tZERO Group, Inc.
10 West Broadway, Suite 700
Salt Lake City, UT 84101

April 7, 2026

Dear TZROP Holders,

Since assuming the role of CEO in September 2025, my singular focus has been to revitalize tZERO as the premier, vertically integrated regulated tokenization infrastructure leader. Our mission is clear: empower market leaders to bridge operational gaps and scale tokenization rapidly using our proven rails.

As tokenization moves beyond artisanal projects into the mainstream, there is an urgent need for an institutional "easy button"—independent services for those who require regulatory and operational expertise and services without building from scratch. The future of this industry lies in **institutional interoperability**, not niche, closed-loop projects.

While there is much to do, we have made significant strides, including:

- **Key Strategic Partnerships:** Expanding our ecosystem footprint.
- **Product Evolution:** Launching new features and regulatory capabilities and expanding our infrastructure stack (including a forthcoming multi-asset front-end interface and mobile application with a range of capabilities such as crypto and predictive markets).
- **Staying Ahead of the Infrastructure Curve:** Developing market-leading capabilities, including at the intersection and unification of Agentic AI and tokenization.

The Proposal: Converting TZROP to Series B Preferred Stock

To capitalize on this momentum, we must address our near-term capital and strategic needs and align our structure for long-term shareholder value. **I am asking for your consent to convert tZERO's Series A Preferred Equity Tokens (TZROP) into our Series B Preferred Stock.**

Under the proposal, our Series B Preferred Stock, originally issued in 2022, will become our most senior equity tranche. **Each share of TZROP will be converted into three tokenized shares of Series B Preferred Stock.**

Why this matters for you:

- **Direct Equity Participation:** You move from a dividend-participation and redemption model to true equity ownership, including liquidation preferences and governance rights.
- **Enhanced Upside:** Series B shares convert alongside common stock during an exit if that outcome is more favorable for the holders.
- **Unlocking Growth:** The current TZROP structure, while pioneering, has become a limiting factor in tZERO's development. Its high and uncertain redemption price and dividend overhang could deter new institutional investors and strategic partners or acquirers. This conversion simplifies the capital structure, addressing a significant variable for any future financing rounds and strategic transactions necessary for a liquidity event.
- **On-Chain Continuity:** If approved, we will continue to custody these tokenized Series B shares in our **regulated on-chain wallets** and providing **semi-annual liquidity** pathways via our Private Markets Auction platform.

Funding and Strategic Support

I am pleased to share that our largest holder, **Bed Bath & Beyond**, has indicated its intention to lead a convertible note financing of up to **$10 million** in additional capital, contingent upon the approval of this conversion. This investment demonstrates a vote of confidence in our strategic reset and demonstrates in real time the importance of addressing the barriers the current capital structure poses. **Eligible existing investors interested in participating on similar terms should contact ir@tzero.com**.

Your Vote is Critical

We are proud to conduct this process using **on-chain voting** in partnership with **Voatz**, showcasing the transparency and security of blockchain-based corporate governance. We are proud to include this functionality in our infrastructure and look forward to seeing more of it in private and, over time, public markets.

- **Deadline:** Voting closes at **5:00 pm EDT on April 28, 2026**.
- **Note:** In this process, **abstaining is equivalent to a "No" vote**. Your active participation is required to move the company forward.

To the pioneers who invested in TZROP: thank you. You were the first to believe in the potential of on-chain private markets. This proposal is designed to ensure you remain a vital part of our future as we strive to transform tZERO's potential into a market-leading reality.

For questions regarding this proposal, please reach out to our team at tzropamendment@tzero.com.

Sincerely,

Alan Konevsky

Alan Konevsky
Chief Executive Officer and Member of the Board

tZERO Group, Inc.
10 West Broadway, Suite 700
Salt Lake City, UT 84101

NOTICE OF CONSENT SOLICITATION

THE CONSENT SOLICITATION IS SCHEDULED TO EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON APRIL 28, 2026. IN ORDER TO VOTE ON THE PROPOSAL DESCRIBED IN THIS NOTICE AND ACCOMPANYING MATERIALS, PLEASE VISIT OUR SECURE VOTING PORTAL AT HTTPS://TZROP.CONSENT.VOTE.

To TZROP Holders:

The Board of Directors of tZERO Group, Inc. (the "**Company**," "**we**," "**us**" or "**our**"), is writing to provide notice to and solicit consents from, the holders of the Company's issued and outstanding Preferred Equity Tokens, Series A, par value $0.01 per share ("**TZROP**") to consider and approve an amendment (the "**Amendment**") to the Certificate of Designation of Preferred Equity Tokens, Series A (the "**Certificate of Designation**") to the Company's certificate of incorporation (as amended, the "**Certificate of Incorporation**"). If approved the Amendment would provide for, and upon the filing of a certificate of amendment setting forth the Amendment (the "**Certificate of Amendment**") with the Delaware Secretary of State cause, the automatic exchange and conversion of all issued and outstanding TZROP into shares of the Company's Series B Preferred Stock, par value $0.01 per share (the "**Series B Preferred Stock**"). Each issued and outstanding TZROP will be exchanged for, and convert into, three (3) shares of Series B Preferred Stock. The rights and preferences of the Series B Preferred Stock are described in the Consent Solicitation Statement and annexes accompanying this Notice

The Certificate of Amendment would be filed on the second business day following the date of approval of the Amendment and the satisfaction of the requisite conditions precedent. The exchange and conversion of the TZROP into shares of Series B Preferred Stock would occur automatically upon the Certificate of Amendment being filed with, and accepted by, the Delaware Secretary of State.

The primary intent of the proposed exchange and conversion to be effected by the Amendment is to simplify the Company's capital structure and provide the Company with additional flexibility to raise capital, engage in certain strategic and fundamental corporate transactions (such as mergers and acquisitions), execute on its short-term and long-term business plans, and further align the interests of the holders of TZROP with holders of other classes and series of our outstanding capital stock. In the near term, it is proposed in a letter of intent that effecting the Amendment will be a closing condition to a financing transaction that, if completed, is anticipated to result in a $10.0 million or greater additional investment in the Company that would be funded in tranches (the "**BBBY Investment**"). That prospective financing transaction would be led by the Company's largest single stockholder, Bed Bath & Beyond, Inc. The anticipated terms of the BBBY Investment are further described in the Consent Solicitation Statement that accompanies this Notice.

The proposed exchange and conversion of the TZROP into shares of Series B Preferred Stock would be effected under Section 3(a)(9) of the Securities Act of 1933, as amended (the "**1933 Act**"), which provides that securities issued in accordance with that section are exempt from the registration requirements of the 1933 Act. As a result, shares of Series B Preferred Stock issued to the former holders of TZROP as part of the exchange and conversion will be freely tradable without restriction or a need for further registration under the 1933 Act by persons other than our "affiliates."

The close of business on March 24, 2026, is the record date for determining those holders of TZROP entitled to act by consent with respect to the Amendment. Approval of the Amendment requires, among other approvals, the consent the holders of a majority of the issued and outstanding TZROP as of the record date.

In addition to the approval of the Amendment by the requisite holders of TZROP, the following conditions precedent (together, the "**Conditions Precedent**") must be satisfied for the Amendment to be effective: (a) the affirmative vote of the holders of a majority of the voting power of our outstanding Common Stock and Series B Preferred Stock (on an as-converted to Common Stock basis), voting together, approving the Amendment and the termination of that certain Right of First Refusal and Co-Sale Agreement, dated as of February 22, 2022, among the Company and the Series B Preferred Stock holders party thereto, and the Voting Agreement, dated as of February 22, 2022, among the Company and the Series B Preferred Stock holders party thereto; (b) the affirmative vote of the holders of a majority of the voting power of the Series B Preferred Stock approving (i) the Amendment, (ii) an increase in the authorized number of shares of Series B Preferred Stock to accommodate the exchange and conversion of the TZROP, (iii) certain amendments to the governance of the Series B Preferred Stock, and (iv) termination of that certain Investors' Rights Agreement, dated as of February 22, 2022, among the Company and the Series B Preferred Stock holders party thereto; and (c) certain additional conditions set out in the Consent Solicitation Statement under the heading "*The Proposal – Conditions Precedent*."

Your consent is important to us. Failure to submit a consent will have the same effect as a vote against the Amendment. We recommend that all holders of TZROP consent to the Amendment by accessing our secure voting portal at https://tzrop.consent.vote and through the link contained in an email sent to each TZROP holder from tzropamendment@mackenziepartners.com, entering their unique credentials included in that email, and voting "YES" the Amendment before 5:00 p.m. EDT on April 28, 2026. Voatz, Inc. is serving as the tabulation agent for the proposed Amendment and this Consent Solicitation.

Our secure voting portal can only be accessed at https://tzrop.consent.vote and by entering your unique voting credentials included in the email you receive from tzropamendment@mackenziepartners.com. Please provide your consent by following the instructions contained in the enclosed Consent Solicitation Statement and the voting platform to which you are being invited. We look forward to your participation.

April 7, 2026

Very truly yours,

Vanessa Savino

Vanessa Savino
Board Secretary

tZERO Group, Inc.

10 West Broadway, Suite 700
Salt Lake City, UT 84101

CONSENT SOLICITATION STATEMENT

This Consent Solicitation Statement (the "**Consent Solicitation Statement**") is being furnished to you by tZERO Group, Inc., a Delaware corporation (the "**Company**," "**we**," "**us**" or "**our**") in connection with the solicitation of written consents ("**Written Consents**") from the holders of our Preferred Equity Tokens, Series A, par value $0.01 per share (the "**TZROP**"), to take action without a stockholders' meeting (the "**Consent Solicitation**").

We are soliciting your Written Consent to approve an amendment to the Company's Certificate of Incorporation to amend the Certificate of Designation of TZROP (the "**Certificate of Designation**") that will provide for the automatic exchange and conversion of the TZROP into shares of Series B Preferred Stock (the "**Amendment**") upon the filing of a certificate of amendment setting forth the Amendment (the "**Certificate of Amendment**") with the Delaware Secretary of State. If approved, the Certificate of Amendment would be filed on the second business day following the date of approval of the Amendment and the satisfaction of the Conditions Precedent (as defined below) identified in this Consent Solicitation Statement.

Our Board of Directors (the "**Board**") unanimously declared advisable, approved and authorized the Amendment on March 24, 2026, and recommends that holders of TZROP vote "**YES**" the approval of the Amendment. The Board has decided to solicit Written Consents from holders of TZROP to approve the Amendment rather than calling a special meeting of holders of TZROP to eliminate the costs and management time involved in holding a special meeting. Pursuant to Section 228 of the Delaware General Corporation Law ("**DGCL**"), unless otherwise provided in a company's certificate of incorporation, any action required to be taken or which may be taken at any annual or special meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if one or more consent(s), setting forth the action so taken, is given by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Our Certificate of Incorporation does not prohibit action to be taken by stockholder consent. As such, Written Consents are being solicited from holders of TZROP pursuant to Section 228 of the DGCL, and our Certificate of Incorporation, including the Certificate of Designation.

We have established the close of business on March 24, 2026, as the record date (the "**Record Date**") for determining the TZROP holders entitled to act by consent with respect to the Amendment. As of the Record Date, there were 243,918,748 shares of Company common stock, par value $0.01 per share ("**Common Stock**") issued and outstanding, 140,929,078 shares of Series B Preferred Stock, par value $0.01 per share ("**Series B Preferred Stock**") issued and outstanding, and 21,152,297 TZROP issued and outstanding (inclusive of 10,000 TZROP that are subject to vesting conditions). The DGCL requires that the Amendment be approved by (i) the holders of a majority of the issued and outstanding TZROP, and (ii) the holders of a majority of the voting power of our issued and outstanding Common Stock and the Series B Preferred Stock (on an as-converted to Common Stock basis) voting together. In addition, there are additional approvals and conditions precedent necessary to filed the Certificate of Amendment and effect the Amendment as described under the subheading "*Conditions Precedent*" under the "*Proposal*" section in this Consent Solicitation Statement. The Company is working to cause each of those conditions to be satisfied, and believes each of those conditions will be satisfied, however, as of the date hereof, all requisite approvals and consents have not been received.

This Consent Solicitation Statement and the accompanying materials are being sent via electronic mail, or via physical mail if a holder of TZROP has notified the Company in writing of an objection to receiving notice by electronic mail or to the extent prohibited by applicable law, to all record and beneficial holders of TZROP on or about April 7, 2026.

Any record holder of the TZROP on the Record Date will be permitted to submit a Written Consent directly on the voting portal. All beneficial owners of the TZROP that held TZROP in their tZERO Digital Asset Securities, LLC ("**tZERO Digital**") account have been granted a proxy by the record holder of the TZROP to submit a Written Consent and therefore will be able to submit a Written Consent directly on the voting portal. Otherwise, a person who is a beneficial holder of the TZROP (as opposed to the record holder) may make arrangements with the person who is the record holder or such record holder's assignee or nominee to: (i) execute and deliver a Written Consent on behalf of such beneficial owner; or (ii) deliver a proxy so that such beneficial owner can execute and deliver a Written Consent on its own behalf.

This Consent Solicitation Statement (inclusive of exhibits and the Disclosure Statement dated April 7, 2026 for the TZROP (the "**Disclosure Statement**")) are posted on a portal to which holders are being invited to access as described in this Consent Solicitation Statement.

Eligible holders of TZROP must deliver their voting election by 5:00 p.m. EDT on April 28, 2026 (the "**Submission Deadline**"), by accessing https://tzrop.consent.vote the secure voting portal or through the link contained in an email sent to each holder of TZROP from tzropamendment@mackenziepartners.com, and entering their unique credentials included in that email, and submitting a consent voting "YES" the Amendment. The Company, in its sole discretion, may extend the Submission Deadline one or more times to a future date. In addition, the Company reserves the right (but is not obligated) to accept any Written Consent received by any other reasonable means permitted by law or in any form that reasonably evidences the giving of consent to the approval of the Amendment. Written Consents received after the Submission Deadline (as it may be extended) shall be void.

Requests for copies of this Consent Solicitation Statement and the related materials should be directed to the Company at the address set forth above, by phone at 800-332-2885 or 212-929-5500, or email to legal@tzero.com.

The Written Consent approving the Amendment will become effective and the Company intends to terminate the Consent Solicitation once the Company has received consents in favor of the Amendment from the holders of a majority of the outstanding TZROP as of the Record Date. Subject to the satisfaction (or, as the case may be, waiver) of the Conditions Precedent, the Company intends to file the Certificate of Amendment on the second business day after the Amendment is approved. However, the Company expressly reserves the right, in its sole discretion and regardless of whether any of the conditions of the Consent Solicitation have been satisfied or the Written Consent has become effective, and subject to applicable law, to (i) terminate the Consent Solicitation for any reason, (ii) waive any of the conditions to the Consent Solicitation (that may be waived under applicable law or unilaterally by the Company), (iii) amend the terms of the Consent Solicitation (as may be required seek requisite approval of such amended terms) or (iv) abandon the Consent Solicitation or the Amendment. Subject to applicable law, this Consent Solicitation may be abandoned or terminated at any time prior to the Amendment becoming effective for any reason, in which case any consents received will be voided.

The final results of the Consent Solicitation will be published on the Company's website at tzero.com/tzrop-amendment.

This Consent Solicitation Statement constitutes notice of taking of a corporate action without a meeting by less than unanimous written consent of the requisite stockholders as permitted by applicable law, our Certificate of Incorporation and our Amended and Restated Bylaws.

All questions as to the form of all documents and the validity and eligibility (including time of receipt) and acceptance of Written Consents and revocations of Written Consents will be determined by the Company, in its sole discretion, which determination shall be final and binding.

Revocation of Consents

Votes once submitted on the voting platform may not be revoked or withdrawn.

Solicitation of Consents

Our Board is sending you this Consent Solicitation Statement in connection with the Consent Solicitation to approve the Amendment. The Company will pay for the costs of the Consent Solicitation.

Because the approval of holders of a majority of the voting power of our Common Stock and Series B Preferred Stock (on an as-converted to Common Stock basis) voting together and holders of a majority of the outstanding TZROP is required to approve the Amendment, not providing the Written Consent will have the same effect as a vote "AGAINST" the Amendment.

The Company has engaged MacKenzie Partners, Inc. to serve as information agent (the "**Information Agent**") in connection with the Consent Solicitation. The Information Agent will be paid a flat fee for its services, but that fee is not being paid to solicit any particular TZROP holders to vote in favor of the Amendment or otherwise promote the Amendment or matters related to the Amendment. The Information Agent will not provide advice or recommendation to holders of TZROP as to how to vote their shares. The Information Agent's services are intended to help ensure holders of TZROP are aware of the Consent Solicitation and how and where to submit their vote.

Other than as discussed above, the Company has made no arrangements and has no understanding with any other person regarding the Consent Solicitation hereunder, and no person has been authorized by the Company to give any information or to make any representation in connection with the Consent Solicitation, other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized. In addition to solicitations by electronic or physical mail, Written Consents may be solicited by directors, officers and other employees of the Company who will receive no additional compensation therefor.

Members of our Board and management beneficially own a total of 27,079 TZROP, and each such holder intends (but is not contractually obligated) to vote "YES" for the Amendment. Bed Bath & Beyond, Inc. (NYSE: **BBBY**) ("**BBBY**"), our largest equity holder on a fully-diluted basis, beneficially owns 3,000,000 TZROP as of the Record Date. We understand that BBBY intends to vote in favor of the Amendment and the related matters generally described in under the subheading "*Conditions Precedent*" under the "*Proposal*" below. See the section of this Consent Solicitation Statement entitled "*Security Ownership of Certain Beneficial Owners and Management*" for more information related to BBBY's ownership interest in the Company.

As of the Record Date there were a total of 21,152,297 TZROP issued and outstanding.

No Appraisal Rights

Under the DGCL and our Certificate of Incorporation, no holders of our stock are entitled to appraisal rights with respect to the Amendment. We will not independently provide holders of TZROP with any such right.

Voting Procedures

The Company has engaged Voatz, Inc. ("**Voatz**") to serve as the tabulation agent for the Written Consents and to provide a secure onchain voting portal through which holders of TZROP may submit their Written Consent. Holders of TZROP can access this secure portal at https://tzrop.consent.vote or by accessing the link provided in an email sent from tzropamendment@mackenziepartners.com, entering the unique log-in provided in the email, and confirming their identity by entering a personal identification number. Upon gaining entry into the secure voting portal, holders of TZROP may vote on the Amendment. The Company, in cooperation with Voatz, will monitor submissions of Written Consents.

Voatz is an award-winning voting platform backed by cutting-edge security, biometrics and a blockchain-backed infrastructure. Voatz has successfully served more than 5 million voters across 155 elections in 8 countries. In 2018, Voatz ran the first mobile vote in U.S. Federal Election history, and, in 2020, Voatz became the first blockchain-based election system to be used for voting in the U.S. Presidential Elections. Voatz has been selected by multiple jurisdictions in Canada for the Ontario Municipal Elections since 2022 and was used in the historic 2024 Presidential Elections in Mexico. Voatz is now also being deployed across various non-governmental sectors such as corporate shareholder voting and union elections. For more information about Voatz, please visit voatz.com.

Holders of TZROP who experience technical difficulties accessing the secure voting portal may contact support@voatzsupport.zendesk.com for assistance.

The Company reserves the right (but is not obligated) to accept any Written Consent received by any other reasonable means permitted by applicable law or in any form that reasonably evidences the giving of consent to the approval of the Amendment.

Registration Exemption for the Exchange and Conversion

The proposed exchange and conversion of the TZROP into shares of Series B Preferred Stock would be effected under Section 3(a)(9) of the 1933 Act. Section 3(a)(9), in general, provides an exemption from registration for securities exchanged by an issuer with its existing security holders. Securities issued under this section are subject to the same restrictions on transferability, if any, of the securities exchanged. Since holders of TZROP are in most cases not subject to restrictions on transfer under the 1933 Act, the shares of Series B Preferred Stock issued upon the exchange and conversion of the TZROP similarly will not be subject to restrictions on transfer under the 1933 Act by persons other than our "affiliates."

Proposed Series B Director

Bill Fleckenstein, a long-time TZROP investor, fund manager and financial industry commentator, is expected to join tZERO's Board as the Series B Preferred Stock representative, subject to formal appointment, prior to or shortly after the conversion and exchange of TZROP shares into Series B Preferred Stock.

Potential BBBY-Led Investment

The Company has entered into a letter of intent with BBBY for a potential investment into the Company to be led by BBBY (as previously defined, the "**BBBY Investment**"). As currently contemplated, in accordance with a letter of intent between the parties, BBBY together with other prospective investors, if any, would make up an investment of up to $10.0 million in the Company (subject to potential upsize) through the purchase of one or more convertible promissory notes, with funding at an initial closing and in tranches thereafter tied to operational and financial metrics.

The notes would accrue interest at a market rate to be negotiated, and principal and accrued interest would be payable at maturity or upon the conversion of the notes into equity. The notes would mature on the five-year anniversary of the date of the initial closing. The notes would be unsecured and senior to other Company unsecured indebtedness and to the Company's outstanding preferred and common stock (including Series B Preferred Stock).

If, prior to the maturity date, the Company completes a qualified financing (being a bona fide sale of equity securities by the Company for capital raising purposes utilizing a fixed valuation and resulting in gross proceeds of $25.0 million or greater) obligations owed under the promissory notes would automatically convert and be satisfied through the issuance to the holders of shares of the class and series of equity securities issued by the Company in the qualified financing at a 20% discount to the price paid by investors in the qualified financing.

If prior to the maturity date there is a Company liquidity event (inclusive of transactions that effectively equate to a sale of the Company or an initial public offering, direct listing of the Company's equity securities, or the quotation of its equity securities on a tokenized public securities trading platform), obligations owed under the promissory notes would be satisfied through the delivery to note holders of a portion of the proceeds received by the Company in that transaction (including cash and / or equity consideration) in an amount equal to the *greater* of (i) all unpaid principal and accrued interest due to note holders or (ii) the amount payable on the number of shares of Common Stock as a result of the liquidity event equal to the price per share equal to the all unpaid principal and accrued interest due to note holders divided by the price per share of a share of Common Stock payable in connection with a liquidity event.

The final terms of the potential BBBY Investment are subject to ongoing negotiation among the parties, and the final terms would be approved by a special committee of the Board comprised solely of independent directors, which is expected to include the Series B Director upon his appointment. The terms proposed by BBBY provide that a condition to effecting the initial closing of that investment is the Amendment being approved and the exchange and

conversion of the TZROP into shares of Series B Preferred Stock being effected. There is no assurance, however, that, even if the Amendment is approved, the BBBY Investment will be completed on the terms outlined above, or at all.

TZROP Trading

The TZROP are quoted for trading on the alternative trading system ("**ATS**") run and operated by the Company's wholly owned subsidiary tZERO Securities, LLC, f/k/a tZERO ATS, LLC ("**tZERO Securities**"), a broker-dealer registered with the U.S. Securities and Exchange Commission ("**SEC**") that provides a regulated venue for a range of trading modalities designed to enable matching buy and sell orders of its subscriber(s), including for the trading of digital securities. **If the Amendment is approved, the tZERO Securities ATS will cease quotation of TZROP on 11:30 pm EDT on the business day following the date the Amendment is approved and the requisite Conditions Precedent are satisfied.**

The Company intends to, from time to time, and subject to the Company's capital needs and initiatives, examine and pursue additional capital raising opportunities as they may become available on such terms, including as to pricing, as may be available.

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ANNEX A….. CERTIFICATE OF DESIGNATION OF PREFERRED EQUITY TOKENS, SERIES A

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ANNEX B-1… PROPOSED AMENDMENT TO CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS OF SERIES B PREFERRED STOCK OF TZERO GROUP, INC.

ANNEX C….. DISCLOSURE STATEMENT

ABOUT THE COMPANY

The Company and its subsidiaries operate an innovative, end-to-end infrastructure and technology platform for tokenized security issuance, trading and custody, available to issuers, financial industry partners and investors, with pending regulatory approvals and prospective partnerships for expansion into certain non-security tokenized assets and other products. We leverage this platform to offer our regulated infrastructure-as-a-service ("**IaaS**") to institutional market participants who wish to enter the tokenized securities space in a compliant manner.

The Company is the connective tissue in the tokenization economy. Following our 2025 leadership reset we have been pursuing a strategy that leverages our core strengths around market infrastructure development to provide a unique, vertically integrated, regulated infrastructure stack that empowers market leaders to bridge operational gaps and scale tokenization rapidly using our rails. Our vision is to redefine how capital is raised, traded and owned by bridging traditional finance and Web3 through compliant, interoperable and multi-asset digital rails. We are working to achieve six core principles: (1) cross-asset convergence and interoperability in a trading environment that allows investors to transition seamlessly across equities, debt, funds, real world assets ("**RWAs**") and digital assets (including cryptocurrencies) to unlock siloed liquidity and new product/user experiences, (2) global convergence through 24/7 cross-border access and unified, smart-contract-driven infrastructure, (3) user experience convergence from centralized, account-based custody to user self-hosted wallet environments, (4) convergence between Artificial Intelligence ("**AI**"), smart contracts, and on-chain financial services architecture, (5) transparency, efficiency by reducing operational friction, intermediaries, and settlement times, and (6) customization and programmability of financial assets and introduction of utility benefits to develop a richer financial services ecosystem.

We serve three main customer bases: issuers, investors, and institutional markets participants, including other financial services firms, digital asset exchanges and retailers, blockchain protocols, non-U.S. financial firms looking to enter the U.S. markets, fintech platforms and asset managers. For issuers, we deliver regulated, compliance-forward, and institutional-grade solutions for raising capital, tokenizing securities, and accessing secondary trading through our ATS, including tailored liquidity solutions through our auction order-book, as well as investor verification through our subsidiary Verify Investor. For investors, we deliver a streamlined, automated platform with funding optionality designed to facilitate efficient investment and trading in tokenized securities and, subject to pending regulatory applications, non-security crypto assets and derivative products. For institutional market participants, we offer regulated infrastructure as a service to power issuance, trading, and data services within their own platforms, correspondent clearing services for traditional and tokenized securities, and, together with our partners, an institutional settlement network, Lynq, with the Company providing the regulated broker-dealer infrastructure for this platform.

Tokenization is reshaping how markets operate – giving assets a shared digital language so they can trade, settle and interact seamlessly across platforms, asset classes and importantly, borders – while delivering efficiencies and transparency associated with single database and smart contract automation, architecture and customization that turns a financial asset into an experience. We are building the infrastructure of a tokenized economy by connecting asset supply with investor demand through a growing network of strategic partners, powered by a multi-asset infrastructure built for transparency, interoperability, scale, and a path for liquidity. We have developed a suite of technologies and intellectual property, integrated with certain third-party solutions and licenses, that enables the issuance, trading, clearance, and settlement of tokenized securities.

Further, we believe tokenized and private securities markets cannot reach their full potential inside isolated platforms. We are working to defragment the market for tokenized securities and private assets. To enable broader market access for tokenized securities and other private securities, we are working to connect and be interoperable with other trading platforms to create shared infrastructure for securities discovery and order routing across different platforms for tokenized securities and other private securities. We believe real liquidity is unlocked when assets can move across interconnected markets and asset types and that blockchain is the ideal candidate to become the base layer for private markets because it allows assets to be issued, traded, and settled on shared, interoperable rails. When private assets are natively digital and regulated, they can move across venues, access multiple liquidity pools, and integrate directly into modern market infrastructure. That interoperability is what turns tokenization from a feature into a foundation for the future of open, interoperable private markets infrastructure that allows liquidity to aggregate naturally across platforms.

We sit at the heart of this transformation, operating a fully integrated platform and regulated U.S. infrastructure, covering issuance, trading, settlement and direct on-chain custody, as part of a multi-asset and global vision. We operate at the intersection of several existing and emerging market segments. Traditional broker-dealers and regulated alternative trading systems ("**ATSs**") generally focus on listed or private securities without providing integrated tokenization, on-chain custody, and digital asset infrastructure. Tokenization platforms that are not registered broker dealers or ATSs may offer technology to issue digital or tokenized instruments but typically rely on third parties for securities law compliance, secondary trading, and regulated custody and cannot offer fully functional trading or matching environments. Pure crypto exchanges and trading venues generally operate outside the existing broker-dealer and ATS framework for securities. By contrast, our combination of operations as an SEC-registered broker-dealer and ATS, special purpose broker-dealer for digital asset securities, SEC-registered transfer agent and advisor to certain private investment funds (exempt reporting advisor) is designed to provide issuers and investors with an end-to-end, regulated environment for the issuance, trading, custody, and lifecycle management of tokenized and digitally enhanced securities and our infrastructure as a service offering to institutional market participants looking to power tokenized security issuance, trading, and data services within their own platforms.

A more detailed description of the Company, its subsidiaries, its industry, regulations to which the Company is subject, and the Company's current business and plan of operations is included in the Disclosure Statement.

DESCRIPTION OF SECURITIES AND CAPITALIZATION

The following is a description of our capital stock and a summary of the rights of our stockholders. This description and summary is qualified by reference to our Certificate of Incorporation, Amended and Restated Bylaws, and the DGCL, each of which you should read carefully as certain provisions may be important to you.

Authorized Capitalization

Our Certificate of Incorporation currently authorizes the issuance of up to 650,000,000 shares of Common Stock and 250,000,000 shares of Preferred Stock. As of March 24, 2026, the Company had the following issued and outstanding shares of capital stock:

- 243,918,748 shares of Common Stock;
- 21,152,297 shares of Series A Preferred Equity (being the TZROP), which is inclusive of 10,000 TZROP that are subject to vesting; and
- 140,929,078 shares of Series B Preferred Stock.

In addition, the Company has established the tZERO.com 2017 Equity Incentive Plan, as amended, that provides for the grant of stock options and restricted stock awards to employees, directors and consultants. As of the date of this Consent Solicitation Statement, a total of 170,000,000 shares of Common Stock and 1,000,000 shares of TZROP are reserved for issuance under this plan, and equity awards with a total of 137,856,483 underlying shares of Common Stock and 317,416 shares of TZROP are currently outstanding (inclusive of awards that are subject to vesting conditions).

Post Conversion Capitalization

If the Amendment is approved and effected there would be no TZROP issued and outstanding and, at the time of conversion a total of 204,385,969 shares of Series B Preferred Stock would be issued and outstanding (inclusive of 10,000 TZROP that are subject to vesting), with the as-converted-from-TZROP Series B Preferred Stock shares representing approximately 31% of those outstanding shares and approximately 11% of the Company's total capitalization on a fully diluted basis.

Overview of Common Stock

Shares of Common Stock are neither convertible nor redeemable. Holders of our Common Stock are not entitled to preemptive or other similar subscription rights to purchase any of our securities.

Voting Rights

Each holder of Common Stock is entitled to one vote per share on each matter submitted to a vote of holders of Common Stock. Our Amended and Restated Bylaws provide that the holders of a majority in voting power of the outstanding shares of stock entitled to vote at the meeting, must be present in person or represented by proxy in order to constitute a quorum for the transaction of any business at a meeting of stockholders. When a quorum is present, the affirmative vote of a majority of the holders of a majority in voting power of the shares of stock of the Corporation which are present in person or by proxy and entitled to vote thereon, unless otherwise provided by law, our Amended and Restated Bylaws, our Certificate of Incorporation, the rules or regulations of any stock exchange applicable to the Company or pursuant to any regulation applicable to the Corporation or its securities, and except for the election of directors, which is determined by a plurality vote. Any action required or permitted to be taken at a meeting of the stockholders may also be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were presented and delivered to the Company. There are no cumulative voting rights.

Dividend Rights and Policy

Each holder of shares of our Common Stock is entitled to the payment of dividends as may be declared by the Board from time to time out of our assets or funds legally available for dividends. These rights are subject to any contractual limitations on our ability to declare and pay dividends.

We have not paid and do not expect to declare or pay any cash dividends on our Common Stock in the foreseeable future. When we have earnings, we currently expect to retain all future earnings for use in the operation and expansion of our business. The declaration and payment of any cash dividends in the future will be determined by the Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions, if any.

Liquidation Rights

If we are involved in voluntary or involuntary liquidation, dissolution or winding up of our affairs, or a similar event, each holder of Common Stock will participate pro rata in all assets remaining for distribution to our stockholders after payment of liabilities.

Market for Shares of Common Stock

There is no established market for our Common Stock.

Overview Preferred Stock

Our Certificate of Incorporation provides that shares of preferred stock may be issued from time to time in one or more series. The Board is authorized to establish the number of shares to be included in each such series, to fix the designation, vesting, powers (including voting powers), preferences and relative, participating, optional or other rights (and the qualifications, limitations or restrictions thereof) of the shares of each such series and to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series, in each case without further vote or action by the stockholders.

Series A Preferred Equity – TZROP

The following description of the TZROP is qualified by the full text of the Certificate of Designation, which is attached to this Consent Solicitation Statement and incorporated herein as Annex A. On October 12, 2018, the Company filed the Certificate of Designation with the Secretary of State of the State of Delaware, establishing the rights, preferences, privileges and other terms relating to the shares of Series A Preferred Equity represented by the TZROP.

Economic and Governance Rights

The TZROP are equity securities that rank senior to the Common Stock with respect to dividend and liquidation rights and senior to the shares of Series B Preferred Stock regarding such rights. Except as otherwise required by Delaware law, the shares of Series A preferred stock represented by the TZROP do not have voting rights or powers.

Subject to the rights of any holders of preferred stock that ranks senior to the TZROP, the holders of TZROP are entitled to receive on a pro-rata basis noncumulative dividends when, as and if declared by the Board on a quarterly basis, subject to (i) the Company having available funds and (ii) the Company's consolidated GAAP net income exceeding 10% of the Company's consolidated GAAP gross profit for the relevant quarter. Dividends may be paid in cash, Bitcoin, Ether, additional TZROP ("**PIK Shares**"), or any combination thereof.

The TZROP are quoted for trading on the alternative trading system ("**ATS**") run and operated by the Company's wholly owned subsidiary tZERO Securities, LLC, f/k/a tZERO ATS, LLC ("**tZERO Securities**"), a broker-dealer registered with the U.S. Securities and Exchange Commission ("**SEC**") that provides a regulated venue for a range of trading modalities designed to enable matching buy and sell orders of its subscriber(s), including for the trading of digital securities.

The Company may redeem the outstanding TZROP in whole or in part, at any time, out of funds legally available therefor. The redemption price for each outstanding TZROP will be either (i) the fair market value (if any) for each outstanding TZROP as determined in good faith by the Board (but, in no event, less than $10.00) or (ii) if no market value is determinable at such time, $10.00 per TZROP payable in any combination of cash, Bitcoin, or Ether. Redeemed TZROP are deemed no longer outstanding and all rights of any holder of such redeemed TZROP will cease and terminate with respect to such redeemed TZROP. The Company may also repurchase outstanding TZROP pursuant to transactions effected through any designated exchange or on a private basis at a purchase price equal to or less than the redemption price.

