Section 3 of this Agreement, the offer, sale and issuance of the Shares as contemplated by this Agreement are exempt from the registration requirements of the Securities Act of 1933, as amended, and neither the Company nor any authorized agent acting on its behalf has taken or will take any action hereafter that would cause the loss of such exemption.

2.4 Governmental Consents. All consents, approvals, orders, authorizations, registrations, qualifications, designations, declarations or filings with any federal or state governmental agency or authority required on the part of the Company in connection with the execution, delivery or performance of this Agreement and the consummation of the transactions contemplated herein have been obtained.

2.5 Compliance with Other Instruments. The execution, delivery and performance of and compliance with this Agreement, and the sale of the Shares pursuant to the terms hereof, will not result in any violation or be in conflict with or constitute a default under any such provision, or result in the creation of any mortgage, pledge, lien, encumbrance or charge upon any of the properties or assets of the Company pursuant to any such provision.

3.0 Representations and Warranties of the Investor.

Each Investor hereby severally represents and warrants to the Company as follows:

3.1 Authorization. When executed and delivered by such Investor, this Agreement will constitute the valid and legally binding obligation of such Investor, enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other laws of general application relating to or affecting the enforcement of creditors' rights.

3.2 Purchase Entirely for Own Account. Such Investor is acquiring the Shares hereunder for its own account for investment purposes only and not with a view to, or for resale in connection with, any "distribution" of all or any portion thereof within the meaning of the 1933 Act.

3.3 Disclosure of Information. Such Investor believes that it has received all the information it considers necessary or appropriate for deciding whether to purchase Shares hereunder. Such Investor further represents that it has had an opportunity to ask questions and receive answers from the Company regarding its business and prospects. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section 2 of this Agreement or the right of such Investor to rely thereon.

3.4 Experience. Such Investor is experienced in evaluating and investing in companies such as the Company. Such Investor understands that the investment to be made in connection with the acquisition of Shares hereunder is speculative and involves significant risk. Such Investor has no need for liquidity in this investment, has the ability to bear the economic risk of this investment, and can afford a complete loss of the purchase price. Such Investor is an "accredited investor" as that term is defined within Regulation D promulgated under the 1933 Act.

3.5 Restricted Securities. Such Investor understands that the Shares being purchased hereunder (and the Common Stock issuable upon conversion thereof) are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the 1933 Act only in certain limited circumstances. In this connection, such Investor represents that it is familiar with Rule 144 promulgated by the SEC, as presently in effect, and understands the resale limitations imposed thereby and by the 1933 Act.

3.6 Further Limitations on Disposition. Without in any way limiting the representations set forth above, such Investor further agrees not to make any disposition of all or any portion of the Shares being purchased hereunder (or of the Common Stock issuable upon conversion of the Shares) except in compliance with applicable state securities laws and unless:

(a) there is then in effect a registration statement under the 1933 Act covering such proposed disposition and such disposition is made in accordance with such registration statement;

(b) such disposition involves: (i) a transfer not involving a change in beneficial ownership; (ii) a transfer in compliance with Rule 144, so long as the Company is furnished with satisfactory evidence of compliance with such Rule; (iii) transfers by any holder who is an individual to a trust for the benefit of such holder or his family; (iv) transfers by gift, will or intestate succession to the spouse, lineal descendants or ancestors of any holder or spouse of a holder; or (v) if such Investor is an entity, transfers to an affiliate for no consideration; or

(c) such Investor shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and, if requested by the Company, such Investor shall have furnished the Company with an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to the Company, that such disposition will not require registration under the 1933 Act and will be in compliance with applicable state securities laws.

3.7 Legends. Each Investor understands that the Securities have been issued (or will be issued in the case of the Conversion Shares) pursuant to an exemption from registration or qualification under the 1933 Act and applicable state securities laws, and except as set forth in Section 1.2(c) above, the Securities shall bear any legend as required by the "blue sky" laws of any state and a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of such stock certificates):

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL TO THE HOLDER (IF REQUESTED BY THE COMPANY), IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD OR ELIGIBLE TO BE SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT.

3.8 Cancellation of Notes. Upon execution of this Agreement, the Investors acknowledge and agree that (i) all amounts due and owing by the Company further to the Notes are satisfied in full and (ii) the Company has no further obligation or liability further to the Notes.

3.9 Distribution of Shares. Investors agree that in no event will one individual Investor at any time be issued in excess of 19.99% of the issued and outstanding Common Stock of the Company as of the date hereof and that they will take any and all actions, including, without limitation, a distribution to their members of Shares, to ensure that stockholder approval will not be required by the applicable rules and regulations of the Nasdaq Stock Market (or any successor entity) from the stockholders of the Company with respect to the transactions contemplated by this Agreement.

