

Dahn Consulting Group prepared a comprehensive analysis for the Board of TZero, of the fair value of tZero Group, Inc. (“tZero”) common and preferred equity securities in accordance with the requirements of IRC §409A, as well as applicable AICPA and USPAP valuation standards.

The valuation incorporated a thorough review of materials provided by management, including historical and projected financial performance, capitalization structure, and relevant industry and market data, supplemented by direct discussions with the Company’s leadership. Core assumptions included timing and probability of future events and cash flows related to the Series A, specifically:

- modeling a dividend scenario;
- modeling a redemption scenario;
- modeling a liquidation event.

These events were discounted and probability weighted using a Probability Weighted Expected Return methodology as they represent the only liquidity options for the Series A. The other equity classes utilized an analysis of comparable public company data and related metrics for use in determining enterprise value, and allocation of enterprise value (less the value attributed to the Series A using the PWERM) via an option pricing methodology. Based on this analysis, the implied fair value conversion ratios indicate that each share of Series A Preferred stock is equivalent to approximately 1.13 shares of Series B Preferred stock or 2.76 shares of common stock.

Management has proposed an alternative fixed exchange structure consisting of (i) eight (8.0) shares of common stock for each Series A Preferred share, together with (ii) three (3.0) shares of Series B Preferred stock for each Series A Preferred share, resulting in an increase to approximately 31% post-conversion for the Series A. A summary of this proposed exchange framework is presented below.

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	Unconverted		CONVERTED SHARES		
	Shares	%	Series B	Common / RSU	Total %
<b>Series A</b>	21,152.30	3.9%			
<i>Convert @ 3:1</i>			63,456.89		8.4%
<i>Convert @ 8:1</i>				169,218.38	22.4%
<b>Series B</b>	140,929.08	25.9%	140,929.08		18.7%
<b>Common &amp; RSUs</b>	381,775.23	70.2%		381,775.23	50.5%
<b>Total</b>	<b>543,856.61</b>	<b>100.0%</b>	<b>204,385.97</b>	<b>550,993.61</b>	<b>100.0%</b>

<b>Implied per-share Fair Value, combined Converted Series A:</b>	<b><u>\$1.67</u></b>
<i>Liquidation Preference per-share (non-marketable, gross value)</i>	<b><u>\$2.06</u></b>

While the independent valuation establishes baseline fair value equivalencies, the proposed exchange ratios reflect a negotiated restructuring framework incorporating strategic, governance, and capital structure considerations, and therefore should not be interpreted as a direct application of valuation-derived conversion factors.