In the event of any liquidation, dissolution or winding up of the Company (a "**Liquidation Event**"), holders of the TZROP are entitled to receive, prior and in preference to any distribution of any assets or funds of the Company to other holders of the Company's equity by reason of their ownership of TZROP, an amount per TZROP corresponding to such TZROP for each TZROP held by them equal to $0.10. If upon a Liquidation Event and after the payment or setting aside for payment to the holders of any class or series of preferred stock designated to be paid prior to holders of the TZROP as to a liquidation preference, the assets of the Company available for distribution to the holders of TZROP and any class or series of preferred stock ranking *pari passu* with the TZROP, are insufficient to permit payment in full to all such holders, then the entire assets of the Company legally available for distribution shall be distributed with equal priority and pro rata among the holders of the TZROP and holders of any *pari passu* class or series of preferred stock. Except as required by applicable law, holders of TZROP do not have preferential liquidation rights in the event of the merger or consolidation of the Company with any other company.

Tokenization and Registry

tZERO utilizes the Ethereum blockchain to record and maintain the definitive record of ownership of TZROP. Record holders of TZROP own shares of TZROP directly and are listed on the TZROP shareholder register. If you own TZROP but do not hold your shares in a tZERO Digital brokerage account, you are a record holder. If you hold shares of TZROP in your tZERO Digital brokerage account, you are not a record holder.

Each record holder and their holdings of TZROP are recorded on the Ethereum blockchain with a unique digital wallet address controlled by the Company. While the security position information of each record holder is publicly viewable on the blockchain, personal identifiable information of record holders is not publicly available, as such information is maintained confidentially off-chain by the Company. The Company administers all wallets and keys associated with the maintenance of the TZROP shareholder register. Record holders are not permitted to hold shares in a personal wallet address or to initiate on-chain peer-to-peer transfers. Record holders seeking to effect a change in record ownership should contact ir@tzero.com. These transfers will be subject to the Company's policies and procedures and the terms of TZROP, which prohibit peer-to-peer transfers except in limited circumstances,

including those that do not constitute "sales" for purposes of securities laws, such as pursuant to a divorce decree, death, gift, or certain corporate actions. Otherwise, TZROP may only be purchased or sold on the tZERO Securities ATS.

For shares of TZROP held in a brokerage account, tZERO Digital custodies TZROP for its customers in one or more omnibus custodial wallets for the benefit of its customers. The aggregate number of shares held in these custodial wallets is visible on the Ethereum blockchain. Customers do not have access to the private keys controlling the tZERO Digital wallet address where your shares of TZROP are held under any circumstances. Beneficial ownership of TZROP is recorded on a book-entry basis in tZERO Digital's clearing software and is not visible on the blockchain.

Network or governance changes to the Ethereum network does not affect the rights of TZROP holders or have the ability to change the terms of TZROP. All changes in ownership are governed by an ERC 20 standard, known as the Fireblocks Upgradeable Token Standard (ERC 20F) (the "**Smart Contract**"). ERC 20F was audited by a third party on December 12, 2023, and no material vulnerabilities identified in the audit. This audit was assessed and reviewed by the Company prior to tZROP's Full Tokenization.

To create, store and manage private keys for TZROP, the Company uses a key management software as a service platform offered by a vendor that specializes in encryption. Private keys will be subject to security procedures that are based on a defense-in-depth approach where both the creation and the signing of the wallet's keys are protected by a mixture of complementing approaches, where the major ones are:

- *MPC (Secure Multi-party computation*) — The private key is never held in one place. The creation, signing and revocation are done in a trustless distributed manner between a threshold of co-signing components.

- *Chip-Level Hardware Isolation* — All the key material is protected in a hardware isolated environment. In addition, any code or data that can act as a single point of compromise, is executed in hardware isolation.

- *Policy Engine* — Policy on transfer amount-based limits is enforced by any of the cosigning components to assure that any attack on the initiating client or on any of the centralized components between the client and the co-signer is blocked.

The trustless MPC setup assures that the private key is not reconstructed throughout the entire lifecycle of the key, not during its initiation and not during the setup phase. The distributed key generation can be done either through online co-signers or as an offline process to comply with the SAS-70 standard. Each individual MPC key share is randomized in a hardware isolated component using a NIST SP 800- 90A compliant random number generator, eliminating the feasibility to weaken the protocol implementation. As in any signing system, even if the message signing is distributed, the transaction crafting is still conducted in a centralized component and is prone to a spoofing attack. In order to handle this attack vector, the distributed MPC-based signing process is utilized for a distributed verification process, where each of the co-signers parse the message to be signed and assures that it matches the metadata of the signed request it is carried with. The hardware isolation mitigates risk of a takeover by either an outsider or insider who has access to a threshold of the devices holding the MPC key shares. The major attack scenario is an administrative personnel that has access to all machines during the key provisioning or key signing phase. Through the use of hardware isolation and remote attestation technique, the risk of such an attack vector is drastically mitigated.

Series B Preferred Stock

The following description of the Series B Preferred Stock is qualified by the full text of the Certificate of Designation, Preferences and Rights of Series B Preferred Stock of tZERO Group, Inc., attached to this Consent Solicitation Statement and incorporated herein as Annex B (the "**Series B COD**"), and the anticipated amendment to the Series B COD attached hereto as Annex B-1. On February 22, 2022, the Company filed the Series B COD with the Secretary of State of the State of Delaware, establishing the rights, preferences, powers, privileges and other terms relating to the Series B Shares.

Economic and Governance Rights

The Series B Preferred Stock ranks junior to the TZROP but senior to the Common Stock.

Other than dividends payable to holders of TZROP, the holders of Series B Preferred Stock are entitled to receive dividends either before or simultaneously upon receipt of such dividends by holders of any other class of stock of the Company, if and as declared.

In the event of a voluntary or involuntary liquidation, dissolution, winding-up, or deemed liquidation of the Company, holders of Series B Preferred Stock are entitled to be paid out of the available assets of the Company prior to common stockholders, but after holders of TZROP, an amount per share equal to the greater of (i) $0.687125 per share (being an amount equal to 1.25 times the per share original issue price of the Series B Preferred), adjusted for dividends, stock splits, combinations or other similar recapitalization, plus any declared but unpaid dividends and (ii) an amount per share that would have been payable had all shares of Series B Preferred Stock been converted into Common Stock immediately prior to such liquidation, dissolution, winding up, or deemed liquidation. A deemed liquidation generally includes (i) a merger or consolidation involving the Company or a subsidiary of the Company in which the Company issues shares of its capital stock, unless such merger or consolidation not involving a change in control of the Company or the subsidiary, or (ii) the sale, transfer, encumbrance, or disposition, of substantially all of the Company's assets, or (iii) a change in control of the Company. In connection with such deemed liquidation event the shares of Series B Preferred then outstanding shall be deemed cancelled and exchanged for the right to receive the payment outlined above.

Holders of Series B Preferred Stock are entitled to vote on any action or consideration at meetings of stockholders and shall be entitled to cast a number of votes equal to the number of whole shares of Common Stock into which the Series B Preferred Stock is convertible. Except as provided by law or by the Company's Certificate of Incorporation, holders of Series B Preferred Stock vote together with the holders of Common Stock as a single class and on an as-converted to Common Stock basis. Holders of record of the shares of Series B Preferred Stock, exclusively and as a separate class, are entitled to elect one director of the Company (the "**Series B Director**"). Holders of shares of Common Stock and of any other class or series of voting stock other than the Series B Preferred Stock, exclusively and voting together as a single class, are entitled to elect the balance of the total number of directors of the Company.

Without the affirmative consent of the holders of at least a majority of the outstanding shares of Series B Preferred Stock[1], and for so long as at least 31,844,058 shares of Series B Preferred Stock remain outstanding (as adjusted for stock splits, stock combinations, stock dividends, recapitalizations, and the like), the Company and its subsidiaries generally are prohibited from (i) liquidating, dissolving, or winding-up; (ii) disposing, encumbering, or transferring any material technology or intellectual property; (iii) amending, altering, or repealing any provision of the Series B COD, the Certificate of Designation, the Amended and Restated Bylaws in a manner that materially and adversely affects the powers, preferences, or rights of the Series B Preferred Stock disproportionately relative to any other class or series of securities; (iv) creating, authorizing the creation of, issuing or obligating itself to issue shares of, or increase the authorized shares of, any additional securities (including any new preferred stock, digital securities, tokens, or the like) or class or series of capital stock unless the same ranks junior to or *pari passu* with the Series B Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption, preferences and privileges, or increase or decrease the authorized number of shares of Series B Preferred Stock, or increase the authorized number of shares of any additional securities or class or series of capital stock of the Company unless the same ranks junior to, or *pari passu* with, the Series B Preferred Stock with respect to its rights, preferences and privileges, including the distribution of assets on liquidation, dissolution or winding up of the Company, the payment of dividends and rights of redemption; (v) reclassifying, altering, or amending any existing security of the Company that is junior to, or *pari passu* with, the Series B Preferred Stock in respect of its rights, preferences and privileges, including the distribution of assets on the liquidation, dissolution or winding up of the Company, the payment of dividends or rights of redemption, if such

[1] The amendment to the Series B COD attached as Annex B-1 will serve to amend or qualify certain of these protective provisions, including by providing that the Company may not take these actions without the written consent or affirmative vote of the Series B Director or, if one is not appointed pursuant to the foregoing at the relevant time, the requisite holders.

reclassification, alteration or amendment would render such other security senior to the Series B Preferred Stock in respect of any such right, preference or privilege; (vi) purchasing or redeeming or paying or declaring any dividend or making any distribution on, any shares of capital stock of the Company other than in certain instances described in the Series B COD; (vii) creating, authorizing the creation of, issuing, or authorizing the issuing of any debt security, loan, lien or security interest (except for certain liens described in the Series B COD) or incurring other indebtedness for borrowed money, when after giving effect to such debt, the aggregate debt of the Company and its subsidiaries would exceed $10 million[2]; (viii) making any loan or advance to any entity or person, except for wholly-owned subsidiaries and ordinary course and immaterial loans or advances made to employees or directors that are made in the ordinary course of business and not material or are otherwise approved by the majority of the disinterested members of the Board; (ix) entering or becoming a party to any transaction with any director, officer or employee, or any associate of any such person, except for transactions involving compensation or bonuses that are approved by a majority of the disinterested members of the Board (including the Series B Director); (x) creating or becoming the owner of any subsidiary that is not wholly owned or controlled[3]; (xi) increasing the authorized number of directors to more than seven[4] or changing the number of votes entitled to be cast by any director or directors on any matter; or (xii) issuing shares of Common Stock or any other class of securities of the Company convertible into Common Stock for a consideration per share less than the original issue price of the Series B Preferred Stock[3].

Each share of Series B Preferred Stock is convertible, at the option of holders of the Series B Preferred Stock, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the original issue price of the Series B Preferred Stock (being $0.5497) by $0.5497, subject to adjustment as provided in the Series B COD and with no fractional shares being issued. Upon either (i) the closing of the sale of shares of Common Stock to the public in a firm-commitment underwritten public offering or direct public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, and in connection with such offering the Common Stock is listed for trading on The Nasdaq Stock Market LLC, The New York Stock Exchange LLC, or another national stock exchange or public over-the-counter marketplace approved the Board (with such exchange or marketplace for listing being approved in advance by the Series B Director), (ii) the closing of a merger with a publicly traded special purpose acquisition vehicle ("**SPAC**") or other form of publicly reporting company approved in advance by the Board (with the identity of the SPAC sponsor and target company being approved by the Series B Director), or (iii) the date and time, or the occurrence of an event, specified by vote or written consent of the Requisite Holders, all outstanding shares of Series B Preferred Stock will automatically be converted into shares of Common Stock, at the then effective conversion rate as calculated pursuant to the Series B COD and such shares may not be reissued by the Company.

Holders of the Series B Preferred Stock entered into certain customary ancillary agreements at the time of their initial investment. These agreements afford holders additional rights, however, in most cases the rights and obligations in these agreements are in favor of specific "Key Holders" or "Major Investors." To simplify the Company's capitalization structure, and to accommodate a significant number of additional holders of Series B Preferred Stock, the requisite parties are expected to agree to terminate each of these agreements such that the rights, powers and preferences afforded to the holders of Series B Preferred Stock are contained solely in the Series B COD (or the DGCL and Certificate of Incorporation).

There is no established trading market, or, designated secondary trading platform for shares of Series B Preferred Stock. However, the Company, will provide for semi-annual auction-based liquidity opportunities for holders of Series B Preferred Stock using tZERO's private markets auction platform that utilizes the tZERO Securities ATS where holders may elect to post their shares for sale and be a part of blocks of stock bid on and purchased by buyers. Because the exchange and conversion of TZROP into shares of Series B Preferred Stock is being effected in accordance with Section 3(a)(9) of the 1933 Act, the shares of Series B Preferred Stock issued will not be a restricted security (except to the extent the corresponding TZROP held by a holder was restricted) and therefore, upon issuance, not subject to restrictions on transfer imposed under federal or state securities laws.

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[2] The amendment to the Series B COD attached as Annex B-1 will increase this indebtedness threshold to $25.0 million.

[3] The amendment to the Series B COD attached as Annex B-1 will terminate this provision.

[4] The amendment to the Series B COD attached as Annex B-1 will terminate the portion of this provision that relates to increasing the size of the Board above seven.

Registry and Anticipated Tokenization

The Company currently maintains the shareholder register for the Series B Preferred Stock in its conventional on-chain books and records. Upon the effectiveness of the Amendment, the Series B Preferred Stock will be fully tokenized and the Company will use the Ethereum blockchain to record and maintain the definitive record of ownership of Series B Preferred Stock.

Each record holder, and their holdings of shares of Series B Preferred Stock, will be recorded on the Ethereum blockchain with a unique digital wallet address controlled by the Company. While the security position information of each record holder is publicly viewable on the blockchain, personal identifiable information of record holders will not publicly available, as such information will be maintained confidentially off-chain by the Company. The Company will administer all wallets and keys associated with the maintenance of the Series B Preferred Stock shareholder register. Record holders will not be permitted to hold shares in a personal wallet address or to initiate on-chain peer-to-peer transfers. Record holders seeking to effect a change in record ownership should contact ir@tzero.com. These transfers will be subject to the Company's policies and procedures and the terms of Series B Preferred Stock, which prohibit peer-to-peer transfers except in limited circumstances, including those that do not constitute "sales" for purposes of securities laws, such as pursuant to a divorce decree, death, gift, or certain corporate actions. Otherwise, shares of Series B Preferred Stock may only be purchased or sold on the tZERO Securities ATS in semi-annual auctions coordinated by the Company from time-to-time, and subject to investor demand. A record holder who desires to purchase or sell shares of the Series B Preferred Stock in a semi-annual auction using tZERO's private markets auction platform that utilizes the tZERO Securities ATS, will need to take the following steps: (1) open a tZERO Securities and tZERO Digital brokerage account; (2) deposit shares of Series B Preferred Stock into a tZERO Digital account; and (3) place an order on tZERO Securities web application during an auction period and pursuant to auction rules. At order entry you will need to send tZERO Digital conditional settlement instructions to settle the trade, but this will be automated through the Company's on-line brokerage platform. All transactions executed on the tZERO Securities ATS occur off-chain. Clearance and settlement of transactions in Series B Preferred Stock are facilitated by tZERO Securities, with respect to cash, and tZERO Digital, with respect to shares Series B Preferred Stock, on a book-entry basis in each firm's respective clearing software. Trades of shares of Series B Preferred Stock will settle on a same day basis. Shares of Series B Preferred Stock are not divisible and cannot be traded on a fractional basis.

For shares of Series B Preferred Stock held in a brokerage account, tZERO Digital will custody Series B Preferred Stock for its customers in one or more omnibus custodial wallets for the benefit of its customers. The aggregate number of shares held in these custodial wallets will be visible on the Ethereum blockchain. Once shares of Series B Preferred Stock are on deposit with tZERO Digital, a holder will not have access to the private keys controlling the wallet address where the holder's shares of Series B Preferred Stock are held under any circumstances. A holder's beneficial ownership of shares Series B Preferred Stock will be recorded on a book-entry basis in tZERO Digital's clearing software and will not be visible on the blockchain.

Network or governance changes to the Ethereum network will not affect the rights of holders of Series B Preferred Stock or have the ability to change the terms of Series B Preferred Stock. All changes in ownership are governed by the Smart Contract.

To create, store and manage private keys for Series B Preferred Stock, the Company uses a key management software as a service platform offered by a vendor that specializes in encryption. Private keys will be subject to security procedures that are based on a defense-in-depth approach where both the creation and the signing of the wallet's keys are protected by a mixture of complementing approaches, where the major ones are:

- *MPC (Secure Multi-party computation)* — The private key is never held in one place. The creation, signing and revocation are done in a trustless distributed manner between a threshold of co-signing components.

- *Chip-Level Hardware Isolation* — All of the key material is protected in a hardware isolated environment. In addition, any code or data that can act as a single point of compromise, is executed in hardware isolation.

- *Policy Engine* — Policy on transfer amount-based limits is enforced by any of the cosigning components to assure that any attack on the initiating client or on any of the centralized components between the client and the co-signer is blocked.

The trustless MPC setup assures that the private key is not reconstructed throughout the entire lifecycle of the key, not during its initiation and not during the setup phase. The distributed key generation can be done either through online co-signers or as an offline process to comply with the SAS-70 standard. Each individual MPC key share is randomized in a hardware isolated component using a NIST SP 800- 90A compliant random number generator, eliminating the feasibility to weaken the protocol implementation. As in any signing system, even if the message signing is distributed, the transaction crafting is still conducted in a centralized component and is prone to a spoofing attack. In order to handle this attack vector, the distributed MPC-based signing process is utilized for a distributed verification process, where each of the co-signers parse the message to be signed and assures that it matches the metadata of the signed request it is carried with. The hardware isolation mitigates risk of a takeover by either an outsider or insider who has access to a threshold of the devices holding the MPC key shares. The major attack scenario is an administrative personnel that has access to all machines during the key provisioning or key signing phase. Through the use of hardware isolation and remote attestation technique, the risk of such an attack vector is drastically mitigated.

THE PROPOSAL
(the Amendment)

Overview

On October 12, 2018, the Company filed the Certificate of Designation with the Secretary of State of the State of Delaware, establishing the rights, powers, preferences, privileges and other terms relating to the shares of Series A preferred stock represented by the TZROP. A summary of these rights and preferences is included above within the section entitled "*Description of Securities*" in this Consent Solicitation Statement.

The rights and preferences of the TZROP have, from time to time, constrained the Company's ability to raise capital and pursue strategic transactions. Prospective investors and strategic partners have expressed concern that value creation by prospective new investors is effectively subordinated to an uncertain and potentially high future redemption price of TZROP, minority investor and dividend overhang, and other related risks. As a result, our Board has determined it to be in the best interest of the Company and its stockholders to convert the TZROP into shares of Series B Preferred Stock.

By simplifying its capital structure, the Company expects to better position itself to raise capital, continue operations, and execute on exit and other strategic opportunities. This constraint has also impacted the ability of holders of TZROP, as one of the original investor cohorts behind the Company's vision as the tokenized infrastructure leader, to recognize the value of their contribution to the Company by limiting the Company's ability to finance sustainable operations and growth as it executes on its strategy post the leadership reset. The conversion will provide existing TZROP holders with clearer path to realistic and meaningful sharing in any future growth of the Company as equity holders, with stronger downside protection through enhanced liquidation preference and real governance rights. It will also enhance alignment between existing TZROP holders and the long-term growth trajectory of the Company by allowing TZROP holders to transition from a non-convertible instrument into preferred equity that can participate alongside common stock in full equity value on at exit event on an as-converted basis (if that produces a better economic result for the Series B Preferred Stock investor that the liquidation preference). Lastly, it will streamline the Company's capital structure and remove constraints that have historically limited the company's ability to pursue certain capital-raising opportunities and strategic transactions by replacing the current redemption-based instrument with preferred equity participation, which the company expects to improve its flexibility to execute growth initiatives and potential liquidity pathways.

Upon conversion of the TZROP, holders would continue to hold a preferred (or senior) position and retain certain rights and protections commonly afforded to holders of the Series B Preferred Stock. After consideration of the economic rights afforded to holders of the TZROP, the conclusions in a valuation report prepared for the Board and the Company by Dahn Consulting Group, an independent advisor (as further described below under the subheading "*Summary of Third-Party Report*"), feedback from certain TZROP holders, review of comparability of economic interest in the company's revenue and assets between the TZROP dividend entitlement and as-converted ownership by Series B Preferred Stock and the intention that the former holders of TZROP have a similar basis after

conversion (as the conversion is not intended to adversely affect, at the time of the conversion, the value, basis or percentage interest of the holders of TZROP), the Company set the conversion ratio at 1-for-3.

Therefore, we are seeking approval of the Amendment to our Certificate of Incorporation to amend the Certificate of Designation to provide for the automatic exchange and conversion of the outstanding TZROP into shares of Series B Preferred Stock upon filing of the Amendment. In this regard, each issued and outstanding TZROP will be exchanged for, and converted into, three (3) validly issued, fully paid, and non-assessable shares of Series B Preferred Stock. In turn, upon the occurrence of certain defined events, the shares of Series B Preferred Stock are subject to mandatory conversion terms commonly applicable to preferred stock issued by a private corporation. However, the Series B COD does not provide the Company a right to redeem outstanding shares of Series B Preferred Stock.

Our Board has approved and declared advisable, and recommends that the holders of TZROP provide their vote "YES" to, the proposed Amendment. The Amendment requires, among other approvals, the approval of the holders of a majority of the issued and outstanding TZROP. In addition, as described in the subsection entitled "*Conditions Precedent*" below, under the DGCL and our governing documents and agreements, to effect the Amendment will also require the approval of the holders of our Common Stock and the holders of our Series B Preferred Stock.

The Amendment

The following description of the proposed Amendment is qualified by the full text of the proposed Amendment, which is attached to this Consent Solicitation Statement and incorporated herein as Annex A-1. Subject to applicable law, our Board reserves the right to abandon the Amendment at any time prior to the effectiveness of the filing of the Amendment, even after Written Consents from holders of a majority of the voting power of the TZROP have been received.

The Amendment would amend the Certificate of Designation to provide for, and upon filing of the Certificate of Amendment with the State of Delaware immediately effect, the conversion of all issued and outstanding TZROP into shares of Series B Preferred Stock. Each TZROP would convert into three (3) shares of Class B Preferred Stock. The Amendment, if approved, would be effected through the filing of the Certificate of Amendment with the Delaware Secretary of State.

The operative text of the Certificate of Amendment effecting the Amendment reads as follows:

> *Mandatory Exchange and Conversion*. Immediately upon the filing and effectiveness of this Certificate of Amendment with the Secretary of State of the State of Delaware (the "Effective Time"), automatically and without further action on the part of the holders of the Series A, each issued and outstanding share of Series A as of immediately prior to the Effective Time shall be reclassified and converted into three (3) validly issued, fully paid, and non-assessable shares of Series B Preferred Stock of the Corporation (the "Series B Preferred Stock") (the "Conversion").
>
> *Mechanics of Exchange and Conversion*. Upon the Conversion, the Series A and the corresponding tZERO Tokens shall no longer be outstanding and the Company will promptly update its register of stockholders to reflect the shares of Series B Preferred Stock issued as a result of the Conversion. Following the Conversion, the Company may not reissue any shares of Series A or tZERO Tokens or issue additional shares of Series A or tZERO Tokens.

Reasons for the Amendment and Resulting Exchange and Conversion

We are seeking approval of the Amendment to provide for the exchange and conversion of the outstanding TZROP into shares of Series B Preferred Stock in order to enhance the long-term participation of existing holders of TZROP in the Company's future growth and better position the Company to pursue additional capital formation and strategic opportunities. By simplifying its capital structure, the Company expects to be better positioned to raise

capital, continue operations, and execute on strategic opportunities. Unlike shares of Series B Preferred Stock, the terms of the TZROP do not provide for an automatic conversion of the shares into Common Stock. In addition, the redemption provisions of the TZROP provide that any redemption payment would be based on a fair market value determination by the Board, which is a subjective measure and could lead, or contribute to irregularities in the trading activity and volume of the TZROP on the tZERO Securities ATS. If the Amendment is approved, tZERO Securities ATS will cease quotation of TZROP on 11:30 p.m. EDT on the business day following the date the Amendment is approved and the requisite Conditions Precedent are satisfied.

The current lack of an automatic conversion feature combined with the redemption provisions of the TZROP has at times constrained the Company's ability to raise additional capital, and may make the Company a less attractive target for strategic partners, acquirors, or investors, and have a chilling effect on the Company's ability to execute upon strategically important transactions, execute on its short-term and long-term business plans, and/or otherwise generate stockholder value. For example, previously, certain prospective investors and counterparties to prospective transactions have expressed concern with respect to providing capital in return for shares of our Common Stock (or securities that may be converted into shares of Common Stock) given the liquidation and distribution preferences of the TZROP. This potential disincentive negatively affects holders of classes and series of the Company's capital stock as it reduces the probability of the Company completing an accretive transaction or additional capital infusion.

The Company has entered into a letter of intent with BBBY for a prospective financing transaction that, if completed, would result in BBBY (and potentially additional investors, if any) investing up to an additional $10.0 million into the Company (subject to a potential increase) in tranches through a convertible promissory note (as previously defined, the "**BBBY Investment**"). The prospective BBBY Investment, if completed, would provide the Company with incremental capital to support near-term operations and strategic execution consistent with defined metrics and enhance the Company's ability to execute on its current business plan and growth initiatives. The terms proposed by BBBY provide that one of the conditions to this further investment is the Amendment being approved and the exchange and conversion of the TZROP into shares of Series B Preferred Stock being effected. However, there is no assurance that, even if the Amendment is approved, there will be an additional investment by BBBY in the Company.

Although upon exchange and conversion of the TZROP into shares of Series B Preferred Stock, holders would relinquish certain rights, such as a right to a defined dividend, former holders of TZROP would remain in a senior position as holders of Series B Preferred Stock, be afforded a liquidation preference that in excess of that afforded to current holders of TZROP, and gain other rights and preferences (such as being afforded anti-dilution protection). Moreover, the potential for the mandatory conversion into Common Stock upon certain triggering events would afford the Company greater flexibility to pursue certain transactions potentially enhancing overall Company value and further aligns the interests of all stockholders of the Company by making the Company a more attractive target for a strategic partner or investor.

The following table compares certain rights, powers and preferences afforded to the holders of Series B Preferred Stock, taking into account the proposed amendments in Annex B-1, when compared to those afforded to holders of our TZROP, and, identifies certain enhanced rights that are afforded to holders of shares of Series B Preferred Stock when compared to holders of TZROP.

	TZROP	**Series B Preferred Stock**
Liquidation Preference:	▪ Holders are entitled to limited preferential liquidation rights equal to USD $0.10 per share to the extent funds are available.	▪ Preferential liquidation rights equal to the *greater of* (i) one and one-quarter (1.25) times the Series B Original Issue Price (being $0.5497), plus any declared but unpaid dividends, and (ii) the amount per share that would have been payable had all shares of Series B been converted into Common Stock.

	TZROP	Series B Preferred Stock
Dividends:	▪ Holders have the right to receive noncumulative dividends when, as and if declared by the Board on a quarterly basis, but only if the Company's consolidated GAAP net income exceeds 10% of the Company's consolidated GAAP gross profit for the related completed fiscal quarter. ▪ Any dividend payable to holders may be paid in U.S. dollars, Bitcoin, Ether, or, to the extent the Company possess sufficient TZROP, additional TZROP. ▪ Holders are not entitled to participate in any dividends paid to the holders of Common Stock, or other shares of capital stock of the Company.	▪ Each share of Series B Preferred Stock is entitled to first or simultaneously receive a dividend in an amount at least equal to (i) if the dividend is declared with respect to the Common Stock or any class or series that is convertible into Common Stock, the dividend received by a holder of the Common Stock or such class or series *or* (ii) if the dividend is declared on any class or series that is not convertible into Common Stock, at a rate per share of Series B determined by (a) dividing the amount of the dividend payable on each share of such class or series by the original issuance price of such class or series (subject to appropriate adjustment) and (b) multiplying such fraction by an amount equal to $0.5497 per share, subject to appropriate adjustment.
Ranking:	▪ Senior to Common Stock and the Series B Preferred Stock	▪ Senior to Common Stock; junior to the TZROP (but, upon the conversion, will become the most senior class of outstanding equity then outstanding)
Voting Rights; Appointment of Director:	▪ None (unless required by law)	▪ Vote together with the shares of Common Stock on matters submitted to the stockholders, if any. ▪ Holders of Series B Preferred Stock, as a class, appoint one director to the Board (and have certain other approval rights under circumstances identified in the Series B COD, (as amended).
Preemptive Right:	▪ None	▪ None
Anti-Dilution Protection:	▪ None	▪ Afforded weighted average anti-dilution protection
Optional Conversion:	▪ None	▪ The Series B Preferred Stock is convertible 1:1 to Common Stock at any time at option of holder (subject to adjustments for stock dividends, splits, combinations and similar events and as adjusted under anti-dilution rights).

	TZROP	Series B Preferred Stock
Mandatory Conversion:	▪ None	▪ Each share of Series B Preferred will automatically be converted into Common Stock at the then-applicable conversion rate in the event of the closing of a firm commitment underwritten public offering, the closing of a merger with a SPAC or certain other transactions (in each case subject to certain conditions).
Protective Provisions:	▪ None	▪ Certain protective provisions apply for the benefit of holders of Series B Preferred Stock, as detailed further in the Series B COD, and the amendment to the Series B COD attached as Annex B-1.
Subject to Redemption:	▪ Subject to a redemption right in favor of the Company. The redemption price is equal to the fair market value (if any) as determined in good faith by the Board (but, in no event, less than $10.00) or if no fair market value is determinable, $10.00 per TZROP. The redemption price may be paid in U.S. dollars, Bitcoin, or Ether.	▪ None
Secondary Liquidity:	▪ Continuous trading on the tZERO Securities ATS	▪ The Company intends to conduct semi-annual auction-based liquidity opportunities, using its private market auctions platform that utilizes the tZERO Securities ATS to provide holders of Series B Preferred Stock with access to secondary liquidity.
Tokenization	▪ The shareholder register of TZROP is digitally native blockchain-based shareholder register, with automated smart contract functionality, making TZROP a "digital asset security" under applicable regulatory guidance.	▪ Upon conversion of the TZROP into shares of Series B Preferred Stock, the Company will fully tokenize the Series B Preferred Stock[5].

Conditions Precedent

The following conditions precedent (as defined above, the "**Conditions Precedent**") must be satisfied for the Amendment to be effective:

[5] Upon the Amendment being effected the shares of Series B Preferred Stock will be tokenized in the same manner as the TZROP. This tokenization will entail the registry for the Series B Preferred Stock being on a digitally native blockchain register with automated smart contract functionality making the Series B Preferred Stock a "digital asset security."

- The affirmative vote of the holders of a majority of the voting power of our outstanding Common Stock and Series B Preferred Stock (on an as-converted to Common Stock basis), voting together, approving termination of that certain Right of First Refusal and Co-Sale Agreement, dated as of February 22, 2022, among the Company and the Series B Preferred Stock holders party thereto, and the Voting Agreement, dated as of February 22, 2022, among the Company and the Series B Preferred Stock holders party thereto.

- The affirmative vote of the holders of a majority of the voting power of the Series B Preferred Stock approving (i) the Amendment, (ii) the increase in the authorized number of shares of Series B Preferred Stock to accommodate the exchange and conversion of the TZROP, (iii) certain amendments to the protective provisions in favor of the holders of the Series B Preferred Stock, and (iv) termination of that certain Investor's Rights Agreement, dated as of February 22, 2022, among the Company and the Series B Preferred Stock holders party thereto.

- There shall not have been instituted, threatened or be pending any action, proceeding, application, claim counterclaim or investigation (whether formal or informal, and whether oral or in writing) (and there shall not have been any material adverse development to any action, application, claim, counterclaim or proceeding currently instituted, threatened or pending) before or by any court, governmental, regulatory or administrative agency or instrumentally, domestic or foreign, or by any other person, domestic or foreign, in connection with the Consent Solicitation that challenges the making of the Consent Solicitation or that, in the Company's reasonable judgment, either (a) is, or is reasonably likely to be, materially adverse to the Company's and its subsidiaries' business, operations, properties, condition (financial or otherwise), income, assets, liabilities or prospects, (b) would or might prohibit, prevent, restrict or materially delay consummation of the Consent Solicitation or the ability for the Company to obtain the Written Consents or (c) would materially impair the contemplated benefits of any offer to the Company or be material to holders in deciding whether to accept the Consent Solicitation.

- There shall be no order, statute, rule, regulation, executive order, stay, decree, judgment or injunction shall have been proposed, enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory or administrative agency or instrumentality that, in the Company's reasonable judgment, either (a) would or might prohibit, prevent, restrict or materially delay consummation of the Consent Solicitation or (b) is, or is reasonably likely to be, materially adverse to the Company's and its subsidiaries' business, operations, properties, condition (financial or otherwise), income, assets, liabilities or prospects of the Company.

- There shall not have occurred, or be likely to occur, any event or condition affecting the Company's and its subsidiaries' business or financial affairs that, in the Company's reasonable judgment, either (a) is, or is reasonably likely to be, materially adverse to the Company's and its subsidiaries' business, operations, properties, condition (financial or otherwise), results of operations, assets, liabilities or prospects, (b) would or might prohibit, prevent, restrict or materially delay consummation of the Consent Solicitation or (c) would or might materially impair the contemplated benefits of the Consent Solicitation to the Company or be material to holders in deciding whether to participate in the Consent Solicitation.

- There shall not exist, in the Company's reasonable judgment, any actual or threatened legal impediment to the exchange and conversion of TZROP into shares of the Series B Preferred Stock; and there shall not have occurred: (a) any general suspension of, or limitation on prices for, trading in securities in the United States securities or financial markets, (b) any significant adverse change in the market value of the securities, (c) a declaration of a banking moratorium or any suspension of payments in respect to banks in the United States or other major financial markets, (d) any limitation (whether or not mandatory) by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, or other event that, in the Company's reasonable judgment, might affect the extension of credit by banks or other lending institutions, (e) a commencement of a war, armed hostilities, terrorist acts or other national or international calamity, (f) any material adverse change in the securities or financial markets in the United States generally or (g) in the case of any of the foregoing existing on the date hereof, a material acceleration, escalation or worsening thereof.

The documents governing the rights of our outstanding Series B Preferred Stock provide that the Series B Director also needs to approve certain amendments to the terms of the Series B Preferred Stock. As of the Record Date, and the date of this Consent Solicitation Statement, the directorship reserved for the holders of the Series B Preferred Stock is vacant. However, if Mr. Fleckenstein joins the Board prior to the amendment to the Series B COD being effective it is expected that as the Series B Director he will authorize, approve and confirm that amendment and any other matters requiring the approval of the Series B Director that are necessary to effect the Amendment.