3.10 Additional Issuances/Potential Reverse Stock Split.

(a) Investors are aware that the Company is settling approximately $6.0 million in outstanding liabilities (including the liabilities referenced herein) through the issuance of additional securities at issuance and/or conversion prices calculated in an identical manner as described in Recital C herein and that the sale of such shares may have an adverse effect on the market price of the Company's common stock. Investors are also aware that the securities to be sold further to the Secondary Offering will likely be sold at a substantial discount to then then trading price of the Company's common stock which would be dilutive to existing Company stockholders, including the Investors, and would have an adverse effect on the price of the Company's common stock.

(b) Investors are aware that the Company intends to file a proxy statement with the SEC to solicit stockholder approval of a reverse stock split in a range of 1-for-2.5 to 1-for-50, with the exact number to be set by the Company's Board of Directors, and that the announcement of such reverse stock split and/or effect thereof may have an adverse effect on the price of the Company's common stock.

(c) Investors are aware that on May 23, 2023, the Company received a letter (the "**Letter**") from the Listing Qualifications Staff (the "**Staff**") of Nasdaq notifying the Company that the Staff had determined to delist the Company's common stock from Nasdaq based on the Company's failure to comply with the listing requirements of Listing Rule 5550(b)(1), as a result of the Company's stockholders' deficit for the period ended March 31, 2023, as demonstrated in the Company's Quarterly Report on Form 10-Q filed on May 22, 2023, while the Company was under "Panel Monitor" as had been previously disclosed in the Company's SEC filings. The Letter states that the Company's securities would be subject to delisting unless the Company timely requests a hearing before the Panel. The Company timely submitted a hearing request and, at the hearing, the Company will present its plan for regaining and sustaining compliance with all applicable requirements for continued listing on The Nasdaq Capital Market. Although the Company has taken efforts to improve its stockholders' equity, including converting a portion of its outstanding liabilities into preferred stock of the Company and obtaining certain stockholders' waiver of anti-dilution rights, the Company expects that at the time of the hearing it will be required to demonstrate the Company's ability to regain compliance with the $2.5 million stockholders' equity requirement, set forth in Listing Rule 5550(b)(1), and its ability to sustain long term compliance with such requirement. If the Panel does not believe that the Company has demonstrated its ability to regain and sustain compliance with all applicable requirements for continued listing on The Nasdaq Capital Market, the Panel is likely to determine to delist the Company's securities from The Nasdaq Stock Market. **Notwithstanding the foregoing, there can be no assurance that the Company will be successful in its efforts to maintain the Nasdaq listing. If the Company's common stock and warrants cease to be listed for trading on The Nasdaq Capital Market, the Company expects that its common stock and warrants would be traded on one of the three tiered marketplaces of the OTC Markets Group. If Nasdaq were to delist the Company's common stock and warrants, it would be more difficult for the Company's stockholders, including Investors, to dispose of the Company's securities and more difficult to obtain accurate price quotations on the Company's common stock or warrants. The Company's ability to issue additional securities for financing or other purposes, or otherwise to arrange for any financing it may need in the future, may also be materially and adversely affected if the Company's common stock or warrants are not listed on a national securities exchange.**

4.0 General Release.

4.1 In consideration of the Investors agreement to receive Shares in full payment and satisfaction of the Notes, effective as of the date of this Agreement, the Company, on behalf of itself and its respective present and former parents, subsidiaries, affiliates, officers, directors, shareholders, managers, members, successors, and assigns (collectively, "**Company Releasors**") hereby releases, waives, and forever discharges the Investors, and each of them, and their respective present and former, direct and indirect, parents, subsidiaries, affiliates, employees, officers, directors, shareholders, managers, members, agents, representatives, successors and assigns (collectively, "**Investor Releasees**") of and from any and all actions, causes of action, suits, losses, liabilities, rights, debts, dues, sums of money, accounts, reckonings, obligations, costs, expenses, liens, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands, of every kind and nature whatsoever, whether now known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected, in law, admiralty, or equity (collectively, "**Company Claims**"), which any of such Company Releasors ever had, now have, or hereafter can, shall, or may have against any of such Investor Releasees for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of time through the date of this Agreement, except for any surviving obligations under this Agreement. The parties hereby designate all Investor Releasees as third-party beneficiaries of this Section 4 having the right to enforce such Section.

4.2 In consideration of the Company's agreement to issue Shares in full payment and satisfaction of the Notes, effective as of the date of this Agreement, the Investors, on behalf of themselves and their respective present and former parents, subsidiaries, affiliates, officers, directors, shareholders, managers, members, successors, and assigns (collectively, "**Investor Releasors**" and together with the Company Releasors, each a "**Releasor**") hereby releases, waives, and forever discharges the Company and its present and former, direct and indirect, parents, subsidiaries, affiliates, employees, officers, directors, shareholders, managers, members, agents, representatives, successors and assigns (collectively, "**Company Releasees**") of and from any and all actions, causes of action, suits, losses, liabilities, rights, debts, dues, sums of money, accounts, reckonings, obligations, costs, expenses, liens, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands, of every kind and nature whatsoever, whether now known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected, in law, admiralty, or equity (collectively, "**Investor Claims**" and together with the Company Claims, each a "**Claim**" or "**Claims**"), which any of such Investor Releasors ever had, now have, or hereafter can, shall, or may have against any of such Company Releasees for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of time through the date of this Agreement, but excluding any surviving obligations under this Agreement. The parties hereby designate all Company Releasees as third-party beneficiaries of this Section 4 having the right to enforce such Section.

4.3 Each Releasor understands that it may later discover Claims or facts that may be different from, or in addition to, those that it or any other Releasor now knows or believes to exist regarding the subject matter of the release contained in this Section 4, and which, if known at the time of signing this Agreement, may have materially affected this Agreement and such party's decision to enter into it and grant the release contained in this Section 4. Nevertheless, the Releasors intend to fully, finally, and forever settle and release all Claims that now exist, may exist, or previously existed, as set out in the release contained in this Section 4, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or different facts. The Releasors hereby waive any right or Claim that might arise as a result of such different or additional Claims or facts. The Releasors have been made aware of, and understand, the provisions of California Civil Code Section 1542 ("**Section 1542**"), which provides: "**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**" The Releasors expressly, knowingly, and intentionally waive any and all rights, benefits, and protections of Section 1542 and of any other state or federal statute or common law principle limiting the scope of a general release.

4.4 The Releasors acknowledge and agree that, among all other Claims released hereby, the general release provided for in this Section 4 releases the Company, on the Investors from, and terminates, all surviving obligations of the Releasees under that certain Second Amended and Restated Membership Interest Purchase Agreement, effective as of October 13, 2022, by and among the Company, Moise Emquies, George Levy, Matthieu Leblan, Carol Ann Emquies, and Sunnyside, LLC (the "**Purchase Agreement**"), including, without limitation, the indemnification obligations set forth in Article VIII of the Purchase Agreement. From and after the date hereof, the Investor Releasees, in their capacities as "Sellers" and "Indemnifying Parties" under the Purchase Agreement, shall have no further obligations to indemnify the Company or any other "Indemnified Party" under the Purchase Agreement, and the Buyer Releasees, in their capacities as "Buyer" and "Indemnifying Parties" under the Purchase Agreement, shall have no further obligations to indemnify the "Sellers" or any other "Indemnified Party" under the Purchase Agreement. As of the date hereof, all representations, warranties and covenants of the "Sellers" and the Company contained in the Purchase Agreement shall terminate.

5.0 Miscellaneous Provisions.

5.1 Further Assurances. Each party agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurances, as may be reasonably requested by any other party to better evidence and reflect the transactions described herein and contemplated hereby, and to carry into effect the intents and purposes of this Agreement.

5.2 Rights Cumulative. Each and all of the various rights, powers and remedies of the parties hereto shall be considered to be cumulative with and in addition to any other rights, powers and remedies which such parties may have at law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy shall neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such party.

5.3 Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person, persons, entity or entities may require.

5.4 Notices. All notices, consents or demands of any kind which any party to this Agreement may be required or may desire to serve on any other party hereto in connection with this Agreement shall be in writing and shall be delivered by personal service or overnight courier, by telex or facsimile transfer, or by registered or certified mail, return receipt requested, deposited in the United States mail with postage thereon fully prepaid, addressed: (a) if to the Company, at its address set forth on the signature page hereof; or (b) if to an Investor, at Investor's address as set forth on the signature page below. Service of any such notice or demand so made by mail shall be deemed complete on the date of actual delivery as shown by the addressee's registry or certification receipt or at the expiration of the fourth (4^{th}) business day after the date of mailing, whichever is earlier in time. Any party hereto may from time to time by notice in writing served upon the others as aforesaid, designate a different mailing address or a different person to which such notices or demands are thereafter to be addressed or delivered.

5.5 Captions. Captions are provided herein for convenience only and they form no part of this Agreement and are not to serve as a basis for interpretation or construction of this Agreement, nor as evidence of the intention of the parties.