Management of the Company is pursuing the satisfaction of Conditions Precedent and will notify TZROP holders on the Company's website at tzero.com/tzrop-amendment when the Conditions Precedent to the Amendment have been met. If each of the above conditions are satisfied or waived, the Company will not proceed with the Amendment.

Risks Associated with the Amendment and Resulting Exchange and Conversion

Certain risks related to the Company and its business, inclusive of certain risks applicable to the TZROP are identified in the Disclosure Statement, including under the heading "*Risk Factors*." These risks, apply to the Company as a whole both before and after the Amendment (if approved), and, to holders of the TZROP in the event the Amendment is not approved and effected.

There are also certain risks associated with the Consent Solicitation and the Amendment, and we cannot accurately predict or assure you that the Amendment, if approved, will produce or maintain the desired results. However, our Board believes that the benefits to the Company and stockholders outweigh the risks and recommends that you vote in favor of the Amendment.

Any failure by the Company to comply with the exemption provided under Section 3(a)(9) of the 1933 Act in effecting the Consent Solicitation or to comply with one or more other private offering exemption requirements could result in, among other things, rescission rights that could adversely affect the Company as a whole. The offer and sale of securities by entities and their agents is subject to numerous regulations under federal and state securities laws. The Company believes that the Consent Solicitation can be effected without registration under federal and state securities law in accordance with Section 3(a)(9) of the 1933 Act that exempts securities issued upon the exchange of securities of the same issuer when no commission is paid for soliciting the exchange. If the Company is deemed to have not complied with the requirements of Section 3(a)(9) of the 1933 Act or another offering exemption(s), the Company could be subject to certain claims by federal or state securities regulators and investors may have the right, if they so desired, to seek to cause their election to participate in the Consent Solicitation to be rescinded. Any failure to comply with applicable securities laws could subject the Company to various sanctions, fines and penalties. In addition, if a number of investors were successful in seeking rescission (or other remedy) of their election to participate in the Consent Solicitation, the Company could face severe financial demands that would adversely affect a given project, or even the Company as a whole.

Under the Proposal, holders of the TZROP will cease to have certain rights when their TZROP are converted into shares of Series B Preferred Stock. If TZROP are exchanged and converted into shares of Series B Preferred Stock Common Stock pursuant to the Amendment, holders of the TZROP will cease to have certain rights afforded to the holders of the TZROP, such as:

- the potential proceeds afforded by the redemption right in favor of the Company;
- a right to certain dividends, when and if declared by the Board (although, to date, no such dividends have been declared on the TZROP); and
- continuous secondary liquidity afforded by the tZERO Securities ATS (the Company expects to provide semi-annual liquidity events for holders in the form of an auction on the tZERO Securities ATS, but holders of Series B Preferred Stock will not be able to sell at any time, subject to demand availability).

Holders of TZROP would forfeit certain rights if the Amendment is effected and their shares of Series B Preferred Stock are subsequently exchanged and converted into Common Stock. Unlike the TZROP, in certain circumstances shares of Series B Preferred Stock are subject to mandatory conversion into shares of Common Stock.

Upon a subsequent conversion of the Series B Preferred Stock to Common Stock, holders would be afforded the rights attributable to the Common Stock under the Company's governing documents and the DGCL, however, shares of Common Stock do not afford a holder the rights, preferences and additional protections of the TZROP or Series B Preferred Stock. Further, an investor may be forced to convert their preferred shares into shares of Common Stock at a time that is not of their choosing, potentially at an unfavorable valuation or into a security that may decline in value post-transaction.

If the Amendment is approved, there is no assurance it will result in the Company effecting any strategic transaction, or, execute on a funding transaction. The Company believes the Amendment would afford the Company greater flexibility in pursuing strategic transactions and make the Company a more attractive investment, acquisition or strategic target for investors and other third parties. However, there is no assurance that any such transaction will be effected in the near- or mid-term future, or at all. There is no assurance the Amendment will achieve its intended results or result in a transaction of any certain size, type, or structure.

Failure to approve the Amendment may jeopardize the Company's ability to complete a near-term strategic financing with an existing stockholder and strategic investor. The Company has entered into a letter of intent and is in active discussions with BBBY regarding a prospective convertible note financing transaction to be led by BBBY of up to $10.0 million. A condition for the initial closing of that financing is expected to be that the Amendment is approved; therefore, BBBY may elect to not make that investment under the terms currently proposed (or at all) if the Amendment is not approved and the TZROP are not exchanged and converted into shares of Series B Preferred Stock.

We have entered into a letter of intent for a significant financing, but there is no assurance that this financing will be completed, and our failure to secure this or alternative financing would materially and adversely affect our business and ability to continue operations. We have entered into a letter of intent with BBBY for a prospective convertible note financing transaction to be led by BBBY of up to $10 million. However, this letter of intent serves only as an expression of the parties' mutual intent and is subject to negotiation and execution of definitive documentation which would be legally-binding. Either party may terminate negotiations at any time for any reason without liability. The proposed transaction is also subject to a number of conditions that may not be satisfied, including: the negotiation and execution of definitive agreements satisfactory to all parties; approval of the amendment and satisfaction of all conditions precedent; and the receipt of all necessary corporate and board approvals. There can be no assurance that these conditions will be satisfied or that definitive agreements will be executed on the proposed terms, or at all. If we are unable to complete the transaction, we will need to seek alternative sources of capital to fund our operations. If this transaction is not consummated and we are unable to secure alternative financing on acceptable terms or at all, we may be forced to take actions that could adversely affect our business, including significantly scaling back our operations, delaying or terminating product development, or ceasing operations altogether.

Holders of Series B Preferred Stock are subject to the risk that the Company may have insufficient assets to pay the defined liquidation preference. Upon a liquidation of the Company or "Deemed Liquidation Event" (as defined in the Series B COD), holders of shares of Series B Preferred Stock are entitled to the greater of 1.25x the original issue price or their as-converted value. However, this payment is contingent upon the availability of sufficient assets after all of the Company's creditors and holders of senior securities (if any) have been paid in full. There is no guarantee that sufficient assets will exist to pay the full liquidation preference.

The Series B COD does not provide for mandatory or cumulative dividends. The Company is not obligated to pay dividends to holders of Series B Preferred Stock. Dividends are payable only if and when declared by the Board of Directors. Furthermore, the dividends are not cumulative, meaning that if the Board chooses not to declare a dividend in any given period, the right to that dividend is lost forever. Investors seeking a regular or guaranteed income stream should be aware that this security may not provide one.

Although Series B Preferred Stock is afforded anti-dilution protection, that right is subject to various limitations. While the Series B Preferred Stock includes weighted-average anti-dilution protection, this protection is subject to significant limitations.

- The conversion price will not be adjusted below 75% of the Series B Conversion Price (as defined in the Series B COD), regardless of the dilutive impact of a future financing. This floor exposes investors to potentially significant dilution in a severe "down round" financing.

- Numerous types of stock issuances are explicitly carved out from the anti-dilution provisions, including shares issued under equity incentive plans, in acquisitions, and to strategic partners. The Company can issue a substantial number of shares in these "Exempted Securities" transactions without any corresponding adjustment to the Series B Conversion Price, thereby diluting the holder's effective ownership percentage.

Protective rights in favor of the holders of the Series B Preferred Stock can be waived by a majority. Many of the protections for the Series B Preferred Stock—such as blocking the issuance of senior securities or preventing adverse charter amendments—can be waived by a vote of the "Requisite Holders" (being those persons that hold a majority of the outstanding shares of Series B Preferred Stock). A minority holder could therefore have their contractual protections waived by the vote of a larger holder or a group of holders, even if the action is adverse to the minority holder's interests.

Holders of Series B Preferred Stock are subject to valuation uncertainty in a corporate transaction that is a deemed liquidation. In a merger or sale of the Company where the consideration is paid in non-cash assets (e.g., stock of the acquirer), the Series B COD provides that the Board has the authority to determine the fair market value of such consideration. While the director appointed by the holders of the Series B Preferred Stock must approve this valuation, there is a risk that the determined value may be different from the value an investor would assign or realize in a subsequent sale.

Procedures for and Effects of the Amendment

If the Amendment is approved, the Certificate of Amendment in substantially the form attached as Annex A-1 would be filed with the Delaware Secretary of State on the second business day following the date of approval of the Amendment and the satisfaction (or waiver) of the Conditions Precedent. The exchange and conversion of the TZROP into shares of Series B Preferred Stock would occur automatically upon the Certificate of Amendment being filed with, and accepted by, the Delaware Secretary of State.

Summary of Third-Party Report

The Company engaged Dahn Consulting Group to conduct an analysis and prepare a written report to express its opinion on the relative value of TZROP and Series B Preferred Stock based on the "Fair Market Value" of the Company on a per share basis as of March 11, 2026. Utilizing those valuations implies the fair market value of one TZROP is the equivalent of the fair market value of not less than 1.13 shares of Series B Preferred Stock.

In arriving at the conclusions in the report, Dahn Consulting reviewed and/or considered several data points, including, but not limited to: (i) discussions with the senior management of the Company; (ii) review of historical Company financial data; (iii) review of forward-looking projections; (iv) review of the Company's capitalization and related ownership analysis; (v) industry and market research; (vi) comparable company analysis; and (vii) the review of certain other documentation provided by the Company. Dahn Consulting also considered the Company's stage of development in accordance with certain stages of enterprise development described by the American Institute of Certified Public Accountants, which creates a range of six stages, with a "stage one" company typically only having a tentative business plan, incomplete management team, limited expense history and no product revenue, and, at the other end, a "stage six" company typically having established financial history of profitable operations or positive cash flow. Because the Company has a qualified experienced management team, has raised several institutional rounds of financing and is generating revenues through its products and services, the report classified the Company a "stage four" company for purposes of the report.

There are various commonly used valuation approaches to determine or assign value to a private enterprise. To determine the fair value of TZROP, the report used a modified probability weighted expected return method, identifying various future payout scenarios available only to the TZROP. For the Common Stock and Series B

Preferred Stock, the report determined share values using traditional market-based enterprise value determinations (guideline public company metrics) and allocated using the "option pricing method," which is a forward-looking valuation technique used to allocate enterprise value across multiple classes of equity securities in companies with complex capital structures and typically uses a Black-Scholes option pricing model to estimate the value of each security class. In addition, in its report, Dahn Consulting applied a discount for lack of marketability to both the Common Stock, Series B Preferred Shares and the TZROP.

The engagement did not include an audit or review of the financial information. Rather, Dahn Consulting relied upon and assumed, without independent verification, the accuracy and completeness of all data, material and other information furnished or otherwise made available to it, discussed with or reviewed by it or publicly available and did not assume any responsibility with respect to such data, material and other information. In addition, the report states that it is subject to additional assumptions and limiting conditions.

It is important to understand that the valuations assigned in the report takes into account facts and circumstances at a specific point in time, and that any value is subject to (and likely to) change at any time, whether it increases or decreases, and such changes could be caused by macro and micro factors over which the Company does not control. Any valuations are only an estimate and based only on the specific methodologies and should not be relied upon as a measure of its realized value or the value at which the Company could be sold to a third party. Other valuation methodologies may yield materially different results. The report is intended for tax planning and financial reporting purposes and not for any other purpose; it was prepared for the Company and is not intended to be relied upon by any other party, including any individual stockholder. It does not expressly address the proposed Amendment or any other proposed transaction; nor does it constitute any recommendation to any stockholder or any opinion of fairness of the Amendment or any other prospective transaction.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax consequences with respect to the adoption of the Consent Solicitation's proposed Amendment and the exchange and conversion of TZROP for Series B Preferred stock (together, for purposes of this section entitled "*Certain U.S. Federal Income Tax Considerations*", the "**Transactions**"). The summary is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change. The discussion does not deal with special classes of holders, such as dealers in securities or currencies, banks, financial institutions, insurance companies, tax-exempt organizations, entities classified as partnerships and partners therein, nonresident alien individuals present in the United States for 183 days or more during the taxable year, persons holding TZROP as a position in a "straddle" or conversion transaction, or as part of a "synthetic security" or other integrated financial transaction or persons that have a functional currency other than the U.S. dollar. This discussion assumes that the TZROPs are held as "capital assets" for U.S. federal income tax purposes.

The Company has not sought any ruling from the Internal Revenue Service (the "**IRS**") with respect to the statements made and the conclusions reached in this discussion, and there can be no assurance that the IRS will agree with these statements and conclusions.

In addition, the discussion does not address U.S. federal estate and gift tax considerations, any alternative minimum tax, the Medicare tax on net investment income or other aspects of U.S. federal income or state and local taxation that may be relevant to a holder (defined below). **ACCORDINGLY, HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH REGARD TO THE TRANSACTIONS AND THE APPLICATION OF U.S. FEDERAL INCOME TAX LAWS, AS WELL AS THE LAWS OF ANY STATE, LOCAL OR FOREIGN TAXING JURISDICTIONS, TO ITS PARTICULAR SITUATION.**

For purposes of this discussion, a "U.S. holder" is a beneficial owner of TZROP that is a citizen or resident of the United States or a domestic corporation or otherwise subject to U.S. federal income tax on a net income basis in respect of TZROP. A "non-U.S. holder" is a beneficial owner of TZROP that is not a U.S. holder and is not an entity classified as a partnership for U.S. federal income tax purposes. A "holder" is a U.S. holder or a non-U.S. holder.

TZROPs

TZROPs should be treated, for U.S. federal income tax purposes, as preferred equity of the Company.

The Transactions

The tax consequences to holders of the adoption of the proposed Amendment and the exchange and conversion of TZROP for shares of Series B Preferred Stock will depend on whether the Transactions qualify as a recapitalization. The Company intends to take the position that the Transactions qualify as a recapitalization and the remainder of this discussion assumes the Transactions will be so treated. There can be no assurance, however, that the IRS will not take a contrary position or that a court will not agree with such contrary position. Holders should consult their tax advisors regarding the U.S. federal income tax consequences of the Transactions.

If the Transactions qualify as a recapitalization, a holder will not recognize gain or loss. On the exchange and conversion, a holder will receive three shares of Series B Preferred Stock for each TZROP it holds. Therefore, a holder's basis in a share of Series B Preferred Stock received in the Transactions should be equal to one-third of the holder's basis in the TZROP exchanged for that share.

Information Reporting and Backup Withholding

A U.S. holder may be subject to information reporting and backup withholding with respect to the Transactions. Certain U.S. holders (including corporations) are generally not subject to information reporting and backup withholding. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are exempt from the information reporting requirements and backup withholding tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against a holder's U.S. federal income tax liability and may entitle a holder to a refund, provided the required information is timely furnished to the IRS. Holders should consult their own tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 24, 2026, the beneficial ownership of our Common Stock, Series B Preferred Stock and TZROP by each of our directors and executive officers, each person known to us to beneficially own more than 10% of our Common Stock, TZROP, and / or Series B Preferred Stock, and the executive officers and directors of the Company as a group.

Name of Beneficial Owner	# of Shares of Common Stock Beneficially Owned	Approximate % of Outstanding Shares of Common Stock	# of Shares of TZROP Beneficially Owned	Approximate % of Outstanding TZROP	# of Shares of Series B Preferred Stock Beneficially Owned	Approximate % of Outstanding Shares of Series B Preferred Stock
Directors and Executive Officers						
Alan Konevsky (CEO)	—	—%	22,135	*%	—	—%
Sophia Corona (CFO)	—	—%	4,944	*%	—	—%
All directors and executive officers as a group	—	—%	27,079	*%	—	—%
10% Stockholders						
Bed Bath & Beyond, Inc.	109,905,621	45.06%	3,000,000	14.18%	27,285,135	19.36%
Intercontinental Exchange, Inc.	—	—%	—	—%	90,950,452	64.54%
Medici Ventures, Inc.	112,095,577	45.96%	—	—%	9,140,645	6.49%

* Indicates less than 1%

INTERESTS OF DIRECTORS AND EXECUTIVE OFFICERS IN THE PROPOSAL

Except as disclosed in this Consent Solicitation Statement (inclusive of the proposed BBBY Investment), no director, executive officer, associate of any director, executive officer or any other person has any substantial interest, direct or indirect, by security holdings or otherwise, in the Amendment that is not shared by all other holders of the Company's equity securities.

OTHER MATTERS

We may enter into certain side letters with existing shareholders during the consent solicitation period. These agreements will not affect the proposal set forth herein. As of the date of this Consent Solicitation Statement, we know of no matter not specifically referred to above as to which any action is expected to be included within the Written Consent.

CONSENT SOLICITATION AND COSTS

The Company will pay for the costs of the Consent Solicitation. The Company has engaged MacKenzie Partners, Inc. to serve as "Information Agent" in connection with the Consent Solicitation. The Information Agent will be paid a flat fee for its services, but that fee is not being paid to solicit any particular TZROP holders to vote in favor of the Amendment or otherwise promote the Amendment or matters related to the Amendment. The Information Agent will not provide advice or recommendation to holders of TZROP as to how to vote their shares. The Information Agent's services are intended to help ensure holders of TZROP are aware of the Consent Solicitation and how and where to submit their vote.

Other than as discussed above, the Company has made no arrangements and has no understanding with any other person regarding the Consent Solicitation hereunder, and no person has been authorized by the Company to give any information or to make any representation in connection with the Consent Solicitation, other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized.

WHERE YOU CAN FIND MORE INFORMATION

Holders of TZROP may obtain additional information by writing to tZERO Group, Inc., 10 West Broadway, Suite 700, Salt Lake City, UT 84101, Attention: Legal Department or contacting legal@tzero.com. Various information about the Company can be also found on our website at *www.tzero.com*.

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– ANNEX A –

CERTIFICATE OF DESIGNATION OF PREFERRED EQUITY TOKENS, SERIES A OF TZERO GROUP, INC.

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF DESIGNATION OF "TZERO GROUP, INC.", FILED IN THIS OFFICE ON THE TWELFTH DAY OF OCTOBER, A.D. 2018, AT 9 O`CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

Jeffrey W. Bullock, Secretary of State

7081083 8100
SR# 20187109217

Authentication: 203598489
Date: 10-12-18

You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 09:00 AM 10/12/2018
FILED 09:00 AM 10/12/2018
SR 20187109217 - File Number 7081083

CERTIFICATE OF DESIGNATION
of
PREFERRED EQUITY TOKENS, SERIES A
of
tZERO Group, Inc.

(Pursuant to Section 151 of the
General Corporation Law of the State of Delaware)

tZERO Group, Inc., a corporation organized and existing under the General Corporation Law (the "***DGCL***") of the State of Delaware (the "***Company***"), DOES HEREBY CERTIFY:

That, pursuant to the authority vested in the Board of Directors of the Company (the "***Board***") by its Certificate of Incorporation (the "***Certificate of Incorporation***"), and pursuant to the provisions of Section 151 of the DGCL, the Board, acting by unanimous written consent, has adopted the following resolution establishing a new series of preferred stock:

RESOLVED, that pursuant to the authority expressly granted to and vested in the Board by the Certificate of Incorporation, a series of Preferred Stock, par value $0.01 per share, of the Company be, and it hereby is, established, and that the designation and number thereof and the rights, preferences, powers and restrictions and limitations thereof are as follows:

ARTICLE I. Designation and Number

Such series will be designated as "Preferred Equity Tokens, Series A" (the "***Series A***"), and the number of shares constituting the Series A shall be 26,228,711, each such share to be represented by a digital token (a "***tZERO Token***"). Such number of Series A may be increased or decreased by resolution of the Board; provided, however, that no decrease may reduce the number of shares of Series A to a number less than the number of shares of Series A then outstanding.

ARTICLE II. Ranking

Each share of Series A (and each corresponding tZERO Token) shall be identical in all respects to every other share of Series A (and corresponding tZERO Token) and shall, with respect to dividend rights and liquidation preferences, rank senior to all classes of the Company's common stock , par value $0.01 per share (the "***Common Stock***"), and any class or series of Preferred Stock established after the date of issuance of the Series A, except for any class or series of Preferred Stock designated as senior to, or *pari passu* with, the Series A, in which case, such newly-designated class or series of Preferred Stock shall rank as so designated.

ARTICLE III. Dividends

(a) *Board Approval.* Subject to the rights of the holders of any shares of any series of Preferred Stock ranking senior to the Series A with respect to dividends, the holders of the Series A shall be entitled to receive noncumulative dividends (each, a "***Dividend***"), when, as and if

declared by the Board on a quarterly basis, subject to the requirements set forth in clause (b) of this Article III.

(b) *Available Funds.* Dividends (i) may only be declared on a Dividend Declaration Date (as defined below) and paid out of funds lawfully available therefor and (ii) with respect to the fiscal quarter to which a Dividend relates, shall only be declared and paid if the Company's consolidated GAAP net income for such quarter exceeds 10% of the Company's consolidated GAAP gross profit, as reflected in the Company's consolidated financial statements, for such quarter (the "***Dividend Amount***").

(c) *Dividend Declaration Date.* A Dividend, if any, will be declared on the last Business Day of the second calendar month after the end of the fiscal quarter for which the Dividend relates (each a "***Dividend Declaration Date***").

(d) *Dividend Amount.* If, as and when a Dividend is declared on a Dividend Declaration Date, the amount of such Dividend shall be calculated by the Company as an amount equal to the Dividend Amount.

(e) *Dividend Model.* At its sole discretion, the Board may elect to apply either the Traditional Dividend Model or the Lock-Up Dividend Model (each, a "***Dividend Model***"), each as described below. Initially, the Traditional Dividend Model shall apply. If the Board elects to change the applicable Dividend Model, it shall notify holders of the Series A at least 90 days prior to such change becoming effective.

(f) *Traditional Dividend Model.* Dividends shall be payable to holders of record of the Series A as they appear on the Company's share register at the close of business (5:00 p.m., Eastern Time) on the applicable Dividend Declaration Date (the "***Traditional Model Record Date***"). Under the Traditional Dividend Model, "***Participating Tokens***" refers to all issued and outstanding tZERO Tokens (representing all issued and outstanding shares of Series A) on the Traditional Model Record Date.

(g) *Lock-Up Dividend Model.* Under the Lock-Up Dividend Model, dividends declared will be payable only (1) on tZERO Tokens (and the corresponding shares of Series A) that have been rendered non-transferable by the holder thereof from the first day of the fiscal quarter for which a Dividend Amount is calculated through the last day of the same fiscal quarter (the "***Lock-Up Requirement***"), and (2) to holders of record of the shares of Series A represented by such tZERO Tokens, as they appear in the Company's share register at the close of business (5:00 p.m., Eastern Time) on the applicable Dividend Declaration Date. Under the Lock-Up Dividend Model, "***Participating Tokens***" refers to all issued and outstanding tZERO Tokens (representing all issued and outstanding shares of Series A) that satisfied the Lock-Up Requirement.

(h) *Dividend Payment Dates.* If, as and when a Dividend is declared, the Dividend Amount shall be paid on the payment date to be established at such time by the Board (generally, within five calendar days of the Dividend Declaration Date).

If any Dividend payment date is not a day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close (a "***Business Day***"), the applicable payment shall be due on the next succeeding Business Day.

(i) *Currency and PIK Payments*. At the sole discretion of the Company, each Dividend may be paid in U.S. dollars, Bitcoin, Ether or, to the extent the Company possesses sufficient shares of Series A (and corresponding tZERO Tokens), additional shares of Series A (each represented by a tZERO Token) (a "***PIK Dividend***"). The Company shall be permitted to pay each Dividend in one or any combination of the foregoing methods. Any Series A to be paid in a PIK Dividend will be issued from the Company's available reserved shares of Series A or by utilizing shares of Series A that have been repurchased by the Company.

In the event that a Dividend shall be paid in Bitcoin or Ether, such Dividend shall be converted based on the arithmetical average of the last reported USD/Bitcoin or USD/Ether, as applicable, exchange transaction, as of 5:00:00 p.m. Eastern Time on the Dividend Declaration Date, on each of (i) Bloomberg XBT or Bloomberg ETH, as applicbale, (ii) GDAX, (iii) Gemini and (iv) Bitstamp. In the event that none of the foregoing exchanges are available or reporting exchange transactions at such time, such conversion shall be made at a conversion rate determined in good faith by the Board.

In the event that a Dividend shall be paid as a PIK Dividend, the number of shares of Series A to be distributed will be determined by dividing the Dividend Amount by (i) the fair market value (if any) for a tZERO Token representing a share of Series A, as determined in good faith by the Board, or, (ii) if no market value is determinable at such time, USD $10.00.

(j) *Fractional Tokens*. The Company will not issue any fractional shares of Series A (nor any fractional tZERO Tokens) and, where the Company would otherwise be required to do so, the Company will make a cash payment in lieu thereof in an amount equal to the fair market value (if any) for a tZERO Token representing a share of Series A, as determined in good faith by the Board (which, to the extent permitted by law, and solely if no market value is determinable at such time, shall be deemed equal to the fraction multiplied by USD $10.00).

(k) *Mechanics*. If, as and when declared, Dividends will be paid on a *pro rata* basis across the shares of Series A represented by Participating Tokens (as defined with respect to the applicable Dividend Model). The method to be used for delivery of each Dividend will be determined at the time the Dividend is made.

ARTICLE IV. Transfer

Holders of shares of Series A may not transfer their shares of Series A (or the corresponding tZERO Tokens) until the Company designates or creates a digital tokens exchange pursuant to which holders of tZERO Tokens representing shares of Series A may transfer or resell such tZERO Tokens (each, a "***Designated Exchange***") or explicitly authorizes peer-to-peer transfers. As a condition to the purchase or other acquisition of any shares of Series A (or corresponding tZERO Tokens), any such potential purchaser or other acquirer shall be required

to provide all information necessary for such purchaser or other acquirer to complete any know-your-customer and anti-money laundering checks that the Company or any Designated Exchange may require.

Transfers may only be effected in accordance with all applicable securities laws.

ARTICLE V. Redemption

(a) *Optional Redemption*. The Company shall have the right to redeem the Series A, in whole or in part, at any time, out of funds legally available therefor, by giving notice of such redemption by either mailing notice to holders of the Series A or by press release or other public announcement (a "***Notice of Redemption***"). If notice is given by public announcement, by press release or otherwise, such notice shall be effective as of the date of such announcement, regardless of whether notice is also mailed or otherwise given to holders of Series A. If fewer than all of the outstanding Series A are to be redeemed at any time, the Company may choose to redeem the outstanding Series A proportionally from all holders, or may choose the shares of Series A to be redeemed by lot or by any other equitable method. In connection with any redemption of shares of Series A, the corresponding tZERO Tokens shall concurrently be deemed to no longer be outstanding. Shares of Series A that are redeemed (and corresponding tZERO Tokens) may be made available from the authorized but unissued shares of the Company or from shares held in the Company's treasury and not reserved for some other purpose.

(b) *Payment*. The redemption price for each share of Series A (together with the corresponding tZERO Token) shall be either (i) the fair market value (if any) for a tZERO Token representing a share of Series A, as determined in good faith by the Board (but, in no event, less than USD $10.00) or (ii) if no market value is determinable at such time, USD $10.00 per share of Series A (and corresponding tZERO Token) (the "***Redemption Price***"). The Redemption Price may be paid in U.S. dollars, Bitcoin or Ether. In the event that the Redemption Price shall be paid in Bitcoin or Ether, such payment shall be converted based on the arithmetical average of the last reported USD/Bitcoin or USD/Ether, as applicable, exchange transaction, as of 5:00:00 p.m. Eastern Time on the date on which the Notice of Redemption is delivered to holders of Series A, on each of (i) Bloomberg XBT or Bloomberg ETH, as applicbale, (ii) GDAX, (iii) Gemini and (iv) Bitstamp. In the event that none of the foregoing exchanges are available or reporting exchange transactions at such time, such conversion shall be made at a conversion rate determined in good faith by the Board.

(c) *Effectiveness of Redemption*. From and after the redemption date specified in the Notice of Redemption (the "***Redemption Date***"), if funds necessary for the redemption are lawfully available therefor and have been irrevocably deposited or set aside, such shares of Series A (and the corresponding tZERO Tokens) will no longer be deemed to be outstanding and all rights of the holder of such shares of Series A (except the right to receive from the Company the Redemption Price without interest) shall cease and terminate with respect to such shares of Series A, provided that if a share of Series A is not redeemed on the Redemption Date for any reason (including without limitation, because the Company is unable to lawfully pay the Redemption Price), such share (and the corresponding tZERO Token) will remain outstanding

and will be entitled to, without interruption, all of the rights, preferences and powers as provided herein.

ARTICLE VI. Repurchases

The Company shall have the right from time to time to repurchase shares of Series A (together with the corresponding tZERO Token) pursuant to purchases effected through any Designated Exchange or on a private basis at a purchase price equal to or less than the Redemption Price. All such acquired shares of Series A may be made available from the authorized but unissued shares of the Company or from shares held in the Company's treasury and not reserved for some other purpose, in each case subject to the conditions and restrictions, if any, set forth herein, in the Certificate of Incorporation of the Company, or in any other Preferred Stock Designation creating a series of Preferred Stock or any similar stock or as otherwise required by law.

ARTICLE VII. Liquidation Preference

(a) *Liquidation.* In the event of any liquidation, dissolution or winding up of the Company (a "***Liquidation Event***"), holders of shares of Series A shall be entitled to receive, prior and in preference to any distribution of any assets or funds of the Company to other holders of the Company's equity (except for any class or series of Preferred Stock designated to be paid prior to, or concurrently with, the Series A as to payments in liquidation) by reason of their ownership of shares of Series A, an amount per share of Series A (and the tZERO Token corresponding to such share of Series A) for each share of Series A (and corresponding tZERO Token) held by them equal to USD $0.10. If upon a Liquidation Event and after the payment or setting aside for payment to the holders of any class or series of Preferred Stock designated to be paid prior to the Series A, as to a liquidation preference, the assets of the Company lawfully available for distribution to the holders of Series A and any class or series of Preferred Stock designated to be paid concurrently with the Series A, as to a liquidation preference, are insufficient to permit payment in full to all such holders, then the entire assets of the Company legally available for distribution shall be distributed with equal priority and *pro rata* among the holders of Series A and holders of any class or series of Preferred Stock designated to be paid concurrently with the Series A, as to a liquidation preference, ratably and proportion to the full amounts they would otherwise be entitled to receive.

(b) *Merger, Consolidation and Sale of Assets Not Liquidation.* For purposes of this Article VII, the merger or consolidation of the Company with any other company, including a merger in which the holders of Series A receive cash or property for their shares (and corresponding tZERO Tokens), or the sale of all or substantially all of the assets of the Company, or any other change of control of the Company shall not constitute a Liquidation Event and holders of the Series A shall have no preferential rights connected therewith except to the extent required by applicable law.

ARTICLE VIII. Voting Rights and Powers

Except as otherwise required by Delaware law, the Series A do not have voting rights or powers.

ARTICLE IX. Miscellaneous

(a) *Information Rights*. The holders of the Series A shall have the right receive all reports, notices and other information delivered to the holders of the Common Stock, at the same time and in the same manner as the holders of the Common Stock and have such information rights as are provided by Delaware law.

(b) *Exclusion of Other Rights*. Except as may otherwise by required by law, the Series A shall not have any rights, preferences, powers, restrictions and limitations other than those specifically set forth in this Certificate of Designation (as such Certificate of Designation may be amended from time to time). The Series A shall have no preemptive or subscription rights.

(c) *Headings*. The headings of the various articles, sections and subsections hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

(d) *Severability of Provisions*. If any rights, preferences, powers or restrictions or limitations of the Series A set forth herein are found to be invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other rights, preferences, powers, restrictions and limitations of the Series A set forth herein which can be given effect without the invalid, unlawful or unenforceable rights, preferences, powers and restrictions and limitations thereof shall, nevertheless, remain in full force and effect and no rights, preferences, powers, restrictions and limitations of the Series A set forth shall be deemed dependent upon any other rights, preferences, powers or restrictions and limitations of the Series A unless so expressed herein.

(e) *Transfer Agent, Registrar, Paying Agent and Exchange*. The Company may at any time appoint, or itself act as, a transfer agent, registrar and paying agent for the Series A. The Company may appoint a successor to any one or more of such roles (and may remove any such successor in accordance with any agreement with such successor and appoint a new successor). Upon any such removal or appointment, the Company shall provide notice to the holders of the Series A. To the fullest extent permitted by applicable law, the Company and any transfer agent may deem and treat the holder of any share of Series A, as recorded on the Company's share register, as the true and lawful owner thereof for all purposes.

The Company may at any time designate, or itself create, a Designated Exchange.

(f) *Taxes*. All payments and distributions (or deemed distributions) on the Series A (and the corresponding tZERO Tokens) shall be subject to withholding and backup withholding of tax to the extent required by law, and such amounts withheld, if any, shall be treated as received by the holders of Series A.

(g) *Notices*. Except an otherwise set forth herein, to the fullest extent permitted by law, all notices provided by the Company to holders of the Series A (and the corresponding tZERO Tokens) hereunder shall be delivered by a notice sent to such holders by posting such notice to the Company website: https://tzero.com/, or by such other manner as may be permitted in the Company's Certificate of Incorporation of Bylaws. If at any time notices provided for as set forth in the preceding sentence are not sufficient to constitute notice under applicable law, notice shall be provided by any other means legally permitted at such time.

ARTICLE X. Amendment

This Certificate of Designation may be altered, amended or repealed at any annual or special stockholders' meeting, or otherwise as may be permitted by the Company's Certificate of Incorporation and Bylaws, by an affirmative vote of a majority of all outstanding shares of Series A and such other vote as may be required by applicable law.

IN WITNESS WHEREOF, I have signed this Certificate of Designation on behalf of tZERO Group, Inc., this 12th day of October, 2018.

tZERO Group, Inc.

By: _____

Name: Ralph A. Daiuto, Jr.

Title: Chief Operating Officer and General Counsel

– ANNEX A-1 –

FORM OF AMENDMENT TO CERTIFICATE OF DESIGNATION OF PREFERRED EQUITY TOKENS, SERIES A

AMENDMENT NO. 1 TO CERTIFICATE OF DESIGNATION
OF
PREFERRED EQUITY TOKENS, SERIES A
OF
tZERO GROUP, INC.

(Pursuant to Section 151 of the General Corporation Law of the State of Delaware)

tZERO Group, Inc., a corporation organized and existing under the General Corporation Law (the "***DGCL***") of the State of Delaware (hereinafter, the "**Company**"), DOES HEREBY CERTIFY:

FIRST: This Amendment No. 1 to the Certificate of Designation of Preferred Equity Tokens, Series A shall be effective as of the time of filing by the Delaware Secretary of State.

SECOND: The following resolution was duly adopted by the Board of Directors of the Corporation (or a duly authorized committee thereof) as required by Section 151 of the DGCL.

THIRD: The Corporation and holders of at least a majority of the outstanding shares of Common Stock and Preferred Equity Tokens, Series A have approved this amendment.

NOW, THEREFORE, BE IT RESOLVED, that a new Article XI is hereby added to the Certificate of Designation as follows:

"ARTICLE XI. Conversion

(a) *Mandatory Exchange and Conversion*. Immediately upon the filing and effectiveness of this Certificate of Amendment with the Secretary of State of the State of Delaware (the "***Effective Time***"), automatically and without further action on the part of the holders of the Series A, each issued and outstanding share of Series A as of immediately prior to the Effective Time shall be reclassified and converted into three (3) validly issued, fully paid, and non-assessable shares of Series B Preferred Stock of the Corporation (the "***Series B Preferred Stock***") (the "***Conversion***").

(b) *Mechanics of Exchange and Conversion*. Upon the Conversion, the Series A and the corresponding tZERO Tokens shall no longer be outstanding and the Company will promptly update its register of stockholders to reflect the shares of Series B Preferred Stock issued as a result of the Conversion. Following the Conversion, the Company may not reissue any shares of Series A or tZERO Tokens or issue additional shares of Series A or tZERO Tokens."

IN WITNESS WHEREOF, the undersigned has executed this Amendment No. 1 to Certificate of Designation of Preferred Equity Tokens, Series A of tZERO Group, Inc. on this [●] day of [●], 2026.

tZERO GROUP, INC.

By: _____
Name:
Title:

– ANNEX B –

CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS OF SERIES B PREFERRED STOCK OF TZERO GROUP, INC.

State of Delaware
Secretary of State
Division of Corporations
Delivered 02:26 PM 02/22/2022
FILED 02:26 PM 02/22/2022
SR 20220641249 - File Number 7081083

CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS OF SERIES B PREFERRED STOCK OF tZERO GROUP, INC.

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

The undersigned DOES HEREBY CERTIFY that the following resolution was duly adopted by the Board of Directors (the "**Board**") of tZERO Group, Inc., a Delaware corporation (the "**Corporation**"), with the preferences and rights set forth therein relating to dividends, liquidations, and distribution of assets of the Corporation having been fixed by the Board pursuant to authority granted to it under the Corporation's Certificate of Incorporation and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware:

RESOLVED: that, pursuant to authority conferred upon the Board of Directors by the Certificate of Incorporation of the Corporation (inclusive of this Certificate of Designation, the "**Certificate of Incorporation**"), the Board hereby designates and authorizes the issuance of up to 136,463,102 shares of Series B Preferred Stock, par value $0.01 per share, of the Corporation, and hereby fixes the relative rights, powers, preferences, and privileges, as follows:

1. Designation and Rank; Certificate

1.1 The designation of this series, which consists of 136,463,102 shares of preferred stock, par value $0.01 per share, is the "Series B Preferred Stock" (the "**Series B Preferred Stock**").

1.2 Each share of Series B Preferred Stock shall be identical in all respects to every other share of Series B Preferred Stock. The Series B Preferred Stock rank, with respect to the dividend rights, liquidation preferences, and the distribution of assets, (i) senior to all classes of the Company's common stock (the "**Common Stock**"), (ii) junior to the Company's Series A Preferred Equity Tokens, par value $0.01 per share (the "**Series A Preferred Equity Tokens**"), and (iii) senior to any class or series of Preferred Stock established on or after the date of issuance of the Series B Preferred Stock, except for any class or series of Preferred Stock designated as senior to the Series B Preferred Stock (collectively, "**New Preferred Stock**"), in accordance with the Certificate of Incorporation, in which case, such newly-designated class or series of Preferred Stock shall rank as so designated.

1.3 The Corporation shall not be required to issue certificates representing any shares of Series B Preferred Stock.

2. Dividends.

For so long as any Series B Preferred Stock remain issued and outstanding, other than dividends on shares of Series A Preferred Equity Tokens that have been approved by the Board in accordance with the Certificate of Designation with respect to such Series A Preferred Equity Tokens, the Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation unless (in addition to the obtaining of any consents required elsewhere in the Certificate of Incorporation) the holders of the Series B Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series B Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series B Preferred Stock as would equal the product of (A) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of Series B Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (ii) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series B Preferred Stock determined by (A) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (B) multiplying such fraction by an amount equal to the Series B Original Issue Price (as defined below); provided, that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Series B Preferred Stock pursuant to this Section 2 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Series B Preferred Stock dividend. The "**Series B Original Issue Price**" shall mean $0.5497 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B Preferred Stock.

3. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

3.1 Preferential Payments to Holders of Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, or Deemed Liquidation Event (as defined below), the holders of shares of Series B Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, and in the event of a Deemed Liquidation Event (as defined below), the shares of Series B Preferred Stock then outstanding shall be cancelled and exchanged for the right by holders of shares of Series B Preferred Stock to be paid out of the consideration payable to stockholders before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (i) one and one-quarter (1.25) times the Series B Original Issue Price, plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of Series B Preferred Stock been converted into Common Stock pursuant to Section 5 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Liquidation Amount**"). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series B Preferred Stock the full amount to which they shall be entitled under this Section 3.1, the holders of shares of Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to

the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

3.2 Payments to Holders of Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, or Deemed Liquidation Event (as defined below), after the payment in full of all Liquidation Amounts required to be paid to the holders of shares of Preferred Stock, the remaining assets of the Corporation available for distribution to its stockholders or, in the case of a Deemed Liquidation Event, the consideration not payable to the holders of shares of Preferred Stock pursuant to Section 3.1, shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares held by each such holder.

3.3 Deemed Liquidation Events.

3.3.1 Definition. Each of the following events shall be considered a "**Deemed Liquidation Event**":

(a) a merger or consolidation in which the Corporation is a constituent party or a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

(b) (1) the sale, lease, transfer, exclusive license or other encumbrance or disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all of the business, assets, technology, or material intellectual property of the Corporation and its subsidiaries taken as a whole, (2) the transfer of capital stock or other transaction or series of transactions in which the stockholders of the Corporation immediately prior to such transaction or series of transactions do not own and control a majority, by voting power, of the capital stock of the Corporation (except for sales of capital stock primarily for bona fide financing purposes), or (3) the sale or disposition (whether by merger, consolidation or otherwise, and whether in a single transaction or a series of related transactions) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation; provided, however, that in the event of a lease, exclusive license or similar transaction described in this Section 3.3.1(b) to a party that is not a wholly-owned subsidiary of the Corporation that does not constitute a sale or transfer, such event shall be considered a Deemed Liquidation Event unless the holders of a majority of the outstanding shares of Series B Preferred Stock (the "**Requisite Holders**") elect otherwise by written notice sent to the Corporation at least ten (10) days prior the effective date of any such event.

3.3.2 Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event unless the agreement or plan of merger or consolidation or purchase agreement

for such transaction (the "**Merger/Purchase Agreement**") provides that the consideration payable to the stockholders of the Corporation in such Deemed Liquidation Event shall be paid to the holders of capital stock of the Corporation in accordance with Subsections 3.1 and 3.2.

3.3.3 Amount Deemed Paid or Distributed. The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, lease, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board, including the approval of the Series B Director.

3.3.4 Allocation of Escrow and Contingent Consideration. In the event of a Deemed Liquidation Event, if any portion of the consideration payable to the stockholders of the Corporation is payable only upon satisfaction of contingencies (the "**Additional Consideration**"), the Merger/Purchase Agreement shall provide that (a) the portion of such consideration that is not Additional Consideration (such portion, the "**Initial Consideration**") shall be allocated among the holders of capital stock of the Corporation in accordance with Sections 3.1 and 3.2 as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation Event; and (b) any Additional Consideration which becomes payable to the stockholders of the Corporation upon satisfaction of such contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Sections 3.1 and 3.2 after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this Section 3.3.4, consideration placed into escrow or retained as a holdback to be available for satisfaction of indemnification or similar obligations in connection with such Deemed Liquidation Event shall be deemed to be Additional Consideration.

4. Voting.

4.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Series B Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Series B Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the provisions of the Certificate of Incorporation, holders of Series B Preferred Stock shall vote together with the holders of Common Stock as a single class and on an as-converted to Common Stock basis.

4.2 Election of Directors. The holders of record of the shares of Series B Preferred Stock, exclusively and as a separate class, shall be entitled to elect one (1) director of the Corporation (the "**Series B Director**"). Any director elected as provided in the preceding sentence may be removed without cause by, and only by, the affirmative vote of the holders of Series B Preferred Stock, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders, voting as a separate class. If the holders of shares of Series B Preferred Stock fail to elect a director for which they are entitled, voting exclusively and as a separate class, pursuant to the first sentence of this Subsection 4.2, then any directorship not so filled shall remain vacant until such time as the holders of the Series B Preferred Stock elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the holders of the Series B Preferred Stock, voting exclusively and as a separate class. The holders of record of the shares of Common Stock and of any other class or series of voting stock (other than the Series B Preferred

Stock), exclusively and voting together as a single class, shall be entitled to elect the balance of the total number of directors of the Corporation. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director. Except as otherwise provided in this Subsection 4.2, a vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series or by any remaining director or directors elected by the holders of such class or series pursuant to this Subsection 4.2.

4.3 Series B Preferred Stock Protective Provisions. For so long as at least 31,844,058 shares of Series B Preferred Stock remain outstanding (as equitably adjusted for stock splits, stock combinations, stock dividends, recapitalizations, and the like), the Corporation for itself and each of its subsidiaries (which shall be deemed included in the defined term "Company" for purposes of the matters set forth in this Section 4.3 where applicable) shall not, either directly or indirectly by amendment, merger, consolidation, recapitalization, reclassification or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the Requisite Holders given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

(a) liquidate, dissolve or wind-up the business and affairs of the Corporation or any subsidiary of the Corporation, or consent to any of the foregoing;

(b) other than pursuant to an arm's length commercial transaction in the ordinary course of business or a transaction among the Corporation and/or one of its subsidiaries on the one hand, and a subsidiary of the Corporation on the other hand, sell, lease, transfer, exclusive license or other encumber or dispose of, in a single transaction or series of related transactions, of any material technology or intellectual property of the Corporation;

(c) amend, alter, or repeal any provision of the Certificate of Incorporation (or any Certificate of Designation, including the Certificate of Designation with respect to the Series A Preferred Equity Tokens), or Bylaws of the Corporation in a manner that materially and adversely affects the powers, preferences, or rights of the Series B Preferred Stock disproportionately relative to any other class(es) or series of securities, including the Series A Preferred Equity Tokens;

(d) create, or authorize the creation of, or issue or obligate itself to issue shares of, or increase the authorized shares of, any additional securities (including any New Preferred Stock, digital securities, tokens, or the like) or class or series of capital stock unless the same ranks junior to or *pari passu* with the Series B Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption, preferences and privileges, or increase or decrease the authorized number of shares of Series B Preferred Stock, or increase the authorized number of shares of any additional securities or class or series of capital stock of the Corporation unless the same ranks junior to, or *pari passu* with, the Series B Preferred Stock with respect to its rights, preferences and privileges, including the distribution of assets on liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption;

(e) reclassify, alter or amend any existing security of the Corporation that is junior to, or *pari passu* with, the Series B Preferred Stock in respect of its rights, preferences

and privileges, including the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series B Preferred Stock in respect of any such right, preference or privilege;

(f) purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) redemptions of or dividends or distributions on the Series B Preferred Stock as expressly authorized herein, (ii) redemptions or repurchases of the Series A Preferred Equity Tokens (whether in open market transactions or otherwise) or dividends on the Series A Preferred Equity Tokens, in each case, as approved by the Board, including the Series B Director, (iii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock, or (iv) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the lower of the original purchase price or the then-current fair market value thereof;

(g) create, or authorize the creation of, or issue, or authorize the issuance of any debt security or create any loan, lien or security interest (except for purchase money liens or statutory liens of landlords, mechanics, materialmen, workmen, warehousemen and other similar persons arising or incurred in the ordinary course of business) or incur other indebtedness for borrowed money, including but not limited to obligations and contingent obligations under guarantees, or permit any subsidiary to take any such action with respect to any debt security lien, security interest or other indebtedness for borrowed money (other than equipment leases or trade payables incurred in the ordinary course) when after giving effect to such debt, the aggregate debt of the Corporation and its subsidiaries would exceed $10,000,000;

(h) make any loan or advance to any entity or Person, including stockholders of the Corporation, except for (i) wholly-owned subsidiaries of the Corporation and (ii) loans or advances made to employees or directors (x) in the ordinary course of business and for amounts that are not material or (y) approved by the majority of the disinterested members of the Board;

(i) enter into or be a party to any transaction with any director, officer or employee of the Corporation or any "associate" (as defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934) of any such person except for transactions which are both in the nature of compensation or bonus transactions and approved by a majority of the disinterested members of the Board (including the Series B Director);

(j) after the date of filing of this Certificate of Designation with respect to Series B Preferred Stock, create, or acquire capital stock or equity interests in, any subsidiary that is not wholly owned or controlled (either directly or through one or more other subsidiaries) by the Corporation, or permit any subsidiary to create, or authorize the creation of, or issue or obligate itself to issue, any shares of any class or series of capital stock or any equity interests (other than those issued to the Corporation), or sell, transfer or otherwise dispose of any capital stock or equity interests of any direct or indirect subsidiary of the Corporation, or permit any direct or indirect subsidiary to sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets or material intellectual property assets of such subsidiary to a party that is not a wholly-owned subsidiary of the Corporation;

(k) increase the authorized number of directors constituting the Board above seven (7), change the number of votes entitled to be cast by any director or directors on any matter, or adopt any provision inconsistent with Section 4.1 or 4.2; and

(l) issue shares of Common Stock or any other class of securities of the Corporation convertible into Common Stock for a consideration per share less than the Series B Original Issue Price;

provided, however, that in the case of clause (l), the written consent or affirmative vote of the holders of at least 90% of the outstanding shares of Series B Preferred Stock given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, shall be required; and provided, further, that any such approved issuance shall be subject to the terms of Section 5.4.

5. Optional Conversion.

The holders of the Series B Preferred Stock shall have conversion rights as follows (the "**Conversion Rights**"):

5.1 Right to Convert.

5.1.1 Conversion Ratio. Each share of Series B Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Series B Original Issue Price by the Series B Conversion Price (as defined below) in effect at the time of conversion. The **"Series B Conversion Price"** shall initially be equal to $0.5497. Such initial Series B Conversion Price, and the rate at which shares of Series B Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

5.1.2 Termination of Conversion Rights. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at 5 p.m., New York City time on the fifth day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Series B Preferred Stock; provided that the foregoing termination of Conversion Rights shall not affect the amount(s) otherwise paid or payable in accordance with Section 3.1 to holders of Series B Preferred Stock pursuant to such liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event.

5.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series B Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the number of shares of Common Stock to be issued upon conversion of the Series B Preferred Stock rounded up to the nearest whole share.

5.3 Mechanics of Conversion.

5.3.1 Notice of Conversion. In order for a holder of Series B Preferred Stock to voluntarily convert shares of Series B Preferred Stock into shares of Common Stock, such holder shall (a) provide written notice to the Corporation's transfer agent at the office of the transfer agent for the Series B Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent) that such holder elects to convert all or any number of such holder's

shares of Series B Preferred Stock and, if applicable, any event on which such conversion is contingent and (b), if such holder's shares are certificated, surrender the certificate or certificates for such shares of Series B Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Series B Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent). Such notice shall state such holder's name or the names of the nominees in which such holder wishes the shares of Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. 5 p.m., New York City time on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such notice and, if applicable, certificates (or lost certificate affidavit and agreement) shall be the time of conversion (the "**Conversion Time**"), and the shares of Common Stock issuable upon conversion of the specified shares shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time, (i) issue and deliver to such holder of Series B Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and a certificate for the number (if any) of the shares of Series B Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, and (ii) pay all declared but unpaid dividends on the shares of Series B Preferred Stock converted in cash.

5.3.2 Reservation of Shares. The Corporation shall at all times when the Series B Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Series B Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Series B Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series B Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to the Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the Series B Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Series B Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Series B Conversion Price.

5.3.3 Effect of Conversion. All shares of Series B Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor and to receive payment of any dividends declared but unpaid thereon. Any shares of Series B Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series B Preferred Stock accordingly.

5.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the Series B Conversion Price shall be made for any declared but unpaid dividends on the Series B Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

5.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Series B Preferred Stock pursuant to this Section 5. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Series B Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

5.4 Adjustments to Series B Conversion Price for Diluting Issues.

5.4.1 Special Definitions. For purposes of this Section 5, the following definitions shall apply:

(a) "**Option**" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(b) "**Series B Original Issue Date**" shall mean the date on which the first share of Series B Preferred Stock was issued.

(c) "**Convertible Securities**" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(d) "**Additional Shares of Common Stock**" shall mean all shares of Common Stock issued (or, pursuant to Subsection 5.4.3 below, deemed to be issued) by the Corporation after the Series B Original Issue Date, other than (1) the following shares of Common Stock and (2) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (1) and (2), collectively, "**Exempted Securities**"):

(i) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on Series B Preferred Stock;

(ii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 5.5, 5.6, 5.7 or 5.8;

(iii) shares of Common Stock, Options or Convertible Securities issued to employees, officers, directors, agents or vendors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board;

(iv) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security;

(v) shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board;

(vi) shares of Common Stock, Options or Convertible Securities issued to suppliers or third party service providers in connection with the provision of goods or services pursuant to transactions approved by the Board;

(vii) shares of Common Stock, Options or Convertible Securities issued as acquisition consideration pursuant to the acquisition of another entity by the Corporation by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement, provided, that such issuances are approved by the Board; or

(viii) shares of Common Stock, Options or Convertible Securities issued in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships approved by the Board.

5.4.2 No Adjustment of Series B Conversion Price. No adjustment in the Series B Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the Requisite Holders agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

5.4.3 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the Series B Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Series B Conversion Price pursuant to the terms of Subsection 5.4.4, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Series B Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be

readjusted to such Series B Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing the Series B Conversion Price to an amount which exceeds the lower of (i) the Series B Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the Series B Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Series B Conversion Price pursuant to the terms of Subsection 5.4.4 (either because the consideration per share (determined pursuant to Subsection 5.4.5) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Series B Conversion Price then in effect, or because such Option or Convertible Security was issued before the Series B Original Issue Date), are revised after the Series B Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 5.4.3(a) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Series B Conversion Price pursuant to the terms of Subsection 5.4.4, the Series B Conversion Price shall be readjusted to such Series B Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Series B Conversion Price provided for in this Subsection 5.4.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 5.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Series B Conversion Price that would result under the terms of this Subsection 5.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Series B Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

5.4.4 Adjustment of Series B Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Series B Original Issue Date and prior to the fifth anniversary of thereof, issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 5.4.3), without consideration or for a consideration per share less than the Series B Conversion Price in effect immediately prior to such issuance or deemed issuance, then, subject to the last sentence of this Section 5.4.4, the Series B Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$CP_2 = CP_1 * (A + B) \div (A + C)$.

For purposes of the foregoing formula, the following definitions shall apply:

(a) "CP_2" shall mean the Series B Conversion Price in effect immediately after such issuance or deemed issuance of Additional Shares of Common Stock

(b) "CP_1" shall mean the Series B Conversion Price in effect immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock;

(c) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issuance or deemed issuance or upon conversion or exchange of Convertible Securities (including the Series B Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(d) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued or deemed issued at a price per share equal to CP_1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP_1); and

(e) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

Notwithstanding the foregoing, in no event shall the Series B Conversion Price be adjusted, for purposes of calculating "CP_2" above, to an amount that is less than seventy-five percent (75%) of the initial Series B Conversion Price (taking into account any equitable adjustments for any prior adjustment to the Series B Conversion Price).

5.4.5 Determination of Consideration. For purposes of this Subsection 5.4, the consideration received by the Corporation for the issuance or deemed issuance of any Additional Shares of Common Stock shall be computed as follows:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board; and

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 5.4.3, relating to Options and Convertible Securities, shall be determined by dividing:

(i) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

5.5 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Series B Original Issue Date effect a subdivision of the outstanding Common Stock, the Series B Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Series B Original Issue Date combine the outstanding shares of Common Stock, the Series B Conversion Price in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

5.6 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series B Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Series B Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Series B Conversion Price then in effect by a fraction:

(a) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(b) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing, (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series B Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series B Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of Series B Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Series B Preferred Stock had been converted into Common Stock on the date of such event.

5.7 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series B Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 2 do not apply to such dividend or distribution, then and in each such event the holders of Series B Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Series B Preferred Stock had been converted into Common Stock on the date of such event.

5.8 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 3.3, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Series B Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 5.4, 5.6 or 5.7), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Series B Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of Series B Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board) shall be made in the application of the provisions in this Section 5 with respect to the rights and interests thereafter of the holders of the Series B Preferred Stock, to the end that the provisions set forth in this Section 5 (including provisions with respect to changes in and other adjustments of the Series B Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Series B Preferred Stock.

5.9 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Series B Conversion Price pursuant to this Section 5, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than twenty (20) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series B Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the Series B Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Series B Preferred Stock (but in any event not later than twenty (20) days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the Series B Conversion Price then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of Series B Preferred Stock.

5.10 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Series B Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation, then, and in each such case, the Corporation will send or cause to be sent to the holders of the Series B Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Series B Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Series B Preferred Stock and the Common Stock. Such notice shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice.

6. Mandatory Conversion.

6.1 Trigger Events. Upon either (a) the closing of the sale of shares of Common Stock to the public in a firm-commitment underwritten public offering or direct public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, and in connection with such offering the Common Stock is listed for trading on the Nasdaq Stock Market's National Market, the New York Stock Exchange or another exchange or marketplace approved the Board; provided, that such exchange or marketplace for listing has been approved in advance by the Series B Director (such approval not to be unreasonably withheld, conditioned or delayed), (b) the closing of a merger with a publicly traded special purpose acquisition vehicle ("**SPAC**") approved in advance by the Board; provided, that the identity of the SPAC sponsor and target

company has been approved by the Series B Director (such approval not to be unreasonably withheld, conditioned or delayed), or (c) the date and time, or the occurrence of an event, specified by vote or written consent of the Requisite Holders (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Mandatory Conversion Time**"), then (i) all outstanding shares of Series B Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate as calculated pursuant to Section 5.1.1, and (ii) such shares may not be reissued by the Corporation.

6.2 Procedural Requirements. All holders of record of shares of Series B Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Series B Preferred Stock pursuant to this Section 6. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Series B Preferred Stock in certificated form shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Series B Preferred Stock converted pursuant to Subsection 6.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender the certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of their certificate or certificates (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 6.2. As soon as practicable after the Mandatory Conversion Time and, if applicable, the surrender of any certificate or certificates (or lost certificate affidavit and agreement) for Series B Preferred Stock, the Corporation shall (a) issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof, and (b) pay in cash any declared but unpaid dividends on the shares of Series B Preferred Stock as converted. Such converted Series B Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series B Preferred Stock accordingly.

7. Redeemed or Otherwise Acquired Shares. Any shares of Series B Preferred Stock that are redeemed, converted or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Series B Preferred Stock following redemption, conversion or acquisition.

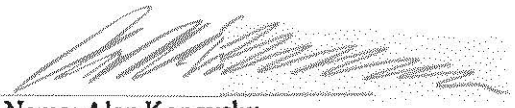
8. Waiver. Any of the rights, powers, preferences and other terms of the Series B Preferred Stock set forth herein may be waived on behalf of all holders of Series B Preferred Stock by the affirmative written consent or vote of the Requisite Holders.

9. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Series B Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication

in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Designation on behalf of tZERO Group, Inc., this 22nd day of February, 2022.

TZERO GROUP, INC.

By 

Name: Alan Konevsky
Title: Interim Chief Executive Officer and
Chief Legal Officer

State of Delaware
Secretary of State
Division of Corporations
Delivered 02:27 PM 08/22/2022
FILED 02:27 PM 08/22/2022
SR 20223325109 - File Number 7081083

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS
OF
SERIES B PREFERRED STOCK
OF
tZERO GROUP, INC.

Pursuant to Section 151(g) of the
General Corporation Law of the State of Delaware

The undersigned DOES HEREBY CERTIFY that the following resolutions to amend the Certificate of Designation authorizing the Series B Preferred Stock of tZERO Group, Inc., a Delaware corporation (the "**Corporation**") were duly adopted by the Board of Directors of the Corporation (the "**Board**") in accordance with the provisions of Section 151(g) of the General Corporation Law of the State of Delaware:

RESOLVED: that, pursuant to authority conferred upon the Board of Directors by the Certificate of Incorporation of the Corporation, the total number of authorized shares of the Corporation's preferred stock, par value $0.01 per share, designated as "Series B Preferred Stock" pursuant to Section 1.1 of the Certificate of Designation, Preferences and Rights filed with the Delaware Secretary of State on February 22, 2022 (the "**Series B Certificate of Designation**") be, and it hereby is, increased from 136,463,102 to 141,383,872 shares; and

RESOLVED, FURTHER: that the designations, powers, preferences, and relative rights and qualifications, limitations or restrictions of the Series B Preferred Stock set forth in the Series B Certificate of Designation shall remain as set forth in the Series B Certificate of Designation, subject to the increase in the number of shares of Series B Preferred Stock set forth above.

This Certificate of Amendment to Certificate of Designation has been duly adopted by the Board in accordance with the provisions of Section 151(g) of the General Corporation Law of the State of Delaware.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment to Certificate of Designation on behalf of tZERO Group, Inc., this 22nd day of August, 2022.

tZERO GROUP, INC.

By: DocuSigned by: David Goone 9B20EF66DD1E4B7...

Name: David Goone

Title: Chief Executive Officer

DS ak

tZERO Group LEGAL

- ANNEX B-1 -

PROPOSED AMENDMENT TO CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS OF SERIES B PREFERRED STOCK
OF
TZERO GROUP, INC.

AMENDMENT NO. 2 TO CERTIFICATE OF DESIGNATION,
PREFERENCES AND RIGHTS
OF
SERIES B PREFERRED STOCK
OF
tZERO GROUP, INC.

(Pursuant to Section 151 of the General Corporation Law of the State of Delaware)

tZERO Group, Inc., a corporation organized and existing under the General Corporation Law (the "***DGCL***") of the State of Delaware (hereinafter, the "**Company**"), DOES HEREBY CERTIFY:

FIRST: This Amendment No. 2 to the Certificate of Designation, Preferences and Rights of Series B Preferred Stock shall be effective as of the time of filing by the Delaware Secretary of State.

SECOND: The Board of Directors of the Corporation (or a duly authorized committee thereof) as required by under the DGCL have approved this Amendment No. 2.

THIRD: The Corporation and holders of a majority of the outstanding shares of Series B Preferred Stock have approved this amendment.

NOW, THEREFORE, BE IT,

RESOLVED, that Section 1.1 is hereby amended and restated in its entirety as follows:

1.1 The designation of this series, which consists of 210,000,000 shares of preferred stock, par value $0.01 per share, is the "Series B Preferred Stock" (the "**Series B Preferred Stock**").

FURTHER RESOLVED, that Section 4.3 is hereby amended and restated in its entirety as follows:

4.3 Series B Preferred Stock Protective Provisions. For so long as at least 31,844,058 shares of Series B Preferred Stock remain outstanding (as equitably adjusted for stock splits, stock combinations, stock dividends, recapitalizations, and the like), the Corporation for itself and each of its subsidiaries (which shall be deemed included in the defined term "Company" for purposes of the matters set forth in this Section 4.3 where applicable) shall not, either directly or indirectly by amendment, merger, consolidation, recapitalization, reclassification or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the Series B Director or, if one is not appointed pursuant to the foregoing at the relevant time, the Requisite Holders given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

(a) liquidate, dissolve or wind-up the business and affairs of the Corporation, or consent to any of the foregoing;

(b) other than pursuant to an arm's length commercial transaction in the ordinary course of business or a transaction among the Corporation and/or one of its subsidiaries on the one hand, and a subsidiary of the Corporation on the other hand, sell, lease, transfer, exclusive license or other encumber or dispose of, in a single transaction or series of related transactions, of any technology or intellectual property of the Corporation, in each case having a value in excess of $50,000,000;

(c) amend, alter, or repeal any provision of the Certificate of Incorporation (or any Certificate of Designation, including the Certificate of Designation with respect to the Series A Preferred Equity Tokens), or Bylaws of the Corporation in a manner that materially and adversely affects the powers, preferences, or rights of the Series B Preferred Stock disproportionately relative to any other class(es) or series of securities, including the Series A Preferred Equity Tokens;

(d) create, or authorize the creation of, or issue or obligate itself to issue shares of, or increase the authorized shares of, any additional securities (including any New Preferred Stock, digital securities, tokens, or the like) or class or series of capital stock unless the same ranks junior to or *pari passu* with the Series B Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption, preferences and privileges, or increase or decrease the authorized number of shares of Series B Preferred Stock, or increase the authorized number of shares of any additional securities or class or series of capital stock of the Corporation unless the same ranks junior to, or *pari passu* with, the Series B Preferred Stock with respect to its rights, preferences and privileges, including the distribution of assets on liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption;

(e) reclassify, alter or amend any existing security of the Corporation that is junior to, or *pari passu* with, the Series B Preferred Stock in respect of its rights, preferences and privileges, including the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series B Preferred Stock in respect of any such right, preference or privilege;

(f) purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) redemptions of or dividends or distributions on the Series B Preferred Stock as expressly authorized herein, (ii) redemptions or repurchases of the Series A Preferred Equity Tokens (whether in open market transactions or otherwise) or dividends on the Series A Preferred Equity Tokens, in each case, as approved by the Board, including the Series B Director, (iii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock, or (iv) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the lower of the original purchase price or the then-current fair market value thereof;

(g) create, or authorize the creation of, or issue, or authorize the issuance of any debt security or create any loan, lien or security interest (except for purchase money liens or statutory liens of landlords, mechanics, materialmen, workmen, warehousemen and other similar persons arising or incurred in the ordinary course of business) or incur other indebtedness for borrowed money, including but not limited to obligations and contingent obligations under guarantees, or permit any subsidiary to take any such action with respect to any debt security lien, security interest or other indebtedness for borrowed money (other than equipment leases or trade payables incurred in the ordinary course) when after giving effect to such debt, the aggregate debt of the Corporation and its subsidiaries would exceed $25,000,000;

(h) make any loan or advance to any entity or Person, including stockholders of the Corporation, except for (i) wholly-owned subsidiaries of the Corporation and (ii) loans or advances made to employees or directors (x) in the ordinary course of business and for amounts that are not material or (y) approved by the majority of the disinterested members of the Board;

(i) enter into or be a party to any transaction with any director, officer or employee of the Corporation or any "associate" (as defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934) of any such person except for transactions which are both in the nature of compensation or bonus transactions and/or approved by a majority of the disinterested members of the Board (including the Series B Director); and

(j) change the number of votes entitled to be cast by any director or directors on any matter, or adopt any provision inconsistent with Section 4.1 or 4.2.

Signature page follows

IN WITNESS WHEREOF, the undersigned has executed this Amendment No. 2 to Certificate of Designation, Preferences and Rights of Series B Preferred Stock of tZERO Group, Inc. on this [●] day of [●], 2026.

tZERO GROUP, INC.

By: _____
Name:
Title:

– ANNEX C –

DISCLOSURE STATEMENT

tZERO Group, Inc.

Disclosure Statement

April 7, 2026

*tZERO Group, Inc., a Delaware corporation ("**tZERO**," the "**Company**," the "**Issuer**," "**we**," "**our**," and "**us**"), is providing the following disclosure statement (this "**Disclosure Statement**") solely to you, a holder of our Preferred Equity Tokens, Series A, par value $0.01 per share ("**TZROP**"), in connection with, and as Annex C to, the Consent Solicitation Statement (the "**Consent Solicitation Statement**") furnished to you by the Company to solicit your consent with respect to a proposed amendment to the TZROP Certificate of Designation (the "**Certificate of Designation**") relating to the exchange and conversion of shares of TZROP into shares of our Series B Preferred Stock, par value $0.01 per share ("**Series B Preferred Stock**"). This Disclosure Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities. You should assume the information contained in this Disclosure Statement is accurate only as of the date hereof. Our business, results of operations, or financial condition may have changed since that date. This Disclosure Statement is confidential and may not be reproduced or disseminated without the prior written consent of tZERO.*

Exact name of the Issuer, any predecessor entities, and their states of incorporation:	tZERO Group, Inc., a Delaware corporation (preceded by tØ.com, Inc., a Utah corporation, which was preceded by Medici, Inc., a Utah corporation)
Address of the Issuer's principal executive offices:	10 West Broadway, Suite 700, Salt Lake City, UT 84101
Exact title and class of the security that is the subject of the Consent Solicitation Statement:	Preferred Equity Tokens, Series A, par value $0.01 per share
Total amount of TZROP outstanding as of the end of the Issuer's most recent fiscal year and as of the date hereof:	As of December 31, 2025, there were 21,152,297 shares of TZROP issued and outstanding. As of the date hereof, there are 26,228,711 shares of TZROP authorized and 21,152,285 shares issued and outstanding (which is inclusive of 10,000 TZROP that are subject to vesting conditions).
Name of the Issuer's transfer agent for TZROP:	tZERO maintains the shareholder register for TZROP, in its capacity as the Issuer.
Statement of nature of the Issuer's business, products, and services and the nature and extent of the Issuer's facilities:	See the sections of this Disclosure Statement titled "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of tZERO's business and its financial condition and results of operations.
Directors and executive officers of the Issuer:	See the section of this Disclosure Statement titled "Management and Board of Directors" for an overview of tZERO's management. For a description of their beneficial ownership of our common stock, par value $0.01 per share ("**Common Stock**"), TZROP, and Series B Preferred Stock, see the section of the Consent Solicitation Statement titled "Security Ownership of Certain Beneficial Owners and Management."

Financial Statements:	See **Annex A** to this Disclosure Statement for the Company's consolidated financial statements as of and for the years ended December 31, 2025 (unaudited) and December 31, 2024 (audited).
Subsidiaries of the Issuer:	For purposes of this Disclosure Statement, the following summarizes the Company's subsidiaries and their respective roles in connection with TZROP and the matters described herein. tZERO Securities, LLC, f/k/a tZERO ATS, LLC ("***tZERO Securities***"), a broker-dealer registered with the U.S. Securities and Exchange Commission (the "***SEC***") and member of the Financial Industry Regulatory Authority, Inc. ("***FINRA***") and the Securities Investor Protection Corporation ("***SIPC***"), operates an alternative trading system (the "***ATS***") on which the shares of TZROP are quoted for trading. tZERO Securities is an indirect wholly-owned subsidiary of tZERO. tZERO Digital Asset Securities, LLC ("***tZERO Digital***") provides custody, clearing, and settlement services for tokenized securities that trade on the ATS. tZERO Digital is the custodial broker for all shares of TZROP traded on the ATS. tZERO Digital provides digital asset security clearing and custody for the brokerage accounts of its customers holding TZROP. tZERO Digital is an indirect wholly-owned subsidiary of tZERO. tZERO Securities currently charges its customers a trading fee of (i) 1% for all executions of buy and sell orders of securities priced equal to or greater than $3.00 a share, and (ii) $0.03 per share for all executions of buy and sell orders of securities priced less than $3.00 a share, rounded up to the nearest $0.01. In addition to tZERO Securities and tZERO Digital, other subsidiaries of the Issuer include: • tZERO Technologies, LLC ("***tZERO Technologies***"), which provides customizable, white-label solutions that allow issuers to offer capital raising and trading capabilities under their own brand, tokenization services, and Application Programming Interface ("***API***") based connectivity integrations to digital asset market participants; • tZERO Transfer Services, LLC ("***tZERO Transfer***"), which is approved to operate as a transfer agent by the SEC; • tZERO DCO, LLC, which has filed an application with the U.S. Commodity Futures Trading Commission (the "***CFTC***") to acquire a license for a Derivatives Clearing Organization ("***DCO***"); • tZERO DCM, LLC, which has filed an application with the CFTC to acquire a license for a Designated Contract Market ("***DCM***"); • tZERO Introducing Broker, LLC, which has filed an application with the CFTC to acquire a license for an Introducing Broker ("***IB***"); and • tZERO Capital Partners, LLC, an exempt reporting advisor in the state of Utah.