5.6 Severability. The provisions of this Agreement are severable. The invalidity, in whole or in part, of any provision of this Agreement shall not affect the validity or enforceability of any other of its provisions. If one or more provisions hereof shall be so declared invalid or unenforceable, the remaining provisions shall remain in full force and effect and shall be construed in the broadest possible manner to effectuate the purposes hereof. The parties further agree to replace such void or unenforceable provisions of this Agreement with valid and enforceable provisions which will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provisions.

5.7 Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party to such litigation, as determined by the court in a final judgment or decree, shall pay the successful party all costs, expenses and reasonable attorneys' fees incurred by the successful party (including, without limitation, costs, expenses and fees on any appeal).

5.8 Counterparts. This Agreement may be executed in separate counterparts or by facsimile, each of which shall be deemed an original, and when executed, separately or together, shall constitute a single original instrument, effective in the same manner as if the parties hereto had executed one and the same instrument.

5.9 Waiver No waiver shall be effective unless in a writing signed by the person charged with making such waiver. Any waiver of any term, provision or condition of this Agreement, whether by conduct or otherwise, in any one or more instances, shall not be deemed to be, or be construed as, a further or continuing waiver of any such term, provision or condition or as a waiver of any other term, provision or condition of this Agreement, unless it so provides by its terms.

5.10 Entire Agreement. This Agreement (together with its Exhibits and the other documents referred to herein, and except as otherwise disclosed in such Exhibits and documents) is intended by the parties hereto to be the final expression of their agreement and constitutes and embodies their entire agreement and understanding with regard to its subject matter and is a complete and exclusive statement of the terms and conditions thereof, and shall supersede, merge and void any and all prior correspondence, conversations, negotiations, agreements or understandings relating to such subject matter.

5.11 Choice of Law This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflict of laws rules or provisions.

5.12 Binding on Heirs, Successors and Assigns. This Agreement and all of its terms, conditions and covenants are intended to be fully effective and binding, to the extent permitted by law, on the heirs, executors, administrators, successors and permitted assigns of the parties hereto.

5.13 Survival. The respective representations and warranties given by the Company and the Investors, as contained herein and in any certificates to be delivered hereunder, shall survive the date hereof without regard to any investigation made by any party. All statements as to factual matters contained in any certificates, exhibits or other instruments delivered by or on behalf of any party pursuant to the terms hereto or in connection with the transactions contemplated hereby shall be deemed, for all purposes, to constitute representations and warranties by such party under the terms of this Agreement given as of the date of such certificate or instrument.

5.14 Finder's Fees. Each party represents that it is not and will not be obligated for any finder's fee or commission in connection with this transaction. Each Investor hereby agrees to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finder's fee (and the costs and expenses of defending against such liability or asserted liability) for which such Investor or any of its agents or representatives is responsible; and the Company agrees to indemnify and hold harmless each Investor from any liability for any commission or compensation in the nature of a finder's fee (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees, agents or representatives is responsible.

5.15 Amendment. This Agreement shall be amended only upon the written consent of the Company and the Investors (or their permitted assignees to whom Investors have expressly assigned their rights under this Agreement) holding at least a majority of the Shares (including, for such purpose, any shares of Series C Preferred Stock and/or Common Stock issued upon conversion thereof) sold pursuant to this Agreement and then held by such persons. Any party hereto may, as to itself, by a writing signed by an authorized representative of such party: (a) extend the time for the performance of any of the obligations of another party; (b) waive any inaccuracies in representations and warranties made by another party contained in this Agreement or in any documents delivered pursuant hereto; (c) waive compliance by another party with any of the covenants contained in this Agreement or the performance of any obligations of such other party; or (d) waive the fulfillment of any condition that is precedent to the performance by such party of any of its obligations under this Agreement.

5.16 Confidentiality. Each Investor shall hold in confidence and not disclose to any third party any nonpublic information concerning the Company obtained either in the course of the negotiation and delivery of this Agreement and the agreements referred to herein or after the date hereof; provided, however, that the Investors may make disclosure thereof to their respective professional advisors, as is required by any governmental authority or representative thereof, or pursuant to legal process or in exercising their remedies hereunder, and shall require, to the extent permitted by applicable law, any such third party to whom disclosure is made to agree to comply with this Section 5.16. None of the Investors will disclose any of the matters set forth in Sections 1.2 or 3.10 or acquire or sell any securities of the Company prior to the filing of the aforementioned registration statement regarding the Secondary Offering.

5.17 Expenses. Each of the Company and the Investors shall bear their own expenses incurred with respect to this Agreement and the transactions contemplated hereby.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement with the intent and agreement that the same shall be effective as of the day and year first above written.