Key Terms Used in this Disclosure Statement:	As used in this Disclosure Statement, unless the context otherwise requires: • "***ATS****"* refers to a regulated alternative trading system, which is an SEC-regulated venue for matching buy and sell orders of its subscribers, including for the trading of tokenized securities; • "***digital asset***" refers to an asset that is issued and/or transferred using distributed ledger or blockchain technology ("distributed ledger technology"), including, but not limited to, so-called "virtual currencies," "coins," and "tokens"; • "***digital asset security***" refers to a digital asset that meets the definition of a "security" under the federal securities laws; and • *"****tokenized security****"* refers to a digital asset security or a conventional uncertificated security where the issuer arranges for a non-controlling digital "courtesy carbon copy" of the security's share registry to be viewable on the blockchain to enhance investor transparency and the ownership experience.

INVESTOR NOTICE

Holders of TZROP should note that investing or trading in TZROP involves substantial risks, including risks associated with tZERO's business and operations, no guarantee of dividends or other returns, costs associated with selling and purchasing, and no assurance of liquidity, which could impact the price of shares of TZROP and an investor's ability to sell, and result in a possible loss of invested capital. Holders are urged to consult a professional advisor regarding any economic, tax, legal, or other consequences of trading TZROP or participating in the consent solicitation described in the Consent Solicitation Statement.

Resale, Transfer, and Withdrawal Restrictions

*TZROP may only be resold on the ATS, which is operated by tZERO Securities. Transfers of TZROP outside of orders submitted to the ATS by a customer subscriber, an ATS-subscribing broker-dealer, or with a broker-dealer that itself maintains an account with an ATS-subscribing broker-dealer on behalf of its customers ("**peer-to-peer transfers**") are not permitted, subject to limited circumstances. tZERO may register peer-to-peer transfers of record ownership of TZROP in limited circumstances, including those that do not constitute "sales" for purposes of securities laws, such as pursuant to a divorce decree, death, gift, or certain corporate actions (and then only following compliance with tZERO's procedures, including delivery of appropriate documentation).*

In order to comply with and manage our obligations under applicable laws and regulations and ensure the security and functionality of TZROP, tZERO may, at any time, prohibit TZROP holders from withdrawing shares of TZROP from their brokerage accounts and holding such shares directly as registered holders of record. When such a prohibition is in effect, tZERO may permit such withdrawals only in extraordinary circumstances and subject to any and all conditions that tZERO may determine.

Tax Consequences

All holders of TZROP should consult their own tax advisors regarding U.S. federal income tax reporting or tax consequences of acquiring, holding, and disposing of TZROP, as well as participating in the consent solicitation described in the Consent Solicitation Statement, in their particular circumstances, and any tax reporting or tax consequences that may arise under the laws of any state, local, or foreign taxing jurisdiction.

No Offer, Solicitation, Investment Advice, or Recommendations

This Disclosure Statement is for informational purposes only and does not constitute an offer to sell, a solicitation to buy, or a recommendation for any security, nor does it constitute an offer to provide investment advisory or other services by tZERO or any of its affiliates, subsidiaries, officers, directors, or employees. No reference to any specific security constitutes a recommendation to buy, sell, or hold that security or any other security. Nothing in this Disclosure Statement shall be considered a solicitation or offer to buy or sell any security, future, option, or other financial instrument or to offer or provide any investment advice or service to any person in any jurisdiction. Nothing contained in this Disclosure Statement constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed in this Disclosure Statement should not be taken as advice to buy, sell, or hold any security. In preparing the information contained in this Disclosure Statement, including the information relating to the proposed amendment to the TZROP Certificate of Designation and the exchange and conversion of TZROP shares into Series B Preferred Stock shares, we have not taken into account the investment needs, objectives, and financial circumstances of any particular investor or holder of TZROP. This information has no regard to the specific investment objectives, financial situation, and particular needs of any specific recipient of this information. Any views expressed in this Disclosure Statement by us were prepared based upon the information available to us at the time such views were written. Changed or additional information could cause such views to change. All information is subject to possible corrections. Information may quickly become unreliable for various reasons, including changes in market conditions or economic circumstances.

Forward-Looking Statements

This Disclosure Statement and the Consent Solicitation Statement contain forward-looking statements. In addition, from time to time, tZERO, its subsidiaries, or its representatives may make forward-looking statements orally

or in writing. These forward-looking statements are based on expectations and projections about future events, which are derived from currently available information. Such forward-looking statements relate to future events or future performance, including financial performance and projections; growth in revenue and earnings; business prospects and opportunities; the effect of any future capital raises or strategic or commercial initiatives; and the outcome of the consent solicitation described in the Consent Solicitation Statement.

You can identify forward-looking statements by those that are not historical in nature, particularly those that use terminology such as "may," "should," "expects," "anticipates," "contemplates," "estimates," "believes," "plans," "projected," "predicts," "potential," or "hopes" or the negative of these or similar terms. However, not all forward-looking statements contain these identifying words. In evaluating these forward-looking statements, you should consider various factors, including, without limitation, those disclosed under the heading "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein. These and other factors may cause actual results to differ materially from any forward-looking statement. Forward-looking statements are only predictions. The forward-looking events discussed in this Disclosure Statement, the Consent Solicitation Statement, and other statements made from time to time by tZERO, its subsidiaries, or their respective representatives may not occur, and actual events and results may differ materially and are subject to risks, uncertainties, and assumptions. In light of these risks, we caution you against relying upon any forward-looking statements contained herein. These forward-looking statements are made only as of the date hereof. tZERO undertakes no obligation, except as may be required by law, to update or revise any forward-looking statement as a result of new information, future events, or otherwise.

BUSINESS

Overview

tZERO operates an innovative, end-to-end infrastructure and technology platform for tokenized security issuance, trading, and custody, available to issuers, financial industry partners, and investors, with pending regulatory approvals and prospective partnerships for expansion into certain non-security tokenized assets and other products. We leverage this platform to offer our regulated infrastructure-as-a-service ("***IaaS***") to institutional market participants who wish to enter the tokenized securities space in a compliant manner.

Our vision is to redefine how capital is raised, traded, and owned by bridging traditional finance and Web3 through compliant, interoperable, and multi-asset digital rails. We are working to achieve six core principles: (1) cross-asset convergence and interoperability in a trading environment that allows investors to transition seamlessly across equities, debt, funds, real world assets ("***RWAs***") and digital assets (including cryptocurrencies) to unlock siloed liquidity and new product/user experiences; (2) global convergence through 24/7 cross-border access and unified, smart-contract-driven infrastructure; (3) user experience convergence from centralized, account-based custody to user self-hosted wallet environments; (4) convergence between Artificial Intelligence ("***AI***"), smart contracts, and on-chain financial services architecture; (5) transparency, efficiency by reducing operational friction, intermediaries, and settlement times; and (6) customization and programmability of financial assets and introduction of utility benefits to develop a richer financial services ecosystem.

We serve three main customer bases: issuers, investors, and institutional markets participants, including other financial services firms, digital asset exchanges and retailers, blockchain protocols, non-U.S. financial firms looking to enter the U.S. markets, fintech platforms, and asset managers. For issuers, we deliver regulated, compliance-forward, and institutional-grade solutions for raising capital, tokenizing securities, and accessing secondary trading through our ATS, including tailored liquidity solutions through our auction order-book, as well as investor verification through our subsidiary Verify Investor. For investors, we deliver a streamlined, automated platform with funding optionality designed to facilitate efficient investment and trading in tokenized securities and, subject to pending regulatory applications, non-security crypto assets and derivative products. For institutional market participants, we offer regulated IaaS to power issuance, trading, and data services within their own platforms, correspondent clearing services for traditional and tokenized securities, and, together with our partners, an institutional settlement network, Lynq, with tZERO providing the regulated broker-dealer infrastructure for this platform.

Tokenization is reshaping how markets operate – giving assets a shared digital language so they can trade, settle, and interact seamlessly across platforms, asset classes, and importantly, borders – while delivering efficiencies and transparency associated with single database and smart contract automation, architecture, and customization that turns a financial asset into an experience. tZERO is building the infrastructure of a tokenized economy by connecting asset supply with investor demand through a growing network of strategic partners, powered by a multi-asset infrastructure built for transparency, interoperability, scale, and a path for liquidity. We have developed a suite of technologies and intellectual property, integrated with certain third-party solutions and licenses, that enables the issuance, trading, clearance, and settlement of tokenized securities.

Further, we believe tokenized and private securities markets cannot reach their full potential inside isolated platforms. We are working to defragment the market for tokenized securities and private assets. To enable broader market access for tokenized securities and other private securities, we are working to connect and be interoperable with other trading platforms to create shared infrastructure for securities discovery and order routing across different platforms for tokenized securities and other private securities. We believe real liquidity is unlocked when assets can move across interconnected markets and asset types. Blockchain is the ideal candidate to become the base layer for private markets because it allows assets to be issued, traded, and settled on shared, interoperable rails. When private assets are natively digital and regulated, they can move across venues, access multiple liquidity pools, and integrate directly into modern market infrastructure. That interoperability is what turns tokenization from a feature into a foundation for the future of open, interoperable private markets infrastructure that allows liquidity to aggregate naturally across platforms.

tZERO sits at the heart of this transformation, operating a fully integrated platform and regulated U.S. infrastructure, covering issuance, trading, settlement, and direct on-chain custody, as part of a multi-asset and global vision. We operate at the intersection of several existing and emerging market segments. Traditional broker-dealers

and ATSs generally focus on listed or private securities without providing integrated tokenization, on-chain custody, and digital asset infrastructure. Tokenization platforms that are not registered broker dealers or ATSs may offer technology to issue digital or tokenized instruments but typically rely on third parties for securities law compliance, secondary trading, and regulated custody and cannot offer fully functional trading or matching environments. Pure crypto exchanges and trading venues generally operate outside the existing broker-dealer and ATS framework for securities. By contrast, our combination of operations as an SEC-registered broker-dealer and ATS, special purpose broker-dealer for digital asset securities, SEC-registered transfer agent, and Exempt Reporting Advisor is designed to provide issuers and investors with an end-to-end, regulated environment for the issuance, trading, custody, and lifecycle management of tokenized and digitally enhanced securities and our IaaS offering to institutional market participants looking to power tokenized security issuance, trading, and data services within their own platforms.

Tokenize + Trade + Connect

Tokenize

We can support public and private company issuers, banks, broker-dealers, and asset managers to bring securities, funds, and RWAs on-chain through regulated tokenization and compliant digital issuance. tZERO Securities is registered with the SEC as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***") that operates our primary issuance platform, which permits companies to seek financing through Regulation D, Regulation A, or Regulation Crowdfunding offerings. tZERO Securities facilitates these offerings by acting as broker-dealer of record, placement agent, and/or intermediary. tZERO Securities generates revenues by charging fees to issuers for providing services related to investment banking activities. tZERO Securities and tZERO Technologies charge issuers success-based and platform fees for capital raising, tokenization, and technology services. Issuer and other institutional clients of tZERO Securities, using our technology services, can host their offerings through tZERO Securities' primary issuance platform or on their own website, giving issuers the power to customize and brand their online investment platform and offering landing page. tZERO Technologies earns revenue from fees for connectivity and access to the primary issuance platform for capital raising activity and tokenization services, including technical support for tokenizing securities and smart contract creation. Additionally, our subsidiary, tZERO Transfer, is an SEC-registered transfer agent, and our subsidiary tZERO Capital Partners, LLC, is an Exempt Reporting Advisor in the State of Utah.

This in-house collaboration among our subsidiaries highlights our operational capabilities for public tokenized securities. Companies utilizing our services for their capital raise and asset tokenization have a direct path to creating secondary liquidity for investors through our secondary trading platform in accordance with applicable regulations.

Trade

tZERO Securities operates our on-line secondary trading platform for retail and institutional tokenized securities trading, including, equities, debt, mutual funds, and investment contracts, on our ATS, which is an SEC-regulated venue for matching buy and sell orders of its subscribers. Our secondary trading platform has digital funding rails and supports stablecoin/crypto account funding, bridging traditional finance with Web3 liquidity. We generate revenue by charging subscribers fees for each side of a transaction on our ATS. Our ATS generates transaction-based revenue via per-side trading fees, and tZERO Digital generates custody, clearing, and settlement fees.

Digital asset securities on our platform are custodied by tZERO Digital, one of three SEC-registered and FINRA member special purpose broker-dealers in the U.S. that can operate its own key management and wallet software to directly custody tokenized securities and crypto assets since 2024. It also provides clearing and settlement services for tokenized securities that trade on the tZERO Securities ATS. tZERO Digital may custody, clear, and settle tokenized securities as a correspondent clearing firm, on a fully disclosed or omnibus basis, for third-party broker-dealers. For other securities on our platform, tZERO Securities acts as the clearing and carrying broker-dealer.

In July 2025, we and our core partners, Arca Labs and Tassat, launched Lynq, the real-time digital asset settlement network for institutional market participants. Lynq's architecture merges tZERO's broker-dealer infrastructure with Tassat's technology platform and Arca Labs' fund expertise to deliver a unified institutional solution for digital asset settlement. tZERO Securities serves as Lynq's broker-dealer operator of the platform, providing client onboarding and transaction services, and tZERO Digital serves as the tokenized security custodian

for all Lynq clients. Lynq extends our product offering into institutional settlement infrastructure—strengthening our position as a full-stack enabler of digital capital markets and IaaS provider.

We are working on additional features to give customers custodial optionality in our brokerage ecosystem. In December 2025, FINRA confirmed that tZERO Securities may facilitate the trading on its ATS of digital asset securities that are directly custodied in customer self-hosted wallets, with transactions in those digital asset securities to be settled directly by customers on-chain. We are also permitted to facilitate transfers of digital asset securities on a non-custodial basis in over-the-counter transactions. Our hybrid approach for custody recognizes that different market participants have varying preferences and has the potential to provide a bridge to the broader decentralized finance ecosystem.

We are also working to expand our product offering to cryptocurrencies and derivative products. FINRA has acknowledged both tZERO Digital's and tZERO Securities' ability to rely on recent SEC guidance to conduct a non-security crypto asset business, including for issuance, custody, clearing, and settlement. We plan to incorporate crypto assets into our brokerage ecosystem for purposes of on-chain digital asset securities settlement and as a standalone basis in the future, subject to applicable laws and pending market infrastructure legislation. tZERO's operations were designed to meet the rigorous standards for broker-dealer possession of digital asset securities set forth in the SEC's Division of Trading and Markets Statement on the Custody of Crypto Asset Securities by Broker-Dealers (the "***December 2025 Statement***"). As a pioneer in the provision of broker-dealer digital asset securities custody services, tZERO has spent years building the institutional-grade infrastructure, processes, talent, and know-how required for secure, on-chain digital asset custody and other services.

In addition, our subsidiaries, tZERO DCO, LLC, tZERO DCM, LLC, and tZERO Introducing Broker, LLC, have filed applications with the CFTC to acquire licenses for a DCO, a DCM, and an IB, respectively. These licenses would enable tZERO to potentially introduce additional offerings to its platform, including predictive markets, and potentially other derivatives – all through a seamless, integrated platform. Tokenized and fractionalized derivatives can broaden investor participation beyond large institutions, enhance transparency, and create pathways for liquidity, and drive faster, more efficient trading, settlement, and risk management. Through smart contract technology, tZERO would be able to bring programmable and customizable instruments to the derivatives markets, increasing efficiency and, over time, supporting the shift toward self-regulating digitally native products. By pursuing these licenses, tZERO is positioning itself to connect traditional derivatives with emerging digital products, creating a single venue for compliant issuance, regulatory oversight, trading, and clearing. In addition, if we receive regulatory approval from the CFTC to acquire a DCO license, we will be able to expand our clearing capabilities beyond tokenized securities to include derivatives. This would position tZERO Digital as one of the few firms capable of providing comprehensive clearing services across both securities (through our special purpose broker-dealer designation) and commodities and derivatives (through a DCO designation), creating operational efficiencies and a unified clearing experience for our customers.

Connect

tZERO Connect is being built to provide institutions and fintech partners with direct, programmable access to tZERO's regulated infrastructure for tokenized securities and tokenized RWAs consistent with tZERO's strategic priorities to facilitate institutional business-to-business ("***B2B***") and business-to-business-to-consumer ("***B2B2C***") partner access to its infrastructure. Through tZERO Connect, banks, broker-dealers, asset managers, and fintech platforms will be able to embed tokenized asset functionality directly within their existing environments, enabling their clients to access compliant digital asset capabilities without leaving their native applications.

tZERO Connect will enable partners to tokenize and conduct compliant digital securities offerings directly within their own platforms. Through secondary trading APIs, tZERO Connect will power order routing, market data access, and post-trade automation for digital asset securities, including tokenized public and private securities. Through access data APIs, tZERO Connect will give institutions access to data on trades, order book depth, and best bid and offer data – enabling real-time analytics and integration of market-level insights. Through ongoing partner integrations, tZERO Connect offers white label access for supply and demand and liquidity partners, including broker-dealers, custodians, and fintech platforms, to embed tZERO infrastructure "under the hood." tZERO Connect's global collaboration model allows us to expand access to compliant tokenized markets worldwide, using services provided by our partners. All tZERO Connect services are built atop our SEC- and FINRA-regulated broker-dealer, ATS, and

special purpose broker-dealer infrastructure, with our pending CFTC DCO, DCM, and IB applications further expanding our regulatory framework.

Overall, tZERO Connect unifies the firm's API suite and its global partnership network under one banner – enabling banks, broker-dealers, asset managers, and fintech platforms to embed tokenized asset functionality directly within their existing environments. Through these integrations, institutional partners can offer clients compliant digital asset capabilities without requiring investors to leave their native applications.

Our History

tZERO's predecessor, Medici, Inc., a Utah corporation, was incorporated on December 1, 2014, as a wholly owned subsidiary of Bed Bath & Beyond, Inc. (NYSE: BBBY) ("***Beyond***"), a Delaware corporation (formerly Overstock.com, Inc.), to focus on developing commercial applications of blockchain and financial technology. On October 21, 2016, Medici, Inc. formally changed its name to tØ.com, Inc., and on October 1, 2018, tØ.com, Inc. converted into a Delaware corporation and changed its name to tZERO Group, Inc.

On October 12, 2018, tZERO completed the issuance of its TZROP. TZROP was issued in a private placement to third-party investors who had signed agreements for future equity. Cumulative proceeds from the TZROP offering totaled $104.8 million, net of $22.0 million of withdrawals.

In January 2021, Beyond entered into a transaction agreement with our former direct parent, Medici Ventures, Inc. ("***Medici Ventures***"), Pelion MV GP, L.L.C. ("***Pelion MV GP***"), and Pelion, Inc., which closed in April 2021, whereby Medici Ventures converted to a Delaware limited Partnership (the "***Partnership***") with Pelion MV GP becoming the sole general partner, holding a 1% equity interest in the Partnership, and Beyond becoming a limited partner, holding a 99% equity interest in the Partnership, resulting in Pelion MV GP having the sole authority and responsibility regarding investing decisions, appointing board members of the portfolio companies, and exercising all shareholder rights for assets of the Partnership – including its interest in tZERO.

In February 2022, tZERO completed an initial strategic funding round from new and existing investors, including Intercontinental Exchange, Inc. ("***ICE***"), Beyond, and its venture capital affiliate, Medici Ventures, with each participant acquiring shares of new Series B Preferred Stock, resulting in ICE becoming a significant minority shareholder in tZERO (such funding round, the "***ICE Investment***"). In August 2022, tZERO completed the final strategic funding round from ICE and certain other investors.

On March 14, 2025, tZERO fully tokenized the capitalization table of TZROP. The "Full Tokenization" of TZROP entailed a change to the TZROP shareholder register from a conventional book-entry shareholder register to a digitally native blockchain-based shareholder register, with automated smart contract functionality, making TZROP a "digital asset security" under applicable regulatory guidance. In connection with the Full Tokenization, tZERO terminated its transfer agency agreement with Computershare for TZROP and assumed maintenance of the TZROP shareholder register, as issuer, and tZERO Digital became the custodian of TZROP shares that trade on the ATS.

Industry Background

Blockchain and digital assets technology are transforming the global financial system, creating significant opportunities for innovation across traditional financial services. Since its inception, the distributed ledger technology market generally, and the tokenized securities market specifically, have been characterized by rapid evolution and continuous innovation. In recent years, the blockchain and tokenized securities industry has experienced significant growth, with accelerating adoption across multiple sectors of the financial services landscape.

Several key factors will shape the continued development and acceptance of blockchain and digital assets technology: the worldwide growth in the adoption and use of peer-to-peer digital assets; evolving government regulation and policy frameworks; maintenance and development of open-source software protocols; shifting consumer demographics and preferences; the availability and competitiveness of alternative trading methods; and broader economic conditions affecting investment demand and risk appetite.

The application of blockchain technology to capital markets represents an evolution in how securities are issued, traded, cleared, and settled. Traditional capital markets infrastructure relies on intermediaries and centralized

record-keeping systems to facilitate securities transactions, often resulting in multi-day settlement cycles and limited transparency for market participants. Blockchain technology enables the creation of tokenized securities, which can streamline these processes through automated execution, real-time settlement, and enhanced transparency.

The tokenized securities ecosystem encompasses several key market participants and functions. Issuers utilize blockchain-enabled platforms to raise capital through primary offerings, often tokenizing their securities to enable more efficient capitalization table management and potential secondary trading. Regulated broker-dealers operate alternative trading systems that provide venues for matching buy and sell orders in tokenized securities. Special purpose broker-dealers provide custody, clearing, and settlement services specifically designed for tokenized securities. Transfer agents maintain shareholder registries, increasingly incorporating blockchain technology to enhance accuracy and accessibility. Technology providers develop the infrastructure and protocols that enable these various market participants to interact within a compliant regulatory framework.

There are significant opportunities for blockchain innovation in the markets for both private and public tokenized securities.

Private companies seeking to raise capital have traditionally faced challenges in providing liquidity to their investors, as private securities lack the established trading venues and market infrastructure available to public securities. Tokenized securities platforms aim to address this gap by creating regulated secondary markets for private securities, enabling companies to offer investors a potential path to liquidity while maintaining their private company status. The growth of this market depends on increasing the number of private companies that choose to issue tokenized securities and the development of sufficient trading volume to create meaningful liquidity.

Public companies historically have greater access to liquidity and capital but largely rely on legacy systems and infrastructure to access investors and the market. By eliminating unnecessary layers of intermediation traditionally required in securities settlement—such as multiple custodians, transfer agents, and clearing intermediaries—tokenized securities platforms provide greater utility and efficiency for investors and markets. This streamlined infrastructure reduces settlement times, lowers transaction costs, minimizes operational risk, and provides greater transparency through real-time visibility into ownership and transfer records on the blockchain. Tokenized securities platforms aim to enhance public companies' access to capital, and investors' access to public companies, by providing a path to liquidity, and the transparency and efficiency benefits of blockchain-based infrastructure, within regulatorily compliant environments.

Digital Asset Markets and Regulatory Landscape for Digital Assets

In 2022 and 2023, the digital asset industry and the digital asset markets were materially and adversely affected by adverse developments of several large digital asset projects and digital asset companies and significant declines in the values of digital asset classes. The SEC had also brought enforcement actions and entered into settlements with numerous cryptoeconomy participants alleging that certain digital assets are securities and certain activities require the involvement of regulated market participants. In the backdrop of these events, tZERO's cryptocurrency business, operated through tZERO Crypto, Inc. ("***tZERO Crypto***"), ceased operations on March 6, 2023, and on such date all tZERO Crypto customer accounts were closed. However, more recently in 2025, the SEC has settled or withdrawn certain enforcement action relating to the digital asset industry and has established a crypto task force to provide clarity on the application of the federal securities laws to the crypto asset market and to recommend practical policy measures that aim to foster innovation and protect investors. In addition, President Trump established a working group to propose digital asset policymaking. This working group issued a report on July 30, 2025 setting forth a policy vision to make the U.S. a global leader in digital assets and blockchain innovation. While federal agencies are working on the proposals set forth in the President's working group report and there are multiple legislative proposals in the House and the Senate for digital asset market infrastructure reform, the regulatory landscape for the digital asset industry is still uncertain and subject to change in the future.

tZERO was built to provide a regulatory-compliant, digital-friendly trading venue for a range of regulated assets, and we are proud to be in the forefront of the movement toward increased transparency and customer protection.

We expect that tZERO will be playing a key part in bringing compliant digital asset securities to the market, as well as non-security crypto assets. We own a special purpose broker-dealer for digital asset security custody and are exploring ways that our broker-dealers can interact with non-security digital assets and are pursuing CFTC

licenses, we are actively exploring way to support a full range of crypto assets, regardless of their regulatory classification. As leading advocates for responsible digital innovation, we are committed to safeguarding investor interests and offering a predictable path for the issuance and secondary liquidity for unique digital and conventional assets, and continuing to set the standard in the industry.

For more risks related to the digital asset industry see, "—Risks Related to Blockchain Technology and the Blockchain Industry" below. For more risks related to our business, see "—Risks Related to Our Business" below, including, but not limited to:

- "— The commercial viability of tZERO Digital is uncertain and may be adversely impacted by additional competition if more custodians (including other broker-dealers) obtain approval to custody digital asset securities."
- "—We are operating in a developing industry, which makes it hard to evaluate our ability to generate revenue through operations, and to date, have not generated revenue from any commercially available blockchain-based applications."
- "—Applicable law and regulation may impact the manner in which blockchain technology may be used to enhance securities in the future, limiting our business."
- "—Regulatory authorities may not permit the trading of certain digital securities or involvement by market participants in their trading or require changes to permit such trading to occur or continue, limiting our businesses."
- "—Some market participants may oppose the development of blockchain-based systems like those central to our commercial mission, which could adversely affect us."
- "—Our financial services businesses rely on third parties and their systems for a variety of services, and any loss of their services or failure to perform these services adequately could have a material adverse effect on us."

Our Market Opportunity

While we are still in the early stages of adoption, we believe that the cryptoeconomy will be embraced by billions of individuals and businesses globally in the coming decades. The prevalence and value of tokenized securities experienced significant growth in recent years, but it still represents only a small fraction of the value of the global equities market. This vast difference highlights the potential for tokenized securities as broader adoption continues to increase.

As the regulatory environment for digital assets continues to evolve and gain clarity, we believe our established and regulatorily compliant infrastructure, as well as our multiple successes in gaining regulatory approval in this complicated space, positions us to capture significant market share in the tokenized securities space. We have invested years in building compliant systems and obtaining the necessary regulatory approvals to operate across the full lifecycle of tokenized securities, from issuance through custody, clearing, and settlement. While historical regulatory uncertainty has constrained market development, we believe the current trend toward regulatory clarity will accelerate adoption of tokenized securities and favor market participants with proven compliance frameworks already in place.

We believe we have a competitive advantage from our operational readiness in a regulated environment. As one of the first special purpose broker-dealers approved to custody tokenized securities in the United States since 2024, we have demonstrated our ability to navigate complex regulatory requirements while building functional market infrastructure. As regulatory frameworks stabilize, we expect that issuers and investors will increasingly gravitate toward established, compliant venues rather than attempting to build or utilize unproven alternatives.

We believe the convergence of traditional securities markets and blockchain technology represents a significant market opportunity. Private companies seeking to provide a path to liquidity to their shareholders, including employees and outside investors, public companies exploring more efficient capital markets infrastructure, and institutional investors seeking exposure to digital assets will all require regulated venues and service providers. Our integrated platform and array of offerings position us as a broad-based outlet, able to serve many of these

constituencies as the market matures. Our focus remains on building the infrastructure for compliant tokenized securities while maintaining the flexibility to adapt our services as market conditions and regulatory frameworks continue to evolve.

Our Strengths

We believe the following competitive strengths differentiate tZERO in the tokenized securities marketplace:

- *Comprehensive End-to-End Platform for Tokenized Securities Direct Services and Institutional Infrastructure Services.* We offer an integrated platform that supports the complete lifecycle of tokenized securities, from primary issuance through secondary trading, custody, clearing, and settlement. Our platform enables issuers to tokenize their securities and provides regulated market participants with the infrastructure to support compliant issuance, trading, and settlement of tokenized securities. This comprehensive approach allows issuers, investors, and institutional market participants to access multiple complementary services through a unified ecosystem, reducing operational complexity and enabling seamless transitions from capital raising to secondary market liquidity.

- *Pioneering Broker-Dealer for Direct On-Chain Custody of Digital Asset Securities.* tZERO Digital received regulatory approval in September 2024 to act as a special purpose broker-dealer in compliance with the SEC's Statement on Custody of Digital Asset Securities by Special Purpose Broker-Dealers issued on December 23, 2020 (the "***December 2020 Statement***"), making us one of two firms in the United States to achieve this designation as of the date granted. This early regulatory approval has positioned us to provide direct custody, clearing, and settlement services for digital asset securities using our own key management and wallet software. We successfully onboarded our first digital asset security, Preferred Equity Tokens, Series A, par value $0.01 per token ("***TZROP***"), in March 2025, demonstrating our operational readiness to support the emerging tokenized securities market. On December 17, 2025, the SEC's Division of Trading and Markets published the December 2025 Statement, setting forth the manner in which a broker-dealer may take "physical possession" of a crypto asset security carried for the account of customers as set forth in paragraph (b)(1) of Exchange Act Rule 15c3-3. It also confirms that a broker-dealer operating pursuant to the December 2020 Statement, such as tZERO Digital, would also be operating within the circumstances of the December 2025 Statement. Following the release of the December 2025 Statement, FINRA has confirmed that tZERO Digital may operate in accordance with the December 2025 Statement and is no longer subject to the conditions of the December 2020 Statement, including those that prohibited tZERO Digital from having a non-security crypto business. As one of the earliest special purpose broker-dealers, we have developed compliance frameworks and operational procedures for digital asset custodial services, in a space in which customary market practices are still being established, giving us valuable experience and institutional knowledge as the market develops.

- *Market-Leading ATS for Tokenized Securities Trading.* Our ATS operated by tZERO Securities provides us with several competitive advantages: it creates network effects that attract both issuers seeking a path to liquidity for their securities and investors seeking access to tokenized securities trading opportunities; it generates valuable market data and insights that inform our product development and service offerings; and it establishes tZERO as the primary venue for tokenized securities trading in the minds of market participants. Our self-clearing capabilities, approved by the Financial Industry Regulatory Authority, Inc. ("***FINRA***") in October 2021, provide us with flexibility and operational control over the entire trade lifecycle. Our early entry into the tokenized securities space, with TZROP trading commencing on our ATS in January 2019, has allowed us to develop operational expertise and establish relationships with issuers and investors as the market continues to mature. In addition, we have filed applications with the CFTC to acquire licenses for a DCO, DCM, and IB so we can launch a cryptocurrency and derivatives market, and introduce our customers to third-party derivatives markets, further demonstrating our commitment to comprehensive regulatory compliance across both securities and commodities frameworks.

- *Regulatory Leadership and First-Mover Positioning.* We have successfully obtained multiple critical regulatory approvals that position us at the forefront of the tokenized securities market, including our ATS acquired by our former parent in 2016, our approval for retail secondary trading and investment banking in September 2020, self-clearing approval in October 2021, transfer agent registration in August 2022, special purpose broker-dealer registration in September 2024, approval to offer correspondent clearing services for both traditional and tokenized securities in June 2025, approval to trade corporate debt in September 2025, approval to be a mutual fund retailer in November 2025, approval to facilitate the trading of tokenized securities directly custodied by customers in self-hosted wallets in December 2025, and designation as an Exempt Reporting Advisor in the State of Utah in February 2026. Additionally, in December 2025 and January 2026, we confirmed with FINRA that our broker-dealers are not restricted from engaging in non-security crypto asset businesses. We believe our early pursuit of these approvals has given us a significant head start in building compliant infrastructure and operational processes in a market in which regulatory frameworks are still evolving. We actively engage with regulators and industry participants to help establish best practices for tokenized securities and have positioned ourselves as a trusted partner for issuers and investors seeking to participate in this emerging market. This regulatory leadership creates meaningful barriers to entry for potential competitors who must navigate the same complex approval processes we have already completed.

- *Proven Tokenization Capabilities and Blockchain Expertise.* In March 2025, we fully tokenized the capitalization table of TZROP, converting it from a book-entry shareholder register, with the blockchain serving as a courtesy carbon copy of the book-entry shareholder register, to a digitally native, blockchain-based shareholder register with automated smart contract functionality. This achievement demonstrates our technical capability to transform conventional securities into tokenized securities and validates our blockchain infrastructure for real-world applications. Our experience successfully maintaining a blockchain-based shareholder register with robust security protocols not only allows us to better facilitate our own TZROP security, and other classes of equity we may tokenize, but also serves as a marketing tool to other issuers seeking to digitize their capitalization tables.

- *Expansion into Institutional Settlement Infrastructure.* In July 2025, we and our core partners, Arca Labs and Tassat, launched Lynq, the real-time digital asset settlement network for institutional market participants. Lynq's architecture merges tZERO's broker-dealer infrastructure with Tassat's technology platform and Arca Labs' fund expertise to deliver a unified institutional solution for digital asset settlement. tZERO Securities serves as Lynq's broker-dealer operator of the platform, providing client onboarding and transaction services, and tZERO Digital serves as the tokenized security custodian for all Lynq clients. Lynq extends our product offering into institutional settlement infrastructure—strengthening our position as a full-stack enabler of digital capital markets.

- *Agnostic Infrastructure Layer Strategy.* While many tokenized securities firms have limited themselves to specific brands or isolated ecosystems, tZERO's goal and strategy is to deliver a universal infrastructure layer that remains entirely agnostic to specific protocols and platforms, ensuring maximum interoperability and scale.

Our Growth Strategy

Our growth strategy focuses on expanding our tokenized securities ecosystem, organically and through strategic partnerships, while maintaining our regulatory leadership position, in a global multi-assets platform. We believe the convergence of regulatory clarity, technological maturity, and market demand creates significant opportunities to scale our platform and capture market share in the emerging digital asset industry. Our strategy centers on the following key initiatives:

- *Expand to a Multi-Asset Platform*. We operate a leading end-to-end U.S. broker-dealer platform and full-stack architecture for tokenized securities—issuance, trading, and custody—available to investors and infrastructure. Our goal is to expand the product offerings on our platform to include public securities, cryptocurrencies, derivatives, and other digital assets. To enable this expansion, we have filed applications with the CFTC for DCO, DCM, and IB licenses, which would allow us to potentially introduce additional offerings to our platform, including predictive markets, and potentially other

derivatives – all through a seamless, integrated platform. We have also successfully worked with regulators to confirm that our broker-dealer subsidiaries are not prohibited from engaging in a non-security crypto business. By leveraging our existing infrastructure and regulatory relationships, we believe we can efficiently add new asset classes and trading capabilities to our platform.

- *Expand End-to-End Platform for Tokenized Securities Infrastructure as a Service.* We offer an integrated platform that supports the complete lifecycle of tokenized securities, from primary issuance through secondary trading, custody, clearing, and settlement. Our goal is to enable issuers to tokenize their securities, provide regulated market participants with the infrastructure to support compliant issuance, trading, and settlement of tokenized securities, and allow issuers and market participants to offer new, bespoke cross-sell opportunities to their existing clients.

- *Increase Trading Volume and Asset Diversity on our Secondary Trading Platform*. We are focused on onboarding and trading a broader range of tokenized securities across various industries, expanding into public market securities, both in traditional and tokenized form, and facilitating trading for non-security products, like cryptocurrencies and derivative contracts. We are also working to connect and develop interoperability with other markets so our secondary trading ecosystem transitions from a closed-looped ecosystem to an interconnected marketplace offering access to a wide breadth of markets. We believe that increasing the number and diversity of assets available on our platform will create network effects that attract both asset issuers seeking a path to liquidity and investors seeking access to trading opportunities, enhancing the experience for all market participants.

- *Grow Our Primary Issuance Platform*. We are committed to supporting companies' funding rounds throughout their corporate lifecycles, offering both traditional offering structures and innovative methods utilizing blockchain technology. Our platform enables companies to host their offerings through our primary issuance platform or on their own website, giving them the ability to customize and brand their online investment platform and control their investment marketing strategy. We intend to increase onboarding velocity for the primary issuance platform with the expectation that increased offerings will create a direct path to secondary liquidity on our ATS, generating trading revenue and enhancing the value proposition for both issuers and investors. We also plan to add non-security crypto asset offerings to our platform in the second half of this year.

- *Digitize Public Markets.* While we have historically focused on private markets, we are in the process of identifying opportunities in markets for public securities and our tokenization and capital markets expertise to drive innovation in markets for public securities in view of recent political, regulatory, and market structure changes. In furtherance of this growth strategy, in November 2025, we announced a strategic collaboration with Voatz to deliver blockchain-backed proxy voting. We may also launch new products, collaborate with partners to develop new products, and act as a service provider to partners and other institutional customers to facilitate tokenization in public markets.

- *Expand Tokenized Securities and Broader Digital Asset Custody Capabilities*. Following tZERO Digital's regulatory approval in September 2024 and successful onboarding of TZROP as our first tokenized security in March 2025, we are focused on expanding the breadth of digital assets we can custody, both as a stand-alone offering and to facilitate blockchain-based settlement. As one of the first special purpose broker-dealers approved to custody tokenized securities, we believe our custody infrastructure is a critical enabler for onboarding new tokenized securities to our trading platform, and fully equips us to support digital asset custody regardless of an asset's regulatory classification. We are working on additional features to give customers custodial optionality in our brokerage ecosystem. In December 2025, FINRA confirmed that tZERO Securities may facilitate the trading on its ATS of digital asset securities that are directly custodied in customer self-hosted wallets, with transactions in those digital asset securities to be settled directly by customers on-chain. We are also permitted to facilitate transfers of digital asset securities on a non-custodial basis in over-the-counter transactions. Our hybrid approach for custody recognizes that different market participants have varying preferences and has the potential to provide a bridge to the broader decentralized finance ecosystem. We are also exploring strategic relationships with market participants seeking a regulatorily compliant custody solution for tokenized securities, which would expand the universe of securities available for trading on our ATS and

generate additional custody-related revenue, and we plan to launch non-security crypto asset deposits, which would be able to be used to fund securities transactions on the platform in 2026.

- *Expand Key Strategic Partnerships.* We will continue to forge partnerships with other market participants with the goal of bringing high-quality assets onto the platform, including RWAs, expanding our geographic footprint, investor participation and pathways to liquidity, 24/7 global trading, address geographic frictions with "follow the sun" global rails for tokenized asset, connective tissue for trading, settlement and custody, connectivity with L1/L2 networks, wallets, wrapper providers and DeFi protocols to create a true multi-chain environment alongside own initiatives and to reimagine public markets via blockchain, leveraging patents, automation, and advocacy.

Competitive Landscape

We operate in the emerging tokenized securities market, which sits at the intersection of traditional capital markets infrastructure and blockchain technology. In September 2024, tZERO Digital received regulatory approval to act as a special purpose broker-dealer in compliance with the December 2020 Statement, making us the second firm in the United States to achieve this designation. This early regulatory approval has positioned us to provide direct custody, clearing, and settlement services for digital asset securities using our own key management and wallet software. Following the release of the December 2025 Statement, FINRA has confirmed that tZERO Digital may operate in accordance with the December 2025 Statement and is no longer subject to the conditions of the December 2020 Statement, including those that prohibited tZERO Digital from having a non-security crypto business.

The tokenized securities market remains nascent, with limited operational infrastructure and few competitors who have successfully navigated the complex regulatory requirements necessary to operate in this space. Our competitive position is defined by our early regulatory approvals, integrated platform capabilities, and established market presence rather than by direct competition with numerous similarly positioned firms.

Blockchain Technology and Distributed Ledger Solutions

We face competition in the development and deployment of blockchain and distributed ledger technologies for capital markets applications from both established financial services firms and emerging technology companies. As the blockchain industry matures, larger existing companies in the financial services and technology industries may compete with us in providing technological solutions related to capital markets. Although larger existing companies may enter this space, announcements of such advancements may also create a heightened sense of urgency among other market participants to establish a presence in the tokenized securities market. We may be able to enable these market participants to enter the space with minimal operational lift through our end-to-end ecosystem.

However, our focus on operating within the U.S. regulatory framework differentiates us from offshore or unregulated competitors and positions us to serve issuers and investors who prioritize regulatory compliance and investor protection. tZERO's strength lies in its strategy to provide a uniform infrastructure layer; by remaining brand and protocol agnostic, we offer a versatile framework for tokenized assets rather than a narrow, niche-focused strategy.

Primary and Secondary Market Services

Our platform has historically supported private securities and assets. The market for private tokenized securities remains limited compared to traditional public securities markets. Private securities are generally less liquid than national market securities or exchange-traded securities and, in many cases, are thinly traded. Our ability to scale our ATS trading business depends on our success in onboarding additional tokenized securities and attracting trading volume, which in turn depends on broader market adoption of tokenized securities and our ability to demonstrate value to issuers and investors.

We are expanding our platform to support public markets, cryptocurrencies, and derivatives. Public companies historically have greater access to liquidity and capital, and expanding into these markets will allow us to serve a broader range of issuers and investors while diversifying our revenue streams. We have filed applications with the CFTC to acquire DCO, DCM, and IB licenses. If approved, the DCO license would enable us to operate as a derivatives clearing organization, providing centralized clearing and settlement services for cryptocurrency and derivative transactions, managing counterparty risk, and offering margin and collateral management services. The

DCM license would allow us to operate a designated contract market for trading cryptocurrency derivatives and other digital asset derivatives. The IB license would allow us to introduce our customers to third-party derivatives markets, including events contracts. Together, these licenses would position tZERO as a vertically integrated platform capable of supporting the full lifecycle of tokenized securities, cryptocurrencies, and derivatives—from issuance and trading to clearing and settlement—creating a comprehensive digital asset marketplace.

We do not face significant direct competition from traditional securities exchanges or ATSs in the tokenized securities space, as few have obtained the necessary regulatory approvals or developed the technical infrastructure to support tokenized securities trading. However, we compete indirectly with other liquidity solutions for private securities, including traditional ATSs, private secondary markets, tender offers, and direct company repurchases.

We compete with a large number of broker-dealers in the Regulation D, Regulation A, and Regulation Crowdfunding markets, many of which are established market participants. Our competitive differentiation in primary issuance stems from our ability to offer issuers a direct path to secondary liquidity through our ATS, which traditional investment banks often do not provide. Companies utilizing our services for their capital raise have a direct path to creating secondary liquidity for investors through the ATS operated by tZERO Securities in accordance with applicable regulations. This integrated primary-to-secondary offering represents a unique value proposition for private companies seeking to provide ongoing liquidity to their investors.

Tokenized Securities Custody

In September 2024, tZERO Digital received regulatory approval to act as a special purpose broker-dealer in compliance with the December 2020 Statement, making us the second firm in the United States to achieve this designation. tZERO Digital began accepting customers in November 2024 and onboarded its first tokenized security, TZROP, in March 2025. We are working with regulators to expand our custodial services to include non-security tokenized assets and other products, which would allow us to serve customers across the full spectrum of digital assets.

In December 2025, the SEC Division of Trading and Markets published the December 2025 Statement. The December 2025 Statement sets forth the manner in which a broker-dealer may take "physical possession" of a crypto asset security carried for the account of customers as set forth in paragraph (b)(1) of Exchange Act Rule 15c3-3. It also confirms that a broker-dealer operating pursuant to the December 2020 Statement, such as tZERO Digital, would also be operating within the parameters of the December 2025 Statement. Following the release of the December 2025 Statement, FINRA has confirmed that tZERO Digital may operate in accordance with the December 2025 Statement and is no longer subject to the conditions of the December 2020 Statement. While the December 2025 Statement is the current view of the staff of the SEC's Division of Trading and Markets, and has no expiration date, it is not a rule, regulation, guidance, or statement of the SEC and can be withdrawn at any time. Absent new laws, rules, or regulations setting forth how a broker-dealer can take custody of digital asset securities, if the December 2025 Statement were ever withdrawn, tZERO Digital may have to suspend its tokenized security business. Additionally, newly adopted federal and state laws, regulations, and SRO rules may change the manner in which a broker-dealer may take custody of digital asset securities, and there is no assurance tZERO Digital will be able to meet the requirements in such amended or new federal and state laws, regulations, and SRO rules.

In December 2025, FINRA confirmed that tZERO Securities may facilitate the trading on its ATS of digital asset securities that are directly custodied in customer self-hosted wallets, with transactions in those digital asset securities to be settled directly by customers on-chain. We are also permitted to facilitate transfers of digital asset securities on a non-custodial basis in over-the-counter transactions. Our hybrid approach for custody recognizes that different market participants have varying preferences and has the potential to provide a bridge to the broader decentralized finance ecosystem.

Although other broker-dealers may enter the market for tokenized securities custodial services, we believe the operational complexity, regulatory scrutiny, and capital requirements associated with achieving compliance with the December 2025 Statement create meaningful barriers to entry.

Given that there are limited customary market practices for compliance with the December 2025 Statement, our early entry into this market has provided us with valuable experience in developing compliance frameworks and operational procedures, which may provide competitive advantages as the market develops.

Regulatory Barriers and Market Dynamics

The tokenized securities market is characterized by significant regulatory barriers to entry that limit direct competition. Complex legal and regulatory requirements applicable to issuers and SEC-registered exchanges, ATSs, and other regulated venues currently limit the extent to, and ease with, which market participants are able to enhance or issue securities using blockchain technology.

Depending on the tokenized security and the regulated trading venues on which such security would trade, regulatory authorities, including FINRA and the SEC, may need to be consulted or provide their consent before any trading could occur. This regulatory complexity creates meaningful barriers for potential competitors seeking to enter the tokenized securities market.

Our early pursuit of regulatory approvals, including our special purpose broker-dealer status, self-clearing and correspondent-clearing approval, and transfer agent registration, has given us an advantage in building compliant infrastructure. Potential competitors must navigate the same complex approval processes, which can take years and require substantial capital investment and regulatory expertise.

Our Customers

We serve three main customer bases: issuers, institutional and retail investors, and institutional market participants, including other financial services firms, digital asset exchanges and retailers, blockchain protocols, non-U.S. financial firms looking to enter the U.S. markets, fintech platforms, and asset managers.

Issuers Seeking Tokenization and Capital Market Solutions

Issuers seeking tokenization and capital market solutions represent a core customer segment for tZERO, driven by the need for innovative approaches to capital formation and secondary market liquidity. We serve both private and public companies that can benefit from tZERO's regulated approaches to capital raising and secondary market trading, as well as our blockchain technology solutions to capital market challenges.

Our primary issuance platform for capital formation is a core product offering for our customers seeking to raise capital through Regulation D, Regulation A, or Regulation Crowdfunding offerings. They may pursue traditional offering structures or leverage innovative methods such as tokenization on the blockchain and fractionalization. tZERO Securities acts as an agent to facilitate those offerings, as broker-dealer of record, placement agent, or intermediary. Issuers raising capital on the primary issuance platform are able to engage tZERO Securities for escrow agent services, tZERO Technologies for white-labeling, tokenization and other technology services, and Verify Investor, Inc. ("***Verify Investor***") for accredited investor verification services. Issuers raising capital on the primary issuance platform are able to engage tZERO Securities for escrow agent services, tZERO Technologies for white-labeling and other technology services, and Verify Investor for accredited investor verification services.

Companies utilizing our services for their capital raises, including through Regulation D, Regulation A, or Regulation Crowdfunding offerings, have a direct path to creating secondary liquidity for investors through the ATS operated by tZERO Securities in accordance with applicable regulations. Our secondary trading services offer shareholders a path to liquidity through continuous trading, block trades, and auction events.

Although many broker-dealers participate in the Regulation D, Regulation A, and Regulation Crowdfunding markets, we distinguish ourselves by providing a regulated ATS that supports ongoing secondary liquidity for private and digital securities. Companies that raise capital through tZERO can transition their securities into secondary trading on the tZERO Securities ATS, giving investors a compliant venue for liquidity that traditional investment banks typically do not offer. By combining primary issuance support with an established secondary marketplace, we enable private companies to provide investors with continued liquidity opportunities.

Institutional and Retail Investors

The investor market represents a significant growth opportunity for our business. Our platform serves the full spectrum of market participants, from individual retail traders to sophisticated institutional allocators, each seeking access to investment opportunities and a path to liquidity in both private and public securities.

Our platform supports investors across multiple regulatory classifications, including retail investors, institutional investors, accredited investors, and qualified purchasers. Non-accredited investors can access certain investment opportunities on our platform, particularly those structured under Regulation A or Regulation Crowdfunding, subject to regulatory restrictions. Non-accredited investors can also access Regulation D offerings after such Regulation D securities have been seasoned under Rule 144.

Institutional Market Participants

We serve institutional market participants – including other financial services firms, digital asset exchanges and retailers, blockchain protocols, non-U.S. financial firms looking to enter the U.S. markets, fintech platforms and asset managers – through our IaaS offerings, tZERO Connect and correspondent clearing services, as well as through Lynq, an institutional settlement network, developed with our core partners Arca Labs and Tassat, for which tZERO acts as the broker-dealer operator.

tZERO Connect is being built to provide institutions and fintech partners with direct, programmable access to tZERO's regulated infrastructure for tokenized securities and tokenized RWAs consistent with tZERO's strategic priorities to facilitate institutional B2B and B2B2C partner access to its infrastructure. Through tZERO Connect, banks, broker-dealers, asset managers, and fintech platforms will be able to embed tokenized asset functionality directly within their existing environments, enabling their clients to access compliant digital asset capabilities without leaving their native applications.

tZERO Connect will offer tokenization and issuance APIs, with secondary trading APIs for order routing, market data, and post-trade automation. The platform will also provide data APIs for real-time analytics and supports white label integrations for liquidity partners. We earn recurring technology and connectivity fees from institutions using our APIs and white-label solutions. Through our global partnership network, we connect market leaders and infrastructure innovators to expand access to compliant tokenized markets worldwide. All tZERO Connect services are built atop our SEC- and FINRA-regulated broker-dealer, ATS, and special purpose broker-dealer infrastructure, with our pending CFTC DCO, DCM, and IB applications further expanding our regulatory framework.

tZERO Digital may custody, clear, and settle tokenized securities as a correspondent clearing firm, on a fully disclosed or omnibus basis, for third-party broker-dealers. For other securities on our platform, tZERO Securities acts as the clearing and carrying broker-dealer.

In July 2025, we and our core partners, Arca Labs and Tassat, launched Lynq, the real-time digital asset settlement network for institutional market participants. Lynq's architecture merges tZERO's broker-dealer infrastructure with Tassat's technology platform and Arca Labs' fund expertise to deliver a unified institutional solution for digital asset settlement. tZERO Securities serves as Lynq's broker-dealer operator of the platform, providing client onboarding and transaction services, and tZERO Digital serves as the tokenized security custodian for all Lynq clients. Lynq extends our product offering into institutional settlement infrastructure—strengthening our position as a full-stack enabler of digital capital markets.

Government Regulation

Overview

Our businesses are subject to various securities laws and regulations governing broker-dealers and ATSs, including registration, disclosure, and operational requirements. We will also be subject to regulation by the CFTC, as we have filed applications for DCO, DCM, and IB licenses to expand our platform to include cryptocurrencies, derivatives, and other non-security digital assets. Additionally, we are subject to anti-money laundering ("***AML***") requirements under the Bank Secrecy Act ("***BSA***") and implementing regulations, know-your-customer ("***KYC***") requirements, record-keeping and reporting obligations under the Exchange Act, and capital and bonding requirements applicable to broker-dealers and other regulated entities.

Blockchain and distributed ledger platforms are recent technological innovations, and the regulation of peer-to-peer digital assets and conventional securities utilizing blockchain technologies is still developing. In the U.S., the businesses that we are developing are, or may be subject to, a wide variety of complex statutes and rules, including the Securities Act of 1933, as amended (the "***1933 Act***"), the Exchange Act, and regulations promulgated by the SEC

and FINRA, most of which were implemented prior to the development of these technologies. It is sometimes unclear whether or how various statutes or regulations apply to our blockchain-based business model.

Broker-Dealer Regulation

Our broker-dealer subsidiaries are subject to extensive regulatory requirements under federal and state laws and regulations and self-regulatory organization ("***SRO***") rules. These entities are registered with the SEC as broker-dealers under the Exchange Act, are licensed in the states in which they conduct securities business, and are members of FINRA and SIPC. One of our broker-dealer subsidiaries owns and operates an ATS, while another operates as a special purpose broker-dealer approved to clear and carry tokenized securities traded on our ATS. Our broker-dealer subsidiaries are subject to regulation, examination, investigation, and disciplinary action by the SEC, FINRA, state securities regulators, and other governmental authorities with which they are registered or licensed.

As registered broker-dealers, our subsidiaries are subject to regulations concerning all aspects of their business, including trading practices, order handling, best execution, anti-money laundering and KYC requirements, handling of material non-public information, safeguarding data, reporting, capital adequacy, record retention, market access, and the conduct of their officers, employees, and other associated persons. The SEC, SROs, and state securities commissions may conduct proceedings that can result in injunctions or other sanctions, censures, fines, the issuance of cease and desist orders, or the suspension or expulsion of a broker-dealer, its officers, or its employees.

Our broker-dealer subsidiaries have obtained regulatory approvals that allow them to conduct certain brokerage and investment banking activities, including activities they have not historically provided, in particular by providing broker-dealer services to retail investors, investment banking services, and services for the settlement and clearing of securities transactions. As a result, certain of these legal and regulatory requirements have only applied to us since we obtained regulatory approval to provide such services and therefore may require greater efforts and resources to initially comply with.

The SEC and FINRA impose certain minimum capital requirement rules that require notification to the SEC and FINRA when a broker-dealer's net capital falls below certain predefined criteria, dictate the ratio of debt to equity in the regulatory capital composition of a broker-dealer, constrain the ability of a broker-dealer to expand its business under certain circumstances, and impose certain requirements that may have the effect of prohibiting a broker-dealer from distributing or withdrawing capital.

Our broker-dealer subsidiaries are subject to various examinations, inquiries, and/or investigations undertaken by various regulatory authorities, which may result in financial and other settlements or penalties. Any significant failure by our broker-dealer subsidiaries to satisfy regulatory authorities that they are in compliance with all applicable rules and regulations could have a material adverse effect on us.

Special Purpose Broker-Dealer Operations and Tokenized Securities Custody

One of our broker-dealer subsidiaries operates as a special purpose broker-dealer and was initially approved to operate in compliance with the December 2020 Statement. The December 2020 Statement established a temporary safe harbor for registered broker-dealers to custody and transact in tokenized securities, setting forth minimum measures that, if implemented, would enable broker-dealers to comply with the Customer Protection Rule when acting as custodians of tokenized securities.

In December 2025, the SEC Division of Trading and Markets published the December 2025 Statement. The December 2025 Statement sets forth the manner in which a broker-dealer may take "physical possession" of a crypto asset security carried for the account of customers as set forth in paragraph (b)(1) of Exchange Act Rule 15c3-3. It also confirms that a broker-dealer operating pursuant to the December 2020 Statement, such as tZERO Digital, would also be operating within the parameters of the December 2025 Statement. Following the release of the December 2025 Statement, FINRA has confirmed that tZERO Digital may operate in accordance with the December 2025 Statement and is no longer subject to the conditions of the December 2020 Statement. While the December 2025 Statement is the current view of the staff of the SEC's Division of Trading and Markets, and has no expiration date, it is not a rule, regulation, guidance, or statement of the SEC and can be withdrawn at any time. Absent new laws, rules or regulations setting forth how a broker-dealer can take custody of digital asset securities, if the December 2025 Statement were ever withdrawn, tZERO Digital may have to suspend its tokenized security business. Additionally, newly adopted

federal and state laws, regulations, and SRO rules may change the manner in which a broker-dealer may take custody of digital asset securities, and there is no assurance tZERO Digital will be able to meet the requirements in such amended or new federal and state laws, regulations, and SRO rules.

The regulatory framework for tokenized securities continues to evolve, and future rulemaking or guidance may impose additional requirements or modify existing interpretations. Our ability to comply with evolving regulatory requirements will be subject to regulatory scrutiny, and there is no assurance that our policies and procedures will meet the expectations of regulators as the framework continues to develop.

ATS Regulation

tZERO Securities owns and operates an ATS. As the owner-operator of an ATS, tZERO Securities is subject to Regulation ATS under the Exchange Act, which imposes specific requirements on the operation of ATSs, including:

- *Fair Access*. An ATS that exceeds specified trading volume thresholds for OTC securities set forth in Rule 301(b)(5) promulgated under the Exchange Act must provide fair access to the system for subscribers that meet its established and objective eligibility criteria.

- *System Capacity, Integrity, and Security*. Under Rule 301(b)(6) of the Exchange Act, an ATS must establish and maintain reasonable safeguards and procedures to protect the system's capacity, integrity, and security. The enhanced requirements applicable to "SCI ATSs" under Regulation SCI do not apply to us because we do not meet the volume or activity thresholds that trigger SCI compliance.

- *Recordkeeping and Reporting*. ATSs must maintain required books and records and file reports with the SEC, including Form ATS, as well as amendments when material changes occur.

- *Order Display and Routing Requirements (in limited circumstances)*. Certain order display or routing obligations may apply to an ATS if it displays subscriber orders to multiple subscribers in a manner that triggers the order display rules under Regulation ATS. These requirements generally apply only in limited circumstances and do not apply to ATSs that do not trade NMS stocks or otherwise do not meet the conditions that trigger NMS-related display or routing obligations.

- *Confidentiality and Operational Safeguards*. An ATS must implement written safeguards and procedures to protect the confidentiality of subscribers' trading information and prevent misuse, consistent with Rule 301(b)(10) promulgated under the Exchange Act.

In February 2018, the Division of Enforcement of the SEC informed us that we were subject to an SEC investigation. In January 2022, one of our broker-dealer subsidiaries reached an agreement to settle the matters covered by the SEC investigation. The agreement required the broker-dealer subsidiary to cease and desist from committing or causing any violation of and any future violations of Rules 301(b)(2) and (5) of Regulation ATS promulgated under the Exchange Act, which generally relate to notice and fair access, agree to be censured, and pay an $800,000 civil penalty, which was paid in January 2022. The settlement did not allege that we, our broker-dealer subsidiary, or any of our current or former executives or directors engaged in intentional fraud or misconduct, nor did the broker-dealer subsidiary admit or deny any facts alleged in the order.

Transfer Agent Regulation

On August 19, 2022, our subsidiary, tZERO Transfer Services, LLC, was approved to operate as a transfer agent by the SEC. We are reviewing alternatives for operationalizing this business line so we can potentially provide transfer agent and capitalization table management services to issuers in connection with the primary offerings and the secondary trading of securities, and we may deploy its services opportunistically.

As a registered transfer agent, tZERO Transfer Services, LLC is subject to SEC oversight and must comply with applicable rules under the Exchange Act, including requirements related to recordkeeping, safeguarding of securities, and operational capabilities. Under Section 17A(c)(1) of the Exchange Act, a transfer agent performing the enumerated "3(a)(25) Activities" (such as registering transfers, exchanging, or maintaining book-entry changes) for a security registered under Section 12 must register with the SEC.

Advisor Regulation

tZERO Capital Partners, LLC ("***tZERO Capital***") is an Exempt Reporting Adviser (an "***ERA***") in Utah. As an ERA, tZERO Capital is exempt from full registration with the SEC under the Investment Advisers Act of 1940, because tZERO Capital's advisory activities are limited to private funds or venture capital funds. Notwithstanding this federal exemption, tZERO Capital remains subject to specific SEC regulations, including the anti-fraud provisions of Section 206 of the Advisers Act, the "Pay-to-Play" Rule (Rule 206(4)-5), the Marketing Rule (Rule 206(4)-1), and the requirement to file and periodically update parts of Form ADV. Further, tZERO Capital remains fully subject to the jurisdiction of the Utah Division of Securities for purposes of anti-fraud enforcement under the Utah Uniform Securities Act. Consequently, tZERO Capital's permissible services are strictly limited to providing investment advice to qualifying private funds.

CFTC Regulation

Subject to the CFTC's acceptance of pending regulatory applications, we will be subject to oversight by the CFTC, which regulates U.S. commodities and derivatives markets and has asserted enforcement and regulatory authority over certain digital assets that it considers to be commodities.

We have filed applications with the CFTC to acquire a DCO, DCM, and IB licenses. If approved, the DCO license would enable us to operate as a derivatives clearing organization, providing centralized clearing and settlement services for cryptocurrency and derivative transactions, managing counterparty risk, and offering margin and collateral management services. The DCM license would allow us to operate a designated contract market for trading cryptocurrency derivatives and other digital asset derivatives. The IB license would allow us to introduce our customers to third-party derivatives markets, including events contracts. If our applications are approved, we would become subject to the full suite of CFTC requirements applicable to DCOs, DCMs, and IBs under the Commodity Exchange Act, including compliance with core principles, adoption and maintenance of rulebooks and governance frameworks, reporting and recordkeeping obligations, financial and operational resource requirements, and system safeguard and cybersecurity standards.

Our CFTC applications are pending, and there is no assurance that we will obtain either registration or that we will be able to meet all applicable CFTC requirements if our applications are approved.

Money Transmitter and Virtual Currency Regulation

Our subsidiary, tZERO Crypto, formerly registered as a money transmitter (or its equivalent) in many states, effectively ceased operations on March 6, 2023; however, it remains subject to certain regulatory requirements of the Financial Crimes Enforcement Network of the U.S. Department of the Treasury ("***FinCEN***"), including record-keeping requirements, and certain state regulatory bonding requirements. Compliance with these requirements requires the dedication of resources, and any material failure by tZERO Crypto to remain in compliance with the applicable regulatory requirements could subject it to liability as it proceeds with its corporate wind down.

Anti-Money Laundering and Bank Secrecy Act Compliance

We are subject to the BSA, as amended by the USA PATRIOT Act, and regulations promulgated thereunder, which relate to compliance with anti-money laundering and counter-terrorist financing laws. These laws and regulations require us to, among other things:

- Develop, implement, and maintain an anti-money laundering program;
- Report suspicious activities and transactions to FinCEN;
- Comply with certain reporting and recordkeeping requirements;
- Collect and maintain information about customers through KYC procedures;
- Comply with customer identification program requirements; and

- Screen customers and transactions against lists maintained by the Office of Foreign Assets Control.

Our broker-dealer subsidiaries are required to maintain anti-money laundering programs that comply with FINRA rules and federal requirements applicable to broker-dealers.

Consumer Protection and Privacy Laws

We and our subsidiaries are subject to various federal and state consumer protection and privacy laws, including:

- *Gramm-Leach-Bliley Act and Regulation S-P promulgated thereunder*, which include limitations on financial services firms' disclosure of nonpublic personal information about a consumer to nonaffiliated third parties, require financial services firms to limit the use and further disclosure of nonpublic personal information by nonaffiliated third parties to whom they disclose such information, and require financial services firms to disclose certain privacy notices and practices with respect to information sharing with affiliated and unaffiliated entities as well as to safeguard personal borrower information;

- *State laws and regulations*, which impose requirements related to unfair or deceptive business practices and consumer protection, as well as other state laws relating to privacy, information security, cybersecurity, and conduct in connection with data breaches; and

- *Federal Trade Commission Act*, which prohibits unfair and deceptive acts or practices in or affecting commerce.

We and our subsidiaries are subject to a variety of laws and regulations in the United States and abroad that involve matters central to our business, including user privacy, data protection, and intellectual property, among others. Foreign data protection, privacy, and other laws and regulations are often more restrictive than those in the United States. These U.S. federal and state and foreign laws and regulations are constantly evolving and can be subject to significant change. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we and our subsidiaries operate.

Regulatory Oversight and Examinations

Our broker-dealer subsidiaries, tZERO Securities and tZERO Digital, are subject to inquiry, examination, and investigation by regulatory authorities, which could result in trading halts on the ATS and financial and other settlements or penalties. Any such trading halt would adversely affect the trading market for any securities trading on the ATS and may prevent the sale of such securities until the failure is rectified. Any failure of us or our broker-dealers to satisfy FINRA, the SEC, or any other regulatory authority that we are in compliance with all applicable rules and regulations could have a material adverse effect on our operations and financial condition.

The SEC has broad enforcement powers to censure, fine, issue cease-and-desist orders, prohibit us from engaging in some of our businesses, suspend or revoke our designation as a registered broker-dealer or transfer agent, or remove or censure any of our officers or directors who violate applicable laws or regulations.

Intellectual Property

Our success depends in part upon our ability to protect and use our core technology and intellectual property rights. We rely on a combination of intellectual property laws and confidentiality procedures to establish and protect our intellectual property and other proprietary rights. We have developed and acquired a comprehensive intellectual property portfolio designed to protect our proprietary technologies and provide competitive advantages in the tokenized securities marketplace.

Patent Portfolio

We have 103 patents and 23 patent applications. These patents and patent applications run the gamut of blockchain-related products and infrastructure involving (1) tokenized securities (such as self-enforcing security tokens, splittable security tokens, upgradeable security tokens, tokenized exchange traded funds, tokenized rights to

borrows shares of securities, permissioned mapping of personally identifiable information to trading data and other publicly available information, cryptographically committing tokenized assets to trades, mitigating front-running by delaying public recordation of orders until orders are completely filled, consolidated order books, and using common ordered data generated at nodes at other nodes to fairly execute trade requests); (2) cryptocurrency wallets (such as multi-sig wallet restoration, multi-sig transaction address generation, multi-sig sweeping transaction, and key recovery system for digital wallet); (3) blockchain and distributed ledger network management (such as methods of limiting cryptographic transfer to those with private keys that match whitelisted public keys, intelligent processing of messages in network of nodes based on message type, renewal of KYC/AML or subscription license paid by owner of account on distributed ledger, and hashing blockchain data at various times to validate changing data); and (4) key splitting and restoration (such as taking cryptographic action using private keys reconstructed from key components, splitting and reconstruction of encryption key and encrypted data, doubly encrypting secret parts for distribution and secret reconstruction, doubly encrypting key parts with metadata having requirements for reconstructing asset key, and splitting secret into secret parts with separately stored metadata for reconstitution) and similar products, exchanges, trading, custody, and other use cases. We are actively working on monetization options, including potential infringement enforcement use cases and commercial opportunities.

Confidentiality and Trade Secret Protection

We generally enter into confidentiality and invention assignment agreements with employees and consultants and enter into confidentiality agreements with other third parties, including suppliers and other partners. These agreements are designed to protect our proprietary information, know-how, and trade secrets.

Employees and Human Capital

Our success is driven by a team of highly skilled key employees, many of whom bring specialized expertise in technology, operations, and regulatory compliance. We recognize that attracting, developing, and retaining top talent with these critical skill sets is essential to achieving our strategic objectives.

We are committed to attracting, developing, and retaining exceptional talent. We sustain a well-organized workplace by implementing consistent policies and procedures that are regularly communicated and reinforced across the organization. Our dedication to fostering an inclusive and collaborative culture has cultivated a highly motivated and engaged workforce. Moving forward, we will continue to strategically evaluate our human capital resources and refine the measures we employ to attract, retain, and inspire our employees as we manage and grow our business.

As of December 31, 2025, we had approximately 38 full-time employees. We also engage contractors and consultants. None of our employees are represented by a labor union or covered under a collective bargaining agreement. We have not experienced any work stoppages, and we consider our relationship with our employees to be excellent.

Properties

We operate as a “remote-first” company with minimal physical office infrastructure. We lease office space in Salt Lake City, Utah and Jersey City, New Jersey to support our operations. We do not own any real property.

In October 2022, we entered into a sublease agreement with an unaffiliated third party for office space we lease in New York City. The sublease term extends through November 30, 2031, which is coterminous with our underlying lease obligation. Notwithstanding this sublease arrangement, we remain primarily liable to the landlord under the original lease terms and would be obligated to perform all lease obligations in the event of a default by the sublessee.

Legal Proceedings

We are subject to claims and lawsuits in the ordinary course of business, including arbitrations, class actions, and other litigation, some of which include claims for substantial or unspecified damages. In addition, we operate in a highly regulated industry, many aspects of our business involve substantial risk of liability, and we are regularly the subject of actions, inquiries, investigations, examinations, and proceedings by regulatory and other governmental agencies. We are not currently a party to, nor are we aware of, any legal proceedings that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition, or results of operations.