Digital Brands Group, Inc.,
a Delaware Corporation

By: /s/John Hilburn Davis IV
Name: John Hilburn Davis IV
Title: Chief Executive Officer

Address:
1400 Lavaca Street
Austin, TX 78701

INVESTORS:

Moise Emquies

/s/ Moise Emquies

Address:

George Levy

/s/ George Levy

Address:

Matthieu Leban

/s/ Matthieu Leban

Address:

Carol Ann Emquies

/s/ Carol Ann Emquies

Address:

Jenny Murphy

/s/ Jenny Murphy

Address:

Elodie Crichi

/s/ Elodie Crichi

Address:

Schedule I

Investor	Principal Amount Owed	Interest Owed	Total Owed	Shares to be Issued
Moise Emquies	$ 930,600.00	$ 43,852.92	$ 974,452.92	975 Shares
George Levy	$ 1,809,500.00	$ 85,269.56	$ 1,894,769.56	1895 Shares
Matthieu Leblan	$ 1,809,500.00	$ 85,269.56	$ 1,894,769.56	1895 Shares
Carol Ann Emquies	$ 620,400.00	$ 29,235.28	$ 649,635.28	650 Shares
Jenny Murphy	$ 275,000.00	$ 12,958.90	$ 287,958.90	288 Shares
Elodie Crichi	$ 55,000.00	$ 2,591.78	$ 57,591.78	58 Shares

EXHIBIT A

CERTIFICATE OF DESIGNATIONS

(*See Attached*)

Exhibit 99.1

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

H& J Settlement Agreement and Disposition of H&J

We have been involved in a dispute with the former owners of H&J regarding our obligation to "true up" their ownership interest in our company further to that membership interest purchase agreement dated May 10, 2021 whereby we acquired all of the outstanding membership interests of H&J (as amended, the "H&J Purchase Agreement"). Further to the H&J Purchase Agreement, we agreed that if, at May 18, 2022, the one year anniversary of the closing date of our initial public offering, the product of the number of shares of our common stock issued at the closing of such acquisition multiplied by the average closing price per share of our shares of common stock as quoted on the NasdaqCM for the thirty (30) day trading period immediately preceding such date plus the gross proceeds, if any, of shares of our stock issued to such sellers and sold by them during the one year period from the closing date of the offering does not exceed the sum of $9.1 million, less the value of any shares of common stock cancelled further to any indemnification claims or post-closing adjustments under the H&J Purchase Agreement, then we shall issue to the subject sellers an additional aggregate number of shares of common stock equal to any such valuation shortfall at a per share price equal to the then closing price per share of our common stock as quoted on the NasdaqCM. We did not honor our obligation to issue such shares and the former owner of H&J have claimed that they were damaged as a result.

On June 21, 2023, the Company and the former owners of H&J executed a Settlement Agreement and Release (the "Settlement Agreement") whereby contemporaneously with the parties' execution of the Settlement Agreement (i) the Company made aggregate cash payment of $229,000 to D. Jones Tailored Collection, Ltd. ("D. Jones"), (ii) the Company issued 1,952,580 shares of common stock to D. Jones at a per share purchase price of $0.717 which represented the lower of (i) the closing price per share of the Common Stock as reported on Nasdaq on June 20, 2023, and (ii) the average closing price per share of Common Stock as reported on the Nasdaq for the five trading days preceding June 21, 2023, and (iii) the Company assigned and transferred one hundred percent (100%) of the Company's membership interest in H&J to D. Jones. This transaction is known as the "H&J Settlement".

Norwest Waiver

On June 21, 2023, the Company, on the one hand, and Norwest Venture Partners XI, LP and Norwest Venture Partners XII, LP (together, the "Norwest Investors"), on the other hand, executed Waiver and Amendment (the "Norwest Amendment") whereby the Norwest Investors agreed to waive and terminate certain true up rights of the Norwest Investors under the Agreement and Plan of Merger, dated February 12, 2020, among the Company, Bailey 44, LLC, Norwest Venture Partners XI, LP, and Norwest Venture Partners XII, LP and Denim.LA Acquisition Corp. This transaction is known as the "Norwest Waiver". The Norwest Waiver resulted in the cancellation of a contingent liability of approximately $10.5 million in the fiscal quarter ending June 30, 2023.

Sundry Conversion

On June 21, 2023, the Company and the formers owners of Sundry (collectively, the "Sundry Investors") executed a Securities Purchase Agreement (the "Sundry SPA") whereby the Company issued 5,761 shares of Series C Convertible Preferred Stock, par value $0.0001 per share (the "Series C Preferred Stock") to the Sundry Investors at purchase price of $1,000 per share. The Series C Preferred Stock is convertible into a number of shares of the Company's Common Stock equal to $1,000 divided by an initial conversion price of $0.717 which represents the lower of (i) the closing price per share of the Common Stock as reported on the Nasdaq on June 20, 2023, and (ii) the average closing price per share of Common Stock as reported on the Nasdaq for the five trading days preceding June 21, 2023. The shares of Series Preferred Stock were issued in consideration for the cancellation of $5,759,178.00 which represented amounts owing further to certain promissory notes issued by the Company to the Sundry Investors dated December 30, 2022. This transaction is known as the "Sundry Conversion".

The unaudited pro forma combined balance sheets of the Company as of March 31, 2023 have been prepared to reflect the effects of the disposition of H&J, the Norwest Waiver, and Sundry Conversion as if they occurred on March 31, 2023. The unaudited pro forma combined statements of operations for the three months ended March 31, 2023 combine the historical results and operations of the Company giving effect to the transactions as if they occurred on January 1, 2023. The unaudited pro forma combined statements of operations for the year ended December 31, 2022 combine the historical results and operations of DBG and Sundry giving effect to the transactions as if they occurred on January 1, 2022.

The unaudited pro forma combined financial information should be read in conjunction with the audited and unaudited historical financial statements of each of DBG and Sundry and the notes thereto. Additional information about the basis of presentation of this information is provided in Note 2 below.

The unaudited pro forma combined financial information was prepared in accordance with Article 11 of Regulation S-X. The unaudited pro forma adjustments reflecting the transaction have been prepared in accordance with business combination accounting guidance as provided in Accounting Standards Codification Topic 805, Business Combinations and reflect the preliminary allocation of the purchase price to the acquired assets and liabilities based upon the preliminary estimate of fair values, using the assumptions set forth in the notes to the unaudited pro forma combined financial information.

The unaudited pro forma combined financial information is provided for informational purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transaction had been completed as of the dates set forth above, nor is it indicative of the future results or financial position of the combined company. In connection with the pro forma financial information, DBG calculated the accounting for the disposition using its best estimates. Accordingly, the pro forma disposition value adjustments are preliminary and subject to further adjustments as additional information becomes available and as additional analyses are performed.] The unaudited pro forma combined financial information also does not give effect to the potential impact of current financial conditions, any anticipated synergies, operating efficiencies or cost savings that may result from the transaction or any integration costs. However, the pro forma adjustments shown in these unaudited pro forma combined condensed financial statements reflect estimates and assumptions that we believe to be reasonable.

Furthermore, the unaudited pro forma combined statements of operations do not include certain nonrecurring charges and the related tax effects which result directly from the transaction as described in the notes to the unaudited pro forma combined financial information.

These unaudited pro forma combined condensed financial statements have been derived from our historical financial statements, which are included in our quarterly report on Form 10-Q for the quarter ended March 31, 2023 and our annual report on Form 10-K for the year ended December 31, 2022.

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	DBGI As Reported	Pro Forma Adjustments		Notes	Pro Forma as Adjusted
		H&J	Sundry Conversion and Norwest Waiver		
Net revenues	$ 5,095,234	$ (718,855)	$ —	(c)	$ 4,376,379
Cost of net revenues	2,656,652	(273,513)	—	(c)	2,383,139
Gross profit	2,438,582	(445,342)	—		1,993,240
Operating expenses:					
General and administrative	4,636,844	(473,971)	—	(c), (d)	4,162,873
Sales and marketing	1,115,643	(176,292)	—	(c)	939,351
Distribution	270,185	—	—		270,185
Total operating expenses	6,022,672	(650,262)	—		5,372,410
Loss from operations	(3,584,090)	204,920	—		(3,379,170)
Other income (expense):					
Interest expense	(1,873,270)	8,672	110,000	(c), (e)	(1,754,598)
Other non-operating income (expenses)	(678,989)	—	—		(678,989)
Total other income (expense), net	(2,552,259)	8,672	110,000		(2,433,587)
Income tax benefit (provision)	—	—	—		—
Net loss	$ (6,136,349)	$ 213,592	$ 110,000		$ (5,812,757)
Weighted average common shares outstanding – basic and diluted	5,670,362				7,622,942
Net loss per common share – basic and diluted	$ (1.08)				$ (0.76)