RISK FACTORS

Investing and trading in TZROP involves a high degree of risk. Please carefully consider the risks and uncertainties described below, together with all of the other information contained in this Disclosure Statement, including our consolidated financial statements and the related notes appearing at the end of this Disclosure Statement. Other risks and uncertainties that we do not presently consider to be material, or of which we are not presently aware, may become important factors that affect our future financial condition and financial performance. If any of those or the following risks actually occur, our business, financial condition, financial performance, liquidity, and prospects could suffer materially, the market price of securities could decline, and you could lose all or part of your investment in TZROP.

For a discussion of risks relating to the proposed amendment to the TZROP Certificate of Designation and resulting exchange and conversion of shares of TZROP into shares of Series B Preferred Stock, please read the section titled "Risks Associated with the Amendment and Resulting Conversion and Exchange" in the Consent Solicitation Statement. See also "Forward-Looking Statements" above.

Risks Related to Our Business

We are operating in a developing industry, which makes it difficult to evaluate our ability to generate revenue through operations, and to date, we have only generated limited revenue from blockchain-based applications.

We were formed in 2014 to develop blockchain and financial technology as part of Beyond's Medici initiatives. The relative immaturity of the blockchain industry makes it difficult to evaluate our current business and future prospects. As a growth-stage company operating in a rapidly evolving industry, we face, and will continue to face, significant risks and difficulties in achieving commercial viability, including forecasting accuracy, determining appropriate uses of our limited resources, gaining market acceptance, navigating a complex and evolving regulatory landscape, and developing new products and services. Our business operating model may require changes in order to scale operations efficiently and achieve success. Investors in our tokenized securities should evaluate our business and prospects with full consideration of the substantial risks and difficulties inherent in early-stage companies operating in the emerging tokenized security financial technology sector.

To date, we have focused on primary capital raising and secondary liquidity solutions, as well as developing our business and exploring novel applications of blockchain technology. This has included developing and using technology to offer products and services to potential issuers of digital securities and regulated market participants in an effort to democratize access to capital markets for potential issuers of tokenized securities and regulated market participants. Our ability to grow our customer base, capture new revenue streams, and monetize opportunities depends heavily on our ability to innovate and create successful new products and services and new use cases for our existing products and services. Developing new products and services may require substantial expenditures, divert management's attention, consume considerable time and resources, and ultimately may not be successful. New product or service offerings could fail to attract customers and generate revenue. In addition, if new product or service offerings do not integrate effectively with our existing offerings, we may be unable to realize expected synergies or deliver enhanced utility for the tZERO ecosystem.

Our primary capital raising and secondary liquidity businesses require significant scale to be commercially viable, which we have not achieved yet. In addition, we have generated limited revenue, only a small portion of which can be attributed to the commercialization of our technology or the support of such issuers and regulated market participants, and have accumulated losses since our inception. As such, we have historically been dependent upon continued financial support from our existing investors. In the event we are unable to continue to source funding of our company from existing investors, we would need to raise external capital to fund its operations, which may not be feasible. If we cannot source adequate funding, we may be required to curtail or cease operations. If we raise additional equity financing, our tokenholders may experience significant dilution of their ownership interests, and the per token value could decline.

We are pursuing a multi-asset platform strategy, but there is no assurance we will be able to build, launch, or operate such a platform successfully.

A key element of our growth strategy is our ability to build a compliant, interoperable, multi-asset platform that bridges traditional finance and Web3. This strategy contemplates expanding beyond tokenized securities to include public securities, cryptocurrencies, and derivatives. However, building such a platform involves significant execution, regulatory, technological, and commercial risks, and there is no assurance we will succeed.

Our current businesses—primary issuance, ATS secondary trading, and related technology services—remain early-stage with limited adoption and liquidity, and we have not yet scaled these activities to sustainable profitability. Expanding to a multi-asset platform will require us to:

- navigate multiple legal and regulatory regimes governing issuance, custody, trading, clearance, and settlement, which are subject to evolving interpretations and new requirements that may limit, delay, or preclude certain products or services;
- obtain additional licenses and approvals, including pending CFTC DCO, DCM, and IB applications for derivatives capabilities, with no guarantee of approval or profitable operation;
- operate in compliance with the broker-dealer framework for taking possession of tokenized securities and related SEC and FINRA expectations for custody and clearing of tokenized securities, which are complex, costly, and subject to change and ongoing scrutiny; and
- develop, integrate, and secure complex technology infrastructure, manage cybersecurity risks, address potential defects or failures, and manage dependencies on third parties.

If we cannot build, obtain necessary approvals for, integrate, or commercialize the multi-asset capabilities we are targeting, our growth strategy, business, results of operations, and financial condition could be materially and adversely affected.

Since February 2022, Verify Investor has generally accounted for our primary source of revenue, making us vulnerable to changes in the business and financial condition of, or demand for, Verify Investor's accredited investor verification services.

Verify Investor currently accounts for the primary source of our revenue, contributing 43% of our combined revenue (excluding discontinued operations) for the twelve months ending December 31, 2025. Until we diversify our revenue mix through growth in our primary capital raising and secondary liquidity business lines, we remain vulnerable to any changes in the business and financial condition of, or demand for, Verify Investor's accredited investor verification services. Verify Investor's and our income and ability to meet our financial obligations could also be adversely affected in the event of bankruptcy, insolvency, or significant downturn in the business of Verify Investor or us.

Our profitability is dependent on our ability to attract, maintain and grow our partner, issuer, and investor base.

The success of our business depends on our ability to attract and retain partners and issuers seeking to use our infrastructure stack (including on-chain custody) and raise capital and provide a path to secondary liquidity for their securities, as well as broker-dealers, institutions, and investors who participate in our ATS. To do so, we must demonstrate to potential and existing customers that our platform provides significant advantages over those of our competitors. Market acceptance of our offerings is affected by a number of factors, many of which are beyond our control, including:

- the timing and success of competing capital raising and secondary trading platforms;
- performance and reliability of the ATS and our other technology systems;
- perceptions of our platform's security, regulatory compliance, and reliability;

- acceptance of and interest in tokenized securities and tokenized assets;
- the regulatory environment governing tokenized securities and broker-dealers;
- the growth or contraction of the private securities market; and
- trends in the tokenization of public securities.

As the market for tokenized securities and related services continues to mature, we expect that customer satisfaction will become an increasingly critical driver of demand for our offerings. We believe that our customers are increasingly looking for compliant and reliable platforms that seamlessly integrate with existing capital markets infrastructure, while streamlining the customer experience. If we are unable to meet this demand, or if the tZERO offerings otherwise fail to achieve widespread market acceptance, our business, results of operations, financial condition and growth prospects may be adversely affected.

We have a history of net losses and require additional capital to fund our operations. If we are unable to obtain sufficient funding or generate adequate revenue, we will be forced to curtail or cease our operations.

We have incurred significant net losses since our inception and have a substantial accumulated deficit. We have also experienced, and expect to continue to experience, negative cash flow from operations. We anticipate that we will continue to incur significant operating losses for the foreseeable future as we invest in product development, expand our sales and marketing efforts, and support our operations.

Our viability and ability to execute our business plan are dependent upon our ability to generate sufficient revenue, manage expenses, or obtain additional capital to fund our operations. We will need to raise substantial additional financing to sustain our business activities in the near term. There can be no assurance that such financing will be available on terms acceptable to us, or at all.

If we are unable to raise additional capital when needed or fail to achieve profitability or revenues at a level that converts existing cash resources into a longer runway to profitability, we may be forced to take actions that could adversely affect our business. Such actions could include significantly scaling back beyond current expense management initiatives or discontinuing our operations; delaying, reducing, or terminating our product development programs; seeking to sell all or part of our business or assets; or ceasing operations altogether.

Applicable law and regulation may impact the manner in which blockchain technology may be used to issue and trade securities in the future, limiting our business.

The complex legal and regulatory requirements applicable to issuers and SEC-registered exchanges, alternative trading systems, or other regulated venues and market participants currently limits the extent to which we are able to custody tokenized securities and integrate smart contract technology into the tokenized securities lifecycle. For instance, in the future, regulatory authorities may take the position that tZERO Digital can no longer custody tokenized securities as it does today or that the existing regulatory framework precludes any tokenization of securities ownership, thereby precluding tZERO Securities from supporting such securities. Alternatively, regulators may permit other market participants to engage in competitive activities in a way that requires less onerous qualification than it took us.

Our ability to provide additional applications of blockchain technology to digital securities or the financial industry more broadly, including public markets, may be dependent on legislators or regulatory authorities adopting additional laws, rules, and regulations or modifying existing laws, rules, and regulations, or interpretations thereof—which may take significant time to occur and would be largely outside of our control—as well as the adoption of industry-wide infrastructure solutions to enable such ecosystem. There can be also no assurance that tokenized securities or any future legally and regulatorily compliant advancement thereof that we may be able to develop will meet investor expectations. For example, there can be no assurance that it will enable less expensive or more efficient trading than is possible from other available trading solutions, whether traditional or otherwise. See "*—The commercial viability of tZERO Digital is uncertain and may be adversely impacted by additional competition if more custodians (including other broker-dealers) obtain approval to custody tokenized securities.*"

We are assessing the future of all or substantial portions of our technology infrastructure and may replace all or portions of it with new proprietary technology or licensed third-party technology, which could result in significant costs, operational disruptions, and uncertainty.

We are currently evaluating the future of all or substantial portions of our technology infrastructure, which includes the technology infrastructure that supports our trading, custody, clearing, and settlement operations. As part of this assessment, we may determine that it is necessary or advisable to replace all or portions of our existing technology with newly developed proprietary technology or licensed technology from third-party providers.

Any decision to replace significant portions of our technology infrastructure would involve substantial risks and uncertainties. We would incur significant costs associated with licensing fees, implementation expenses, system integration, data migration, and personnel training. The transition process could be lengthy and complex, potentially causing operational disruptions, service interruptions, or degradation in system performance that could negatively impact our customers and our business operations. There is no guarantee that any new technology would perform as expected, integrate seamlessly with our remaining systems, or provide the functionality, scalability, or competitive advantages we require.

Additionally, if we decide to replace our proprietary technology with licensed solutions, it would increase our dependence on third-party technology providers, exposing us to risks associated with vendor performance, vendor financial stability, license termination, price increases, and loss of control over critical aspects of our technology infrastructure. If a third-party provider fails to maintain or support the licensed technology, experiences financial difficulties, or terminates our license, we could face significant operational challenges and could have a material adverse effect on our business, financial condition, and results of operations.

There is no guarantee we will ever be able to grow our ATS secondary trading market so that it is a sustainable or profitable business.

Since 2019, tZERO Securities has sought to create a secondary market and provide a path to liquidity for tokenized securities issued in offerings exempt from registration under the 1933 Act by issuers that are not reporting companies subject to the reporting requirements of the Exchange Act ("private tokenized securities"). Following the launch of TZROP trading on our ATS in January 2019, we have onboarded additional private tokenized securities to trade on our ATS, with six private tokenized securities currently trading on our ATS.

To date, tZERO Securities has generated limited trading revenue. The market for private securities is generally less liquid than the market for national market securities or exchange-traded securities, and in many cases, private securities are thinly traded. Because tZERO Securities earns trading revenue based on the number and volume of transactions, we expect that the number of private tokenized securities traded on our ATS would need to substantially increase before tZERO Securities is able to fund its or our operations or achieve profitability. While tZERO Securities has been working to grow and expand the accessibility of our ATS to a broad array of issuers of private and public tokenized securities, there can be no assurance that it will be able to scale our ATS trading business at a rate sufficient to achieve profitability or fund its or our operations in the near term.

There is no guarantee we will ever be able to grow our primary issuance platform so that it is a sustainable or profitable business.

tZERO Securities' primary issuance platform represents a relatively new business line for tZERO in an intensely competitive investment banking industry in which we operate as a relatively small participant. Many of our competitors in the investment banking industry have a broader range of products and services, greater financial resources, larger customer bases, greater name recognition and marketing resources, a larger number of senior professionals to serve their clients' needs, greater global reach, and more established relationships than we have. These larger competitors may be better able to respond to changes in the investment banking industry, to compete for skilled professionals, to finance acquisitions, to fund internal growth, and to compete for market share generally. If we are unable to compete effectively with our competitors in the investment banking industry, our business and results of operations may be adversely affected. While tZERO Securities is working to grow and develop the primary issuance platform, there can be no assurance that it will be able to scale the primary issuance business at the rate necessary to achieve profitability or fund its or our operations in the near term.

The commercial viability of tZERO Digital is uncertain and may be adversely impacted by additional competition if more custodians (including other broker-dealers) obtain approval to custody tokenized securities.

A special purpose broker-dealer business is a new and novel business, and there is no assurance that we will be able to develop a commercially viable business for tZERO Digital. The tZERO Digital business is limited to custodial services for digital asset securities traded on the tZERO Securities ATS. It cannot operate its own order entry and execution platform.

Furthermore, while tZERO Digital is one of three special purpose broker-dealers in the United States, subject to SEC registration and obtaining FINRA membership, there is no barrier to other broker-dealer entering the market for digital asset securities custodial services and competing with tZERO Digital. The SEC recently clarified that other broker-dealers may custody digital asset securities at a third-party custodian that meet the requirements of a good control location via paragraph (c) of Exchange Act Rule 15c3-3 and take possession of digital asset securities for customers in compliance with the December 2025 Statement (without certain of the conditions in the December 2020 Statement). Furthermore, new laws, rules or regulations may permit other entities or broker-dealers to conduct a digital asset securities custody business and/or permit other market participants to engage in competitive activities, in each case, in a way that requires less onerous qualification than it took us. Such competitors may provide a more attractive or competitive tokenized security custody solution than we may be able to provide. They may also have substantially greater technological expertise, experience with blockchain technologies or the capital markets and/or may have substantially greater financial resources than we have or may be able to access. The entry of such competitors into the market will likely have a material adverse effect on the commercial viability of tZERO Digital.

tZERO Securities' revenues are derived from its primary capital raising and secondary trading services making tZERO Securities, and by extension us, vulnerable to changes in the business and financial condition of, or demand for tZERO Securities' primary capital raising and secondary trading services by, its customers.

tZERO Securities generates revenue primarily from capital raising activities and secondary trading, creating significant exposure to fluctuations in customer demand for these services. Unfavorable conditions and other uncertain geopolitical conditions may negatively impact investor sentiment and corporate decision-making, leading to industry-wide reductions in the size and number of capital market transactions, including primary issuances and secondary trading, which may also negatively impact our investment banking business. Such conditions could materially and adversely affect our prospective revenues and profit margins. During the twelve-months ended December 31, 2025, revenue attributable to tZERO Securities, and all brokerage businesses transferred to it, accounted for 31% of tZERO's combined revenue (excluding discontinued operations). The income and ability of tZERO Securities and us to meet our financial obligations could be adversely affected in the event of bankruptcy, insolvency, or a significant downturn in either party's business.

There is no guarantee that the Lynq project will be successful or that the project will yield significant revenue.

Lynq, the institutional settlement network for which we act as the broker-dealer operator, is a novel product, and its success depends on several contingencies, including continued institutional adoption. There is no guarantee that our investment in Lynq will be profitable or that revenue we earn from our role in the project will have a material positive impact on tZERO's business.

tZERO Securities has not yet been able to utilize blockchain technology for securities trading on our ATS, and there is no guarantee it ever will.

The user experience for tokenized securities, including TZROP and other securities traded on our ATS, differs fundamentally from that of virtual currencies or anonymous bearer digital instruments that trade peer-to-peer on distributed ledgers. Our ATS is a conventional matching engine for a central order book, and distributed ledger or blockchain technology does not play a role in the trading of tokenized securities. All transactions executed on the tZERO Securities ATS occur off-chain, with clearance and settlement of transactions facilitated by tZERO Securities (with respect to cash) and tZERO Digital (with respect to TZROP) on a book-entry basis in each firm's respective clearing software.

While the digitally native shareholder register for each tokenized security is maintained on the blockchain, this on-chain register has no impact on trading operations. On March 14, 2025, TZROP became the first tokenized

security to trade on our ATS. tZERO Digital custodies TZROP on the blockchain and processes deposits and withdrawals on the blockchain. However, tZERO Securities and our ATS do not have any direct blockchain-based operations.

tZERO Securities and tZERO Digital are registered broker-dealers subject to extensive regulation.

tZERO Securities and tZERO Digital are registered with the SEC as broker-dealers under the Exchange Act and in the states in which they conduct securities business and are members, and subject to the rules of FINRA and other applicable SROs. In addition, tZERO Securities owns and operates our ATS, an SEC-regulated alternative trading system. tZERO Securities' trading revenue has been limited and solely is generated from fees charged to its customers. tZERO Securities is subject to regulation, examination, investigation, and disciplinary action by the SEC, FINRA, and state securities regulators, as well as other governmental authorities and SROs with which it is registered or licensed or of which it is a member. Similarly, tZERO Digital, as a special purpose broker-dealer, is subject to regulation, examination, investigation, and disciplinary action by the SEC, FINRA, and state securities regulators, as well as other governmental authorities and SROs with which it is registered or licensed, or of which it is a member.

Any failure of tZERO Securities or tZERO Digital to comply with all applicable rules and regulations or satisfy FINRA, the SEC, or any other regulatory authority with which they must comply could have a material adverse effect on our operations and financial condition.

There is no guarantee we will ever be able to develop a public markets platform or solutions for public securities.

tZERO has been exploring potential opportunities in public markets. Our opportunities to expand into public securities may be limited by current and future securities laws and regulations, and there can be no assurance that legislators and regulators will permit us to engage in a public markets business. Other firms, including much larger and better capitalized competitors, have announced plans to pursue tokenized public securities products. Many of those firms have a broader range of existing products and services, greater financial resources, larger customer bases, greater name recognition and marketing resources, a larger number of senior professionals to serve their clients' needs, greater global reach, and more established relationships than we have. These larger competitors may be better able to respond to changes in the public securities market, to compete for skilled professionals, to finance acquisitions, to fund internal growth and to compete for market share generally. If we are unable to compete effectively with our competitors in the public securities market, our business and results of operations may be adversely affected. While tZERO is working to grow and develop public markets opportunities, there can be no assurance that it will be able to earn revenue from any such business that would make us profitable or fund our operations in the near term.

There is no guarantee we will ever receive licenses necessary to operate a derivatives business or that any such business will be profitable.

tZERO DCO, LLC, tZERO DCM, LLC, and tZERO Introducing Broker, LLC have filed applications with the CFTC to acquire licenses for a DCO, a DCM, and an IB, respectively. However, there is no guarantee that the CFTC will grant such licenses. The CFTC application and approval process is complex, time-consuming, and subject to extensive regulatory scrutiny. The CFTC may require us to make substantial modifications to our proposed business model, technology infrastructure, or operational procedures as a condition of approval, or may deny our applications entirely. The timing of any approval is uncertain and outside of our control.

Even if the CFTC grants these licenses, operating as a DCO, DCM, and IB will subject us to extensive ongoing regulatory requirements, including stringent capital requirements, margin and collateral management obligations, risk management standards, cybersecurity requirements, and regular examinations by the CFTC. Compliance with these requirements will require significant investments in systems, personnel, and infrastructure, and will impose substantial ongoing operational costs. Any failure to maintain compliance with CFTC regulations could result in enforcement actions, fines, suspension or revocation of our licenses, or other sanctions.

The derivatives market is highly competitive and dominated by well-established, well-capitalized competitors with extensive market share, deep liquidity, sophisticated technology platforms, and decades of operational experience. We will face significant challenges in attracting trading volume and market participants away from these established venues. Building and operating a derivatives business will require substantial capital investment

in technology infrastructure, regulatory compliance systems, and working capital to support clearing operations before we generate any revenue.

There can be no assurance that any derivatives business will be able to attract sufficient trading volume, generate adequate revenue, achieve profitability, or fund our operations in the near term or at all. If we are unable to establish a viable derivatives business, we will have expended substantial resources without achieving our strategic objectives, which could have a material adverse effect on our business, financial condition, and results of operations.

Critical technology infrastructure failures could disrupt operations and cause significant financial losses.

The technology on which we and our subsidiaries and licensees rely may not function properly, which could have a material adverse effect on our plans, operations, and financial condition. The volume of activity faced by us and our subsidiaries and licensees may materially increase in the future as the user base for these services grows, which may stress the technology in new ways. Our and our subsidiaries' technology may malfunction because of errors in the underlying technology, an unanticipated increase in transactions using the technology or as a result of cyber-attacks or external security breaches. If our or our subsidiaries' technology does not work as anticipated or malfunctions, any resolution of the issue may take time and be costly to implement, or there may be no solution or alternative technology available. The importance of this technology to our operations means that any problems in its functionality would have a direct material adverse effect on our plans and expectations for revenues from our blockchain applications and expose us to material loss. Any such technological problems could have a material adverse effect on our prospects, operations and financial condition and a material adverse effect on us.

Real or perceived errors, failures, bugs, or defects in our products and services could adversely affect our reputation and harm our business.

Our technology platform may contain real or perceived errors, failures, bugs, or defects. Any such issues or other performance problems could damage our customers' businesses, result in a loss of existing or potential customers, cause delayed or lost revenue, and harm our reputation. In addition, such issues may cause system failures, loss of data, or other adverse effects for our customers who may assert warranty and other claims for substantial damages against us. Although our customer agreements often contain provisions that seek to limit our exposure to such claims, these provisions may not be effective or enforceable under the laws of some jurisdictions. These claims, even if unsuccessful, could be costly and time consuming to defend and could harm our business and financial condition.

We or our technology may be the subject of cyber-attacks, which may result in security breaches and the loss or theft of assets, which could expose us to liability and reputational harm and could seriously curtail the utilization of our services or technology and could result in claims against us.

Cybersecurity incidents have become increasingly prevalent and sophisticated, and we and our users have been targeted in the past and may be targeted again in the future. Certain kinds of viruses or malware can corrupt basic functionalities of device operating systems to allow hackers to access or misdirect our users' tokenized securities. Additionally, we may experience cybersecurity incidents, including cyber-attacks by third parties seeking unauthorized access to our users' confidential data, which could disrupt our ability to provide services on the tZERO platform or lead to exposure of user information.

Our businesses store and transmit proprietary user information, or may do so in the future, and have developed technology which facilitates third-party storage and transmission of user data. These activities expose us to significant cybersecurity risks, including security breaches, malware attacks, computer hacking, and other malicious activities that could result in the loss or misuse of sensitive information and subject us to claims, regulatory fines, and litigation, as well as damage to our reputation and a loss of confidence in our security program and our ability to implement security measures on par with our peers. Further, a compromise of our security could reduce market participants' willingness to adopt and regularly use our technology. Our operations are also vulnerable to cyber-attacks targeting our customers, third-party service providers, and other systems upon which we and our customers depend. Additionally, distributed denial of service attacks against tZERO could impair or prevent customer access to our platform.

Our information systems and data face multiple threat vectors, including malicious attacks and breaches resulting from human error or insider malfeasance. These threats may include computer malware, viruses, ransomware and other malicious software, computer hacking, fraudulent use, social engineering (including phishing attacks), data privacy breaches by employees, insiders or others with authorized access, and other attempts to gain unauthorized access to our information systems and data. Any cybersecurity incidents could have a material adverse effect on our financial position and business.

Our success is dependent on our ability to hire, retain, or motivate qualified personnel.

Our business largely depends on the talents and efforts of highly skilled individuals, particularly those with technology, operational and regulatory backgrounds, including senior management and other key personnel. The fields in which our businesses operate are rapidly growing, making hiring for candidates with suitable backgrounds and relevant experience particularly competitive. As more businesses are allowing employees to work from home, the job market has expanded, and we are competing with businesses in other locations and states to attract and retain key employees. The loss of the services of key employees for any reason could harm our business. Our future success will depend on our continuing ability to identify, attract, hire, train, develop, motivate, and retain highly skilled personnel. Without such individuals, we may not have or may not be able to obtain the skills or expertise needed to successfully develop, maintain, and implement our initiatives. In addition, our compensation arrangements, such as our equity award program, may not always be successful in attracting new employees and retaining and motivating our existing employees, which would affect our future success. Any failure by us to hire, retain, or motivate qualified personnel or to build and maintain an effective team of senior management and key employees could have a material adverse effect on our financial results, business, and prospects.

Our core technology has been and will be, as applicable, developed by our key technology employees and vendors, and the operation and further development of this core technology depend on the continued availability of those key employees and vendors.

Core technologies used for our operations have been or will be developed primarily by a small number of our key technology employees, with support from certain key vendors. This includes technology used for the operation of the regulated trading venues we support, including our ATS. The loss of the services of any of those key employees or vendors could have a material adverse effect on our ability to develop, operate, or maintain the technology used for our operations. If we were to lose the services of any such key employees or vendors, it could be difficult or impossible to replace them, and such loss could have a material adverse effect on our operations and financial condition.

Strategic transactions we have engaged and may engage in could disrupt our business, divert our management's attention, or harm our business and may not achieve the benefits we anticipate.

From time to time, we have engaged in strategic transactions, including the ICE Investment and Pelion transaction, and may do so again in the future. Many of our businesses and the counterparties with which we may engage in transactions with are heavily regulated, which may complicate such strategic transactions. The identification, evaluation, and negotiation of potential strategic transactions may divert the attention of management and require the incurrence of significant expenses, whether or not such transactions are ultimately completed. We also may not achieve the anticipated benefits from such transactions due to a number of factors, including difficulties resulting from the integration or separation of technologies, accounting or other operational systems, culture or personnel involved in any acquisition, divestment, or investment (whether in another entity or us); diversion of management's attention; litigation; prioritization of resources; regulatory constraints or other disruptions to our operations. Also, the anticipated benefits of such strategic transactions may not materialize or increase our revenue. If any strategic transaction fails to meet our expectations, our business may be materially and adversely affected.

Our financial services businesses rely on third parties and their systems for a variety of services, and any loss of their services or failure to perform these services adequately could have a material adverse effect on us.

Our financial services subsidiaries depend on third-party counterparties to deliver critical services, including processing customer payments, providing core service elements, and assisting with asset distribution. We do not control these counterparties, and their failure to perform adequately could materially harm our business. These third parties may:

- fail to provide these services adequately, including as a result of errors in their systems or events beyond their control;
- breach their agreements or refuse to provide these services on terms acceptable to our financial services subsidiaries;
- refuse to extend the term of their services at the end of a contractual term; and
- take actions that degrade the functionality of our financial service businesses, impose additional costs, or create requirements on our financial services subsidiaries, which may need to be passed on to customers, subscribers, or clients.

Additionally, some of these third-party financial services counterparties deliver features and functionalities that, if no longer available to us, cannot be replaced easily or in a timely fashion, if at all. Customers may attribute such interruptions or delays to the operations of our platform, leading to doubts about the efficiency or reliability of the tZERO platforms and services which could have an adverse effect on our reputation and financial condition. While alternative service providers or solutions may exist, adding or transitioning to new providers could disrupt our subsidiaries' businesses, increase costs, and require product modifications. If any third-party counterparty fails to adequately provide or ceases providing essential services, and we cannot secure suitable alternatives, our businesses may be materially and adversely affected.

If we are not able to maintain our brand or reputation, our business and results of operations may be adversely affected.

We believe that maintaining our reputation as a leading regulated financial technology company and provider of tokenized securities infrastructure is critical to our relationship with our existing customers and our ability to attract new customers. The successful promotion of our brand will depend on several factors, including our ability to maintain a record of security, performance, and reliability; our ability to continue to develop and integrate high-quality products and features for our primary issuance platform, secondary trading services, and tokenized security custody solutions; and our ability to successfully differentiate our offerings from competitive products and services. Independent industry and financial analysts may provide reviews of our technology stack, trading platform, and financial services, as well as those of our competitors. Perception of our offerings in the marketplace may be significantly influenced by these expert reviews. If reviews of our platform and services are negative or less positive than those of our competitors our brand may be adversely affected. The performance and reputation of our third-party technology partners and service providers may also affect our brand and reputation, particularly if users do not have a positive experience with our integrated services and platforms.

Further promotion of our brand may require us to make increased expenditures, and we anticipate that the expenditures will increase as our market becomes more competitive. Expenditures intended to maintain and enhance our brand may not be cost-effective or effective at all. If we do not successfully maintain and enhance our brand, we may experience reduced pricing power relative to our competitors, a decrease in existing users, failure to attract new users or an inability to expand offerings of new products to our existing users, all of which could materially and adversely affect our business, results of operations, and financial condition.

Adverse economic conditions and geopolitical events may adversely affect our business.

Our performance is subject to general economic conditions and their impact on blockchain technology adoption, private capital markets, investor confidence, and demand for capital raising and secondary liquidity services, as well as our customers. The United States and other key international economies have experienced cyclical downturns from time to time in which economic activity declined resulting in lower consumption rates, restricted credit, reduced profitability, weaknesses in financial markets, bankruptcies, and overall uncertainty with respect to the economy. The impact of general economic conditions on the tokenized securities ecosystem is highly uncertain and dependent on a variety of factors, including global trends in the blockchain economy, central bank monetary policies, and other events beyond our control. Such events and conditions can materially reduce demand for our primary issuance platform services and trading activity on our ATS.

Geopolitical developments, such as the current conflict between Russia and Ukraine and related economic and other retaliatory measures taken by the United States, the European Union, and others, conflict in the Middle East, trade wars, tariffs imposed by the current administration and related retaliatory measures by other countries, and foreign exchange limitations can also increase the severity and levels of unpredictability globally and increase the volatility of global financial markets. Our business, results of operations, financial condition, and prospects may be materially and adversely affected by any negative impact on the global economy, private capital markets, or investor confidence resulting from these or other geopolitical tensions or general adverse economic conditions.

Actual events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, transactional counterparties, or other companies in the financial services industry, or the financial services industry generally, or concerns or rumors regarding such events or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. Instability in the global economic system could have negative ramifications, such as additional market-wide liquidity problems or impacted access to deposits and investments for users of affected banks and certain banking partners. Our business, operating results, and financial condition could be adversely affected as a result. *See* "—tZERO Securities' revenues are derived from its primary capital raising and secondary trading services making tZERO Securities, and by extension us, vulnerable to changes in the business and financial condition of, or demand for tZERO Securities' primary capital raising and secondary trading services by, its customers."

We may be adversely affected by natural disasters, pandemics, and other catastrophic events, as well as by man-made problems such as terrorism.

Natural disasters, fire, power shortages, or other catastrophic events may cause damage or disruption to our operations, our business partners' operations, and the economy and could have an adverse effect on our business, results of operations, financial condition, and prospects. In addition, public health crises, such as pandemics and epidemics, could harm our business and our customer base and cause our operating results to suffer. In the event of a natural disaster or epidemic or pandemic, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in development of our products and services, lengthy interruptions in service, breaches of data security, and loss of critical data. Disruptions and governmental actions, such as those enacted due to COVID-19, combined with any associated economic and/or social instability or distress, may have an adverse impact on our results of operations, financial condition, and cash flows.

We do not maintain insurance sufficient to compensate us for the potentially significant losses that could result from disruptions to our products and services. Additionally, all of the aforementioned risks may be further increased if we do not implement a disaster recovery plan or our business partners' disaster recovery plans prove to be inadequate. To the extent natural disasters or other catastrophic events concurrently impact the data centers or infrastructure relied upon by us or our third-party service providers, our ability to operate our ATS, facilitate primary offerings and secondary transactions, and provide related technology services could be significantly impaired, resulting in loss of revenue, customer dissatisfaction, regulatory scrutiny, and material adverse effects on our business.

From time to time, we may encounter technical issues with the integration of tokenized securities and changes to our technology systems, which could adversely affect our business.

In order to support tokenized securities on our ATS and through our special purpose broker-dealer, tZERO Digital, a variety of front- and back-end technical and development work is required to implement our custody, clearing, settlement, and trading solutions for tokenized securities. Some tokenized securities require extensive development work to integrate with our existing technical infrastructure and regulatory compliance systems, and there is no guarantee that we will be able to integrate successfully with any existing or future tokenized securities issuance protocols or transfer agent systems. In addition, such integration may introduce software errors or weaknesses into our ATS trading platform or custody infrastructure. Even if such integration is initially successful, any number of technical changes, software upgrades, cybersecurity incidents, or other changes to the underlying blockchain network such as the Ethereum network used for our tokenized securities may occur from time to time, causing incompatibility, technical issues, disruptions, or security weaknesses to our tokenized securities trading and custody operations.

If we are unable to identify, troubleshoot, and resolve any such issues successfully, we may be forced to stop supporting the affected tokenized securities or suspend trading on our ATS. This could result in lost customers,

compromised custody security, and disruptions to our broker-dealer operations and infrastructure, all of which could materially and adversely impact our business.

Our D&O insurance might not be adequate and, as a result, our operating results could be adversely affected.

Our directors' and officers' liability insurance may not be adequate to fully protect us against liability for the conduct of its directors and officers. If such insurance does not fully protect us against liability for the conduct of our directors and officers, our operating results could be materially adversely affected and our directors and officers may seek indemnification from us to cover the costs of legal claims and proceedings, in addition to related expenses and costs, that may subject us to continuing expenses.

As a remote-first company, we are subject to heightened operational and cybersecurity risks.

We are a remote-first company, meaning that for all existing roles our employees work from their homes or shared office spaces hosted by third parties, which subjects us to heightened operational risks. For example, at these locations, technologies may not be as robust as those used in corporate offices, which could cause our networks, information systems, applications, and other tools to be more limited or less reliable, and our security systems may be less secure than those used in corporate offices. While we have implemented technical and administrative safeguards to help protect our systems as our employees and service providers work from home, we may be subject to increased cybersecurity risk which could expose us to risks of data or financial loss and could disrupt our business operations.

Risks Related to Our Industry

We or our subsidiaries may face substantial competition from known and unknown competitors as well as the risk that one or more of them may obtain patents covering technology critical to our operations.

We operate in a rapidly changing and highly competitive industry, and our results of operations and future prospects depend in part on the continued growth of our platform, our ability to monetize our financial services, and our ability to innovate and create successful new products and services and improve existing products and services.

Although there may be certain regulatory and other barriers to enter the markets we serve, we nonetheless expect our competition to continue to increase. We believe that a number of organizations are or may be working to develop applications for distributed ledger or blockchain technologies or other novel technologies in the financial industry or capital markets that may facilitate or enhance the experience of trading securities or other financial assets and that may be competitive with our business, as well as our patented technology. As the blockchain industry matures, we expect that larger existing companies in the financial services and technology industries may compete with us in providing technological solutions related to the capital markets or other potential areas of business we may enter. Such competitors may develop technology for the trading of securities which may or may not utilize blockchain technology and which may provide a more attractive or competitive trading solution than we may be able to provide. Any or all of them may also compete with us now or in the near future for the time and attention of regulators and for the services of persons with the expertise they need. Some or all of such organizations may have substantially greater technological expertise, experience with blockchain technologies or the capital markets and/or may have substantially greater financial resources than we have or may be able to access, and many of them appear to be attempting to patent technologies that may be competitive with or similar to the technology we have developed and patented. This may allow such competitors to offer more competitive pricing or other terms or features or a broader range or more specialized set of products or services, as well as respond more quickly than we can to new or emerging technologies and changes in end-user and customer preferences. Additionally, when new competitors seek to enter our markets, or when existing market participants seek to increase their market share or revenues, they may offer terms, including fee structures, that are more favorable than ours, which could result in a decrease of our market share or revenues or lead us to adopt less profitable business practices, or otherwise exert downward pressure on our results of operations. We do not have access to detailed information about the technologies these organizations may be attempting to patent. If other persons, companies, or organizations obtain any patents covering technology critical to our business, we, issuers of tokenized securities or regulated market participants that need the relevant technology in order to operate as intended might be unable or unwilling to license the technology, which could have a material adverse effect on our operations and financial condition.