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

	DBGI As Reported	Sundry (1)	Pro Forma Adjustments		Notes	Pro Forma Adjustments
			H&J	Sundry Conversion and Norwest Waiver		
Net revenues	$ 13,971,178	$ 14,548,083	$ (3,637,620)	$ —	(b)	$ 24,881,640
Cost of net revenues	8,030,908	9,694,857	(1,241,594)	—	(b)	16,484,171
Gross profit	5,940,270	4,853,226	(2,396,026)	—		8,397,469
Operating expenses:						
General and administrative	16,371,536	3,433,633	(2,303,855)	—	(b), (c)	17,501,314
Sales and marketing	4,950,635	913,052	(931,650)	—	(b)	4,932,036
Distribution	611,569	2,736,181	—	—		3,347,750
Impairment	15,539,332	—	—	—		15,539,332
Change in fair value of contingent consideration	564,303	—	—	(564,303)	(e)	-
Total operating expenses	38,037,375	7,082,866	(3,235,505)	(564,303)		41,320,433
Loss from operations	(32,097,105)	(2,229,640)	839,478	564,303		(32,922,963)
Other income (expense):						
Interest expense	(9,014,337)	(9,099)	52,927	—	(b)	(8,970,509)
Other non-operating income (expenses)	3,068,080	(52,354)	—	—		3,015,726
Total other income (expense), net	(5,946,257)	(61,453)	52,927	—		(5,954,783)
Income tax benefit (provision)	—	(800)	—	—		—
Net loss	$ (38,043,362)	$ (2,291,893)	$ 892,405	$ 564,303		$ (38,877,746)
Weighted average common shares outstanding - basic and diluted	771,297					2,723,877
Net loss per common share - basic and diluted	$ (49.32)					$ (14.27)

UNAUDITED PRO FORMA COMBINED BALANCE SHEET AS OF MARCH 31, 2023

	DBGI As Reported	Pro Forma Adjustments: H&J	Pro Forma Adjustments: Sundry Conversion and Norwest Waiver	Notes	Pro Forma as Adjusted
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,969,250	$ (262,405)	$ —	(a)	$ 1,706,845
Accounts receivable, net	345,439	(55,782)	—	(a)	289,657
Due from factor, net	590,253	—	—		590,253
Inventory	4,926,094	—	—		4,926,094
Prepaid expenses and other current assets	1,071,330	(186,928)	—	(a)	884,402
Total current assets	8,902,366	(505,115)	—		8,397,251
Property, equipment and software, net	71,803	—	—		71,803
Goodwill	10,103,812	(1,130,310)	—	(a)	8,973,502
Intangible assets, net	13,473,151	(1,378,126)	—	(a)	12,095,025
Deposits	110,962	(4,416)	—	(a)	106,546
Right of use asset	467,738	—	—		467,738
Total assets	$ 33,129,832	$ (3,017,967)	$ —		$ 30,111,865
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)					
Current liabilities:					
Accounts payable	$ 7,671,050	$ (45,969)	$ —	(a)	$ 7,625,081
Accrued expenses and other liabilities	4,921,970	(610,114)	—	(a)	4,311,856
Deferred revenue	317,421	(317,421)	—	(a)	—
Due to related parties	452,055	(1,008)	—	(a)	451,047
Contingent consideration liability	12,098,475	(1,400,000)	(10,698,475)	(a), (b)	—
Convertible note payable, net	100,000	—	—		100,000
Accrued interest payable	1,780,535	—	(110,000)	(b)	1,670,535
Note payable - related party	129,489	(129,489)	—	(a)	—
Loan payable, current	1,329,507	—	—		1,329,507
Promissory note payable, net	10,914,831	—	(5,500,000)	(b)	5,414,831
Right of use liability, current portion	425,654	—	—		425,654
Total current liabilities	40,140,987	(2,504,000)	(16,308,475)		21,328,512
Loan payable	798,759	(219,894)	—	(a)	578,865
Right of use liability	53,107	—	—		53,107
Total liabilities	40,992,853	(2,723,895)	(16,308,475)		21,960,484
Commitments and contingencies					
Stockholders' equity (deficit):					
Preferred stock	1	—	6	(b)	7
Common stock	598	—	195	(b)	793
Additional paid-in capital	102,020,045	1,400,000	5,609,799	(a), (b)	109,029,844
Accumulated deficit	(109,883,665)	(1,694,073)	10,698,475	(a), (b)	(100,879,263)
Total stockholders' equity (deficit)	(7,863,021)	(294,073)	16,308,475		8,151,381
Total liabilities and stockholders' equity (deficit)	$ 33,129,832	$ (3,017,967)	$ —		$ 30,111,865

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL STATEMENTS

1. Description of Transactions

On June 21, 2023, the Company and the former owners of H&J executed a Settlement Agreement and Release (the "Settlement Agreement") whereby contemporaneously with the parties' execution of the Settlement Agreement (i) the Company made aggregate cash payment of $229,000 to D. Jones Tailored Collection, Ltd. ("D. Jones"), (ii) the Company issued 1,952,580 shares of common stock to D. Jones at a per share purchase price of $0.717 which represented the lower of (i) the closing price per share of the Common Stock as reported on Nasdaq on June 20, 2023, and (ii) the average closing price per share of Common Stock as reported on the Nasdaq for the five trading days preceding June 21, 2023, and (iii) the Company assigned and transferred one hundred percent (100%) of the Company's membership interest in H&J to D. Jones.

On June 21, 2023, the Company, on the one hand, and Norwest Venture Partners XI, LP and Norwest Venture Partners XII, LP (together, the "Norwest Investors"), on the other hand, executed Waiver and Amendment (the "Norwest Amendment") whereby the Norwest Investors agreed to waive and terminate the post-closing adjustment and anti-dilution rights of the Norwest Investors under the Agreement and Plan of Merger, dated February 12, 2020, among the Company, Bailey 44, LLC, Norwest Venture Partners XI, LP, and Norwest Venture Partners XII, LP and Denim.LA Acquisition Corp.

On June 21, 2023, the Company and the formers owners of Sundry (collectively, the "Sundry Investors") executed a Securities Purchase Agreement (the "Sundry SPA") whereby the Company issued 5,761 shares of Series C Convertible Preferred Stock, par value $0.0001 per share (the "Series C Preferred Stock") to the Sundry Investors at purchase price of $1,000 per share. The Series C Preferred Stock is convertible into a number of shares of the Company's Common Stock equal to $1,000 divided by an initial conversion price of $0.717 which represents the lower of (i) the closing price per share of the Common Stock as reported on the Nasdaq on June 20, 2023, and (ii) the average closing price per share of Common Stock as reported on the Nasdaq for the five trading days preceding June 21, 2023. The shares of Series Preferred Stock were issued in consideration for the cancellation of $5,759,178.00 which represented amounts owing further to certain promissory notes issued by the Company to the Sundry Investors dated December 30, 2022.

2. Basis of Presentation

The historical financial information has been adjusted to give pro forma effect to events that are directly attributable to the transaction, (ii) factually supportable, and (iii) with respect to the unaudited pro forma balance sheets and unaudited pro forma statements of operations, expected to have a continuing impact on the results.

The transactions were accounted for as a business disposition where DBG is the accounting seller that disposed of 100% of its membership interest in H&J. Upon the disposition, the assets and liabilities of H&J are not included in the results of the Company.

3. Transaction Consideration

As a result of the transaction, DBG settled its existing contingent consideration liability of $1,400,000 by the issuance its common stock. Additionally, the Company made a cash payment of $229,000. As a result, the total fair value of consideration received is ($229,000). The Company disposed of $1,465,073 of net assets attributable to H&J, included the resulting goodwill and intangible assets per the purchase price allocation. Accordingly, the Company recognized a pro forma loss on disposal of ($1,694,073).

The following table shows the preliminary consideration and pro forma loss on the disposition:

Settlement of contingent consideration	$	1,400,000
Less: cash payment to H&J Seller		(229,000)
Less: common shares issued to H&J Seller		(1,400,000)
Total fair value of consideration received		(229,000)
Carrying amount of assets and liabilities		
Cash and cash equivalents		33,405
Accounts receivable, net		55,782
Prepaid expenses and other current assets		186,928
Goodwill		1,130,310
Intangible assets, net		1,378,126
Deposits		4,416
Accounts payable		(45,969)
Accrued expenses and other liabilities		(610,114)
Deferred revenue		(317,421)
Due to related parties		(1,008)
Loan payable		(219,894)
Note payable - related party		(129,489)
Total carrying amount of assets and liabilities		1,465,073
Gain (loss) on disposal	$	(1,694,073)

(1) The pro forma statements of operations for the year ended December 31, 2022 includes the results of Sundry, which was acquired by DBG on December 30, 2022.

(a) To recognize the disposition of H&J's assets and liabilities. Furthermore, to record the consideration received and issuance of shares to the seller as well as the recognition of the loss on disposal.

(b) To recognize the effect of the Norwest Waiver and Sundry Conversion, including the conversion of an aggregate of $5.5 million in debt, and $0.1 million in accrued interest, into preferred stock. Furthermore, to eliminate the $10.5 million contingent consideration liability per the Bailey acquisition which was extinguished in connection with the Norwest Waiver.

(c) To eliminate the historical revenue and expenses of H&J

(d) To reverse the amortization expense related to H&J's intangibles

(e) To reverse the change in fair value of contingent consideration and interest expense pertaining to the debt and contingent consideration liabilities that were cancelled as noted above.