Further, certain of our subsidiaries may also face competition in the areas of their respective businesses, including accredited investor verification services, or broker-dealer services for primary capital raising and secondary liquidity services, and these competitors may have substantially greater resources than we or our subsidiaries do. Any or all of them may compete with our subsidiaries now for current business or in the near future for our current or potential business.

The further development and acceptance of blockchain technologies, which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain technologies, peer-to-peer tokenized securities and assets enhanced by blockchain technologies would have a material adverse effect on the successful development and adoption of our business.

The growth of blockchain technology and the blockchain industry in general, as well as the specific blockchain networks which peer-to-peer tokenized securities such as cryptocurrencies and assets enhanced by blockchain technology utilize, is subject to a high degree of uncertainty. Our business depends on the continued growth, development, and acceptance of blockchain networks, tokenized securities, and related technologies. Tokenized security platforms are relatively new. Some of our competitors are unlicensed and unregulated, operate without supervision by any governmental authorities, and do not provide the public with significant information regarding their ownership structure, management team, corporate practices, cybersecurity, and regulatory compliance. As a result, customers and the general public may lose confidence or interest in tokenized security platforms, including regulated platforms like ours.

The factors affecting the further development and acceptance of blockchain technology and the growth of the blockchain industry include, without limitation:

- worldwide growth in the adoption and use of peer-to-peer tokenized securities, assets enhanced by blockchain technology and other blockchain technologies;
- government and quasi-government regulation of peer-to-peer tokenized securities and assets enhanced by blockchain technology and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- the maintenance and development of the open-source software protocol of blockchain networks;
- changes in consumer demographics and public tastes and preferences;
- the availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using government-backed currencies or existing networks;
- exploitable flaws inherent in blockchain technology (e.g., “double-spend” attacks or “51%” attacks);
- general economic conditions affecting investment in and demand for peer-to-peer tokenized securities and assets enhanced by blockchain technology; and
- a decline in the popularity or acceptance of peer-to-peer tokenized securities and assets enhanced by blockchain technology.

The blockchain industry as a whole has been characterized by rapid changes and innovations and is constantly evolving. Although it has experienced significant growth in recent years, the slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks, peer-to-peer tokenized securities such as cryptocurrencies and assets enhanced by blockchain technology such as tokenized securities may materially adversely affect our business plans.

Tokenized security price volatility could damage market confidence in blockchain technology and harm our business.

The prices of peer-to-peer tokenized securities, such as bitcoin and ether, and our tokenized securities, including our tokenized stock, have historically been subject to dramatic price fluctuations and are highly volatile. A

fluctuation in the price of a single peer-to-peer tokenized security may cause volatility in the value of such assets generally or a subset thereof. For example, a security breach that affects confidence and causes price fluctuations in bitcoin or ether may affect market perception of blockchain technology and may discourage potential investors from investing in or utilizing all peer-to-peer tokenized securities. Even though tokenized securities are conventional, uncertificated book-entry securities in some cases, and/or have built-in controls to prevent erroneous transfers in some other cases, investors may perceive them to be part of the same asset class as peer-to-peer non-security tokenized securities, and the price volatility of peer-to-peer non-security tokenized securities may thereby affect investor perception of and demand for tokenized securities. This volatility may adversely affect interest in and demand for tokenized securities that trade on regulated venues that we invest in, each of which would materially adversely affect our business.

The tokenized securities market in which we compete is subject to rapid innovation and change, and there is a risk that changes or innovations in the tokenized securities market may occur while we continue to develop our businesses which could render certain aspects of our business model and developed technology obsolete.

Since its inception, the distributed ledger technology market in general and the tokenized securities market have been characterized by rapid changes and innovations and are constantly evolving. As a result, there is a risk that during the time that we continue to grow and expand our tokenized securities businesses, there may occur changes or innovations which may render certain aspects of our business model and developed technology obsolete. If we are not able to adapt to such change or innovations, we may not be able to generate sufficient interest in our tokenized securities businesses, which would have a material adverse effect on our prospects.

Some market participants may oppose the development of blockchain-based systems like those central to our commercial mission, which could adversely affect us.

Many participants in the system currently used for trading public securities in the United States may oppose the development of capital markets systems and processes that involve the use of blockchain technology, whether by permitting trading to occur directly on the blockchain, the issuance of tokenized securities on the blockchain or by adding digital courtesy carbon copies such as those used by tokenized securities. The market participants who may have concerns with such a system may include entities with significantly greater resources, including financial resources and political influence, than we have. Our ability to operate and achieve our commercial goals could be adversely affected by any actions of any such market participants that result in additional regulatory requirements or other activities that make it more difficult for us to operate could adversely affect our ability to achieve its commercial goals, which could have a material adverse effect on us.

Risks Related to Regulation

The application of blockchain technologies to existing legal and regulatory regimes is uncertain, and new laws and regulations or policies may materially adversely affect our business.

Our businesses intend to advance existing industries by promoting the integration of blockchain technologies, either by creating technology to enable or investing in regulated venues to enable the issuance, trading, clearance and settlement of tokenized securities, digital assets, and other assets or providing avenues through which market participants can trade tokenized securities. The application of blockchain technologies to the legal and regulatory regimes applicable to these businesses, many of which were developed for earlier technologies, is often unclear and varies significantly across international, federal, state, and local jurisdictions. Such legal and regulatory regimes are also rapidly evolving as legislators, regulatory authorities and the courts take greater interest in blockchain technology.

Various legislative, executive, and judicial bodies in the United States and in other countries may in the future adopt laws, regulations, or guidance, or take other actions, which may severely impact the adoption of blockchain technologies. Any guidance which is adopted may impose additional regulatory obligations on our business, curtail the products and services which they may offer or otherwise impact our businesses in unexpected ways. Additionally, in the future, we expect to evolve our focus towards the advancement of the financial industry through the integration of blockchain technology in new ways which may present novel questions of legal and regulatory interpretation. Failure by us, our subsidiaries or any of our partners to comply with any laws, rules and regulations applicable to either us or them, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines, the need to implement product changes,

or an increase in costs related to compliance or operational changes and reputational harm, any of which could have a substantial and materially adverse effect to our business.

tZERO Securities is registered as a broker-dealer and is approved to operate multiple lines of business that are subject to extensive regulation, and more recently added business lines are, in certain respects, subject to regulation that is more rigorous and expensive to comply with than the regulation tZERO broker-dealer subsidiaries have historically been subject to.

tZERO Securities has obtained regulatory approvals that allow it to conduct certain brokerage and investment banking activities, including certain activities which our former and current broker-dealer subsidiaries have not historically provided, in particular by providing broker-dealer services to retail investors, as well as investment banking services and providing for the settlement and clearing of securities transactions. As a result, certain of these legal and regulatory requirements have only applied to us since we obtained regulatory approval to provide such services and are therefore relatively new to us and may require greater efforts by us and resources to initially comply with.

Any failure of tZERO Securities to comply with all applicable rules and regulations or satisfy FINRA, the SEC, or any other regulatory authority with which it must comply could have a material adverse effect on our operations and financial condition.

tZERO Digital is registered as a special purpose broker-dealer that has been approved by FINRA for the settlement and clearing of digital asset securities traded on the ATS for tZERO Securities' customers, and such business activity is subject to extensive regulation and compliance with the December 2025 Statement, which is more rigorous and expensive to comply with than the regulation broker-dealers have historically been subject to.

tZERO Digital has obtained regulatory approval to custody digital asset securities and to clear and settle digital asset securities trade on the tZERO Securities ATS by tZERO Securities customers in compliance with the December 2025 Statement, these services have not been historically provided by tZERO broker-dealer subsidiaries or any third-party broker-dealer. Compliance with December 2025 Statement (and, previously, the December 2020 Statement) has only applied to us since tZERO Digital obtained regulatory approval to provide such services in September 2024 and is therefore recent and new to us and may require greater efforts by us and resources to initially comply with or comply with on an on-going basis. Additionally, since tZERO Digital is one of three special purpose broker-dealers in the United States, there are no customary market practices broker-dealer custody of digital assets. Our ability to comply with December 2025 Statement will be subject to regulatory scrutiny and there is no assurance tZERO Digital's policies and procedures will meet the expectation of regulators.

Any failure of tZERO Digital to comply with the December 2025 Statement, all other applicable rules and regulations or satisfy FINRA, the SEC, or any other regulatory authority with which it must comply could have a material adverse effect on our operations and financial condition. For more information, see "— The commercial viability of tZERO Digital is uncertain and may be adversely impacted by additional competition if more custodians (including other broker-dealers) obtain approval to custody digital asset securities" above.

Our broker-dealer subsidiaries are subject to inquiry, examination, and investigation by regulatory authorities.

Our broker-dealer subsidiaries, tZERO Securities and tZERO Digital, are subject to inquiry, examination, and investigation by regulatory authorities, which could result in trading halts on our ATS and financial and other settlements or penalties. Any such trading halt will adversely affect the trading market for any securities trading on our ATS, and may prevent the sale of such securities until the failure is rectified. Any failure of us or our broker-dealers to satisfy FINRA, the SEC, or any other regulatory authority that we are in compliance with all applicable rules and regulations could have a material adverse effect on our operations and financial condition.

We are subject to third-party litigation risk and regulatory risk, which could result in significant liabilities and reputational harm which, in turn, could materially adversely affect our business, results of operations and financial conditions.

Our role as an intermediary, broker-dealer of record, placement agent or underwriter in primary market securities offerings involves complex analysis and the exercise of professional judgment. Such activities may subject

us to the risk of significant legal liabilities, not covered by insurance, to clients and aggrieved third parties, including stockholders of clients who could commence litigation against us. Moreover, many of the clients within our focused sectors tend to have higher risk profiles than more established companies, particularly financial technology companies. We may in the future be named as a defendant in securities-class action lawsuits alleging violations of securities laws. Although our investment banking engagements typically include broad indemnities from our clients and provisions to limit exposure to legal claims relating to such services, their provisions may not protect us, may not be enforceable, or may be with foreign companies requiring enforcement in foreign jurisdictions which may raise the costs and decrease the likelihood of enforcement. As a result, we may incur significant legal and other expenses in defending against such and other litigation (including with vendors and other commercial counterparties) and maybe be required to pay substantial damages for settlements and/or adverse judgments. Substantial legal liability or significant regulatory action against us could have a material adverse effect on our results of operations or cause significant reputational harm, which could seriously harm our business and prospects.

We are subject to numerous compliance, legal, regulatory, and other risks in multiple jurisdictions.

In our role as intermediary, broker-dealer of record, placement agent, or underwriter in primary market securities offerings, we and our subsidiaries may conduct business and/or engage with both domestic and foreign third parties. Foreign companies may be subject to extensive regulation by governments, securities exchanges and regulators, central banks, and other regulatory bodies. In many countries, the laws and regulations applicable to the financial services and securities industries are less predictable, prone to change and uncertainty and evolving, and it may be difficult to determine the requirements of local laws in every market or manage our relationships with multiple regulators in various jurisdictions. Significant resources may be spent on understanding and monitoring foreign laws, rules, and regulations. Our inability to remain in compliance with local laws and manage our relationships with regulators could result in increased expenses, changes to our organizational structure and adversely affect our businesses, reputation, and results of operations in that market. Furthermore, our inability to, where required, ensure third parties with whom we conduct business and/or engage with remain in compliance with local laws could result in increased expenses and adversely affect our businesses, reputation, and results of operations in that market.

We and our subsidiaries' businesses are subject to complex and evolving U.S. and foreign laws and regulations regarding privacy, technology, data protection, taxation, and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to their business practices, increased cost of operations or otherwise harm their businesses.

We and our subsidiaries are subject to a variety of laws and regulations in the United States and abroad that involve matters central to its business, including user privacy, data protection, and intellectual property, among others. Foreign data protection, privacy, and other laws and regulations are often more restrictive than those in the United States. These U.S. federal and state and foreign laws and regulations are constantly evolving and can be subject to significant change. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we and our subsidiaries operate.

We and our subsidiaries have adopted policies and procedures we believe are appropriate to comply with these laws. The growth of our respective businesses and expansion outside of the United States may increase the potential of violating these laws or its internal policies and procedures. The risk of being found in violation of these or other laws and regulations is further increased by the fact that many of these have not been fully interpreted by the regulatory authorities or the courts and are open to a variety of interpretations. Any action brought against us or our subsidiaries for violation of these or other laws or regulations, even if we or our subsidiaries successfully defend against it, could cause us or any of our subsidiaries to incur significant legal expenses and divert our management's attention from the operation of our business. If our operations are found to be in violation of any of these laws and regulations, we may be subject to any applicable penalty associated with the violation, including civil and criminal penalties, damages, and fines, we could be required to refund payments received by us, and we could be required to curtail or cease our operations. Any of the foregoing consequences could seriously harm us or any of our subsidiaries' business and our financial results. These existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products, result in negative publicity, increase our or any of our subsidiaries' operating costs, require significant management time and attention, and subject us or any of our subsidiaries to claims or other remedies, including fines or demands that we or any of our subsidiaries modify or cease existing business practices.

Furthermore, due to the new and evolving nature of tokenized securities and blockchain technology, and the absence of comprehensive legal and tax guidance with respect to blockchain-based securities products and transactions, many significant aspects of the U.S. and foreign tax treatment of transactions involving tokenized securities are uncertain. It is unclear whether, when, and what guidance may be issued in the future on the treatment of these tokenized securities transactions for U.S. and foreign tax purposes.

Regulatory authorities may not permit the trading of certain tokenized securities or involvement by market participants in their trading or require changes to permit such trading to occur or continue, limiting our businesses.

Depending on the particular tokenized security and regulated trading venues on which a security would trade, regulatory authorities, including FINRA and the SEC, may need to be consulted or provide their consent before any trading could occur. Any such regulatory authorities could prevent such trading from ever occurring if they objected to aspects of the anticipated method in which such trading would occur. Applicable legal or regulatory requirements or authorities may also require changes to the manner in which such trading might occur before permitting it to occur, which may require us to make changes to the underlying technology for specific licensees or more broadly before trading may begin. The regulatory landscape that potential issuers and our ATS and other regulated market participants involved in the trading of tokenized securities and their partners need to navigate in order to successfully permit a tokenized security to begin trading is complex, and there can be no assurance that they will successfully do so. Assisting partners in addressing such considerations may require significant time and resources from us both in navigating any legal and regulatory concerns or adapting our operations and technology systems in a way that realizes the requirements of the particular tokenized security or regulated market participant.

Any such regulatory issues may limit the commercial viability of our business, including our technology platform and regulated trading venues trading tokenized securities that we have an interest in or its subsidiaries operate, which would have a material adverse impact on our business and could have a material adverse effect on us.

Despite ceasing operations, tZERO Crypto remains subject to certain regulation.

tZERO Crypto formerly operated as a money transmitter (or equivalent) licensed in a majority of states and due to its prior registration with certain State regulatory bodies and FinCEN, tZERO Crypto is subject to obligations and restrictions with respect to various record-keeping and bonding requirements. Any failure of tZERO Crypto to comply with all applicable rules and regulations or satisfy state or federal regulatory authorities with which it must comply as it completes its corporate wind down could have a material adverse effect on us.

Our operational winddown of tZERO Crypto's business limits our ability to engage with certain crypto assets that are deemed not to be a "security" under U.S. federal securities law, which could have a material adverse effect on our operations.

We are currently limited to engaging only with crypto assets that are classified as a "security" under U.S. federal securities laws and do not have the appropriate regulatory licenses or infrastructure to handle non-security crypto assets following the operational winddown of tZERO Crypto. The legal test for determining whether any given crypto asset is a security is a highly complex, fact-driven analysis that evolves over time, and the outcome is difficult to predict. The SEC generally does not provide advance guidance or confirmation on the status of any particular crypto asset as a security. Furthermore, the SEC's views in this area have evolved over time and it is difficult to predict the direction or timing of any continuing evolution. New legislation or court decisions have impacted, and will continue to impact, this determination.

If any crypto asset is deemed not to be a "security" under any U.S. federal, state, or foreign jurisdiction, or in a proceeding in a court of law or otherwise, we may be required to cease operations with such assets, which could have a material adverse effect on our operations. While we have filed applications with the CFTC for DCO and DCM licenses that may provide a potential path to engage with certain non-security crypto assets in the future, there is no guarantee that the CFTC will grant such licenses or that any such licenses, if granted, would enable us to engage with the full range of non-security crypto assets. This strategic limitation restricts our ability to participate in significant segments of the crypto asset market and could materially and adversely affect our business, financial condition, and results of operations.

Risks Related to Our Financial Condition

We have a history of significant losses. Until we achieve profitability and/or positive cash flow from operations (if that occurs), our ability to continue in business will depend on our ability to raise additional capital, obtain financing, or monetize significant assets, and we may be unable to do so.

We have a history of significant losses in recent years. On December 31, 2025, our accumulated deficit was $288,826,719. Any efforts to reduce costs in the future may adversely affect our business operations. If we are unable to successfully manage our business while reducing our expenses, our ability to continue in business could depend on our ability to raise sufficient additional capital, obtain sufficient financing, or sell or otherwise monetize significant assets – which we may not be able to do. Additionally, we may not be able to raise capital on acceptable terms or at all. The occurrence of any of the foregoing risks would have a material adverse effect on our financial results, business, prospects, and viability.

If our estimates and judgments relating to our critical accounting policies prove to be incorrect, our operating results could be adversely affected.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations–Critical Accounting Policies and Estimates" for more information. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant estimates and judgments involve the identification of performance obligations in revenue recognition, evaluation of tax positions, inter-company transactions, and the valuation of stock-based awards and crypto assets we hold, among others. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of investors.

We sublet our office in New York City and, in the event of a default by the sublessee, we would be obligated under the terms of the original lease and may have difficulty in re-subleasing the office space.

In 2022, we sublet our office in New York City, and, in the event of a default by the sublessee, we would be obligated under the terms of the original lease and may have difficulty in re-subleasing the office space. We may incur substantial costs in entering into a new sublease and the terms of any new sublease may depend on unfavorable market conditions. For the foregoing reasons, if our current sublessee were to default, our operating results could be materially and adversely affected.

Risks Related to Intellectual Property

Any failure to obtain, maintain, protect, or enforce our intellectual property and proprietary rights could impair our ability to protect our proprietary technology and our brand.

Our success partly depends on our ability to obtain, maintain, protect, and enforce our intellectual property rights, including such rights covering our proprietary technology, know-how and brand. We rely on a combination of intellectual property laws and confidentiality procedures to establish and protect our intellectual property and other proprietary rights. We may decide to not pursue obtaining, maintain, protect, or enforce certain intellectual property or proprietary rights in consideration of our current and developing proprietary technology, know-how and brand. Further, intellectual property protection may not be available to us in every country in which our products and services are available, and the laws of certain countries do not protect proprietary rights to the same degree as the laws of the United States. Therefore, in certain jurisdictions, we may be unable to protect our intellectual property adequately against unauthorized third-party copying, infringement, or use, which could adversely affect our competitive position. If we fail to protect our intellectual property rights adequately, our competitors may gain access to our proprietary technology and develop and commercialize substantially identical products, services, or technologies.

We generally enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with other third parties, including suppliers and other partners.

However, we cannot guarantee that we have entered into such agreements with each party that has or may have had access to our proprietary information, know-how, and trade secrets. Moreover, no assurance can be given that these agreements will be effective in controlling access to, distribution, use, misuse, misappropriation, reverse engineering, or disclosure of our proprietary information, know-how, and trade secrets. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products and services. These agreements may be breached, and we may not have adequate remedies for any such breach.

Furthermore, we may become subject to intellectual property disputes. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Additionally, we may not be aware that our products or services infringe, misappropriate, or otherwise violate intellectual property rights of third parties, and such third parties may bring claims alleging such infringement, misappropriation, or violation. Lawsuits are time-consuming and expensive to resolve, and divert management's time and attention. Any intellectual property litigation to which we might become a party, or for which we are required to provide indemnification, may require us to: cease selling or using products or services that incorporate the intellectual property rights that we allegedly infringe, misappropriate or violate; make substantial payments for legal fees, settlement payments, or other costs or damages; obtain a license, which may not be available on reasonable terms or at all; or redesign the allegedly infringing offerings to avoid infringement, misappropriation, or violation, which could be costly, time-consuming, or impossible.

The development and operation of our business will likely require additional technology and intellectual property rights.

Our ability to operate our businesses, including our efforts to develop and market our businesses may depend on technology and intellectual property rights that we may license from unaffiliated third parties. If for any reason we were to fail to comply with our obligations under an applicable license agreement, or were unable to provide or were to fail to provide the technology and intellectual property that we or any of our licenses or customers require, our operations would be negatively affected, which would have a material adverse effect on our operations and financial condition.

Our patent portfolio may not provide sufficient protection, and our patent applications may not be approved or may be limited in scope.

We have 103 patents and 23 patent applications in the United States and abroad, some developed by tZERO and some inherited from Medici Ventures, with early priority dates in many cases. There can be no assurance that our patent applications will be approved, any patents issued will be of sufficient scope or strength to provide us with meaningful protection, or such patents will not be challenged by third parties. We may also fail to accurately predict all of the countries where patent protection will ultimately be desirable, and if we fail to timely file a patent application in any such country, we may be precluded from doing so at a later date. The patents issued may vary in scope of coverage depending on the country in which such patents issue.

While we are actively working on monetization options for our patent portfolio, including potential infringement enforcement use cases and commercial opportunities, we have not generated any revenue from our patent portfolio to date, and we may not be able to generate any revenues, other income or proceeds from these efforts in the future.

To date, our efforts to monetize our patent portfolio, including through potential infringement enforcement use cases and commercial opportunities, has not generated any revenue, income, or proceeds. We may never succeed in these activities, and, even if we do, we may never generate revenues that are significant or large enough to achieve profitability, given the costs and expenses related to the ongoing maintenance of the portfolio. Furthermore, while our patent portfolio covers a wide range of blockchain-related products and infrastructure, the patents are relevant to an evolving and rapidly changing industry, with consistent technological advances being made, and there is no guarantee that the protected technology does not become obsolete. If we are unable to generate revenue, proceeds or other income through the sale of any commercialized products protected by our patent portfolio or other means, it could have a material adverse effect on our potential business.

Risks related to TZROP

There is no assurance that TZROP investors will receive a return on their investment.

TZROP is a highly speculative investment and any return on an investment in TZROP is contingent upon numerous circumstances, many of which (including legal and regulatory conditions) are beyond tZERO's control. There is no assurance that TZROP investors will realize any return on their investments or that their entire investments will not be lost. For this reason, each investor should carefully read this Disclosure Statement and should consult with their own legal, financial, and tax advisors prior to making any investment decisions with respect to TZROP. Holders of TZROP should be prepared to lose the entirety of their investment.

There is only limited public information available concerning us.

We are not subject to, and does not intend to voluntary report in compliance with, the reporting requirements Section 13(a) or 15(d) the Exchange Act, and the regulations promulgated thereunder. Accordingly, our stockholders have limited access to the financial records and statements. For example, we are not subject to the requirement to file periodic reports on Form 10-K or Form 10-Q or current reports on Form 8-K. While we currently intend to provide disclosure statements in a form similar to this disclosure statement on no less frequently than a semi-annual basis (or as otherwise required by the tZERO Securities ATS trading rules and applicable law), we may choose to cease reporting, change the level of information provided, and alter our reporting schedule at any time. A lack of ongoing reporting by us may materially impair your ability to evaluate us and the liquidity of TZROP.

TZROP is a digital asset security and is subject to the risks of fraud, manipulation, theft, and loss, which may result in the complete loss of your TZROP.

Ownership of TZROP is evidenced by a unique identifier often referred to as a "wallet address." A wallet address is controlled by a tool called a "wallet." A wallet is not a storage container which holds TZROP. Rather, a wallet is a tool used to: (a) create holder addresses on the distributed ledger (blockchain); and (b) create "keys" which control a wallet address. All TZROP record ownership is recorded on the blockchain with a wallet address created by a tZERO operated wallet, except for tZERO Digital record ownership, which is recorded separately by one or more tZERO Digital operated wallet(s). Each wallet address is controlled by a pair of keys: a public key and private key. The private key is used to approve transactions, whereas the public key is used to verify the signatures of these transactions. A public key cannot be tampered with or used without access to its associated private key. The tZERO entities have processes and procedures in place to safeguard all private keys, which would provide access to its shareholder registry. However, subject to your rights and remedies under applicable law, rule or regulation, loss of tZERO's or tZERO Digital's private keys may result in the loss of your shares of TZROP. If tZERO or tZERO Digital is victimized by fraud, theft, or manipulation, we could lose a "private key" necessary to transfer your TZROP, or a bad actor could cause your TZROP to be transferred to an unintended wallet address, which may result in the complete loss of your TZROP.

Malicious actors may seek to take advantage of potential vulnerabilities that may be associated with the Ethereum network.

There are risks associated with the malicious activity of actors seeking to take advantage of potential vulnerabilities that may be associated with distributed ledger technology and its associated networks. Since there is no central body overseeing the development of the Ethereum network, the functioning of TZROP's shareholder register, as well as further improvements of such functioning, relies on the collaboration and consensus of various stakeholders, among others, and developers enhancing the opensource software related to the digital asset network facilitating the processing of transactions. Any disagreement among stakeholders may result in a Fork. "Fork" means: (i) that a network has been changed in a way that makes it incompatible with the unchanged version of the network; (ii) the changes have been widely accepted by users of the network; and (iii) that the two resulting networks have not been merged together. In most cases, immediately following a Fork, the updated network has a duplicate of each asset that was on the original network, and the owners of such assets and their historical transaction history is copied onto the updated network as well. However, in less typical cases, a Fork may be conducted to remove "malicious" transactions, and in such cases, the updated network may not have a full transaction history. In the event of a Fork, tZERO will work to select the network version it will continue to utilize for the TZROP shareholder register, burn all duplicate versions of TZROP shares created as a result of the Fork and notify you of the actions it is determined to take.

In addition, various tactics have been developed to steal digital assets or disrupt digital asset networks. For example, a "51% attack" is where an adversary may take control over a digital asset network by providing 51% of the computer power in the digital asset network or "denial of service attack" where an adversary attempts to make digital asset network resources unavailable by overwhelming it with service requests. This may result in significant waiting periods, network congestion, and delays during which you may be precluded from requesting a change of record ownership of TZROP or a deposit or withdrawal of TZROP to and from tZERO Digital, while its value may fluctuate significantly, or which may otherwise result in loss or damages. In the event of a 51% attack on the Ethereum network, tZERO and/or tZERO Digital will notify you of such 51% attack as soon as practicable and also work to notify you of its impact on TZROP (if any).

TZROP may only be sold through the ATS.

The ATS is the only designated trading venue for TZROP pursuant to its Certificate of Designation, attached as Annex A to the Consent Solicitation Statement. TZROP is not and will not be listed on any national securities exchange or other trading market of any kind. The limitation on trading shares of TZROP through the ATS may adversely affect the liquidity for, and market price of, the shares of TZROP. It may at times be very difficult to sell any shares of TZROP. Additionally, market prices for private securities, including those that are digital asset securities, may be very volatile and sometimes differ materially from the fair value of a company or an investment opportunity in the case of illiquid/low liquidity assets.

TZROP may only be sold through a brokerage account established with tZERO Securities and tZERO Digital or, subject to regulatory approval, a broker dealer that subscribers to the ATS, effects trading on the ATS, and has established a fully disclosed clearing agreement with tZERO Digital for digital asset security custody and clearing. Currently, only tZERO Securities facilitate trades of securities on the ATS. In the event tZERO Securities ceases to operate, it will impair trading of TZROP, and could materially and adversely affect the trading prices of TZROP.

Likewise, tZERO Securities and tZERO Digital are the only broker-dealers that clears transactions in TZROP effected on the ATS. If for any reason tZERO Securities or tZERO Digital ceases to clear trades for current or future ATS subscribers and no clearing firm succeeds tZERO Securities and tZERO Digital, trading in TZROP on the ATS may be interrupted and such an interruption would likely materially and adversely affect the trading price of TZROP.

Additionally, errors or misconduct by service providers we rely on may expose us to reputational, operational, or litigation risks that could negatively affect adoption of our platform and trading on the ATS, which could materially and adversely affect our performance and the trading price of TZROP.

The ATS has had limited volume. Even if a more liquid trading market for TZROP does develop on the ATS utilizing the tZERO Technology Stack or other technology developed by us, the depth and liquidity of that market and the ability to sell TZROP may nevertheless be limited, which may have a material adverse effect on the liquidity for, and the market price of, TZROP.

Moreover, transfers of TZROP outside of orders submitted to the ATS by its customer subscribers, an ATS-subscribing broker-dealer, or with a broker-dealer that itself maintains an account with an ATS- subscribing broker-dealer, on behalf of its customers are not permitted, subject to limited circumstances. tZERO may register peer-to-peer transfers of record ownership of TZROP in limited circumstances, including those that do not constitute "sales" for purposes of securities laws, such as a transfer pursuant to a divorce decree, death, gift, or certain corporate actions (and then only following compliance with tZERO's procedures, including delivery of appropriate documentation).

The manner in which we fund tax withholding obligations triggered upon settlement of outstanding TZROP awards may result in sales of shares of TZROP into the market, which could cause the market price of TZROP to materially decline.

As of the date hereof, our executive officers, other employees, and former employees were granted an aggregate of 473,500 shares of TZROP and hold 307,416 vested shares. These reductions were primarily for tax withholding obligations.

Shares of TZROP become taxable upon settlement and these obligations must be satisfied at the time they settle through cash payments to the applicable taxing authorities. TZROP holders may elect to satisfy tax withholding obligations by authorizing us to withhold and cancel a portion of the shares subject to settlement (sometimes referred to as "share withholding") and remit cash to the taxing authorities at the applicable statutory rates on behalf of the holder(s) of applicable awards, which would not involve any offsetting receipt of cash from the holder. The amount of cash payments that we are required to remit to the applicable taxing authorities could be substantial and could have a negative impact on our liquidity and ability to use funds for operational purposes.

We have permitted and may in the future permit holders of unvested shares of TZROP to enter into "sell-to-cover" arrangements in order to minimize our expenditure of cash to satisfy tax withholding obligations. Under such arrangements, a broker, affiliated with us, would act as the holder's agent to sell, in the open market, the necessary portion of the TZROP shares subject to vesting to generate net proceeds in an amount equal to the tax withholding and the broker would remit such sales proceeds to us. We would in turn remit such amounts to the taxing authorities. The volume of trading of TZROP has historically been limited, and shares of TZROP sold to implement "sell-to-cover" arrangements are expected to constitute approximately 10% of our average recent daily trading volume each day until we have generated sufficient net proceeds to satisfy tax withholding obligations for the holders that have elected to participate in the "sell-to-cover" arrangements. Such "sell-to-cover" arrangements would enable us to satisfy tax withholding obligations while reducing cash expenditures but would result in the sales of new shares of TZROP into the market and such sales could cause the market price of TZROP to materially decline.

Past use of the average cost method basis of reporting and restrictions on the type of cost basis reporting available may result in adverse tax consequences to certain holders of TZROP.

On April 26, 2021, Apex, a former clearing and carrying broker-dealer of TZROP, announced that it updated its tax cost-basis reporting methodology to the "first in, first out" method for 2021 and subsequent tax years, starting with May 2021 monthly statements, which is generally the methodology that holders of securities are required to use under applicable Internal Revenue Service guidance unless the holder specifically identifies the particular securities sold. In its announcement, Apex stated it would continue to utilize average cost methodology for positions opened prior to trade date May 3, 2020 on monthly statements; however, for 2021 tax reporting, positions held as of December 31, 2020 will be calculated under average cost and will become one tax lot under "first in, first out" methodology. All investors should consult their own tax advisors regarding U.S. federal income tax reporting or tax consequences of acquiring, holding, and disposing of the TZROP in their particular circumstances, as well as any tax reporting or tax consequences that may arise under the laws of any state, local, or foreign taxing jurisdiction.

Sellers of TZROP positions opened prior to December 31, 2020 may be required to pay more tax on their sales or to pay taxes earlier than if other methods of cost basis reporting were utilized, which could have an adverse tax effect on such sellers of TZROP and the market price of TZROP.

tZERO maintains its own shareholder register for TZROP, as issuer, on the Ethereum blockchain, and does not engage a transfer agent to maintain record ownership of TZROP.

tZERO maintains its own shareholder register on the Ethereum blockchain. While this approach provides tZERO with greater control over shareholder data and potentially reduces long-term costs, it also increases the risk of operational complexity, potential for errors, and security vulnerabilities. Errors in the TZROP shareholder register could lead to, shareholder disputes, litigation over dividend errors and reputational damage, which could have a material adverse effect on tZERO and the value of TZROP.

The record of ownership of each digital wallet address is available to the general public, and it may be possible for members of the public to determine the identity of the record holders of TZROP.

tZERO maintains the shareholder register for TZROP on the Ethereum blockchain, which is publicly available. The publicly available information includes the digital wallet address of each holder of record transacting in TZROP, the security position information of such holder of record and the entire history of debits and credits to the relevant security position information of each digital wallet address, but it does not include any personal identifiable information. It may be possible for members of the public to determine the identity of the record holders of certain

wallet addresses based on the publicly available information in the shareholder register, as well as other publicly available information, including any ownership reports required to be filed with the SEC regarding TZROP.

If we elect to repurchase, redeem, or restructure TZROP, it could have a material adverse effect on the liquidity in, and/or trading prices of, TZROP.

We do not currently intend to repurchase any TZROP on the ATS. However, we could do so. If we do so, we would do so only at prices lower than the prices at which we are entitled to redeem the shares. We also do not currently intend to restructure TZROP (including to address its impact on potential future corporate activities involving tZERO) but we may seek the appropriate consents, where required, or take steps to restructure TZROP in the future. If we repurchase, redeem or restructure shares of TZROP, the trading market for TZROP could become less liquid, which would likely cause the trading prices of TZROP to decrease, which would give us an economic incentive to repurchase additional shares. The occurrence of the foregoing could have a material adverse effect on the liquidity in, and trading prices of, TZROP.

Technology on which the ATS relies for its operations may not function properly.

The technology on which the ATS relies, including the tZERO Technology Stack, may not function properly because of internal problems or as a result of cyber-attacks or external security breaches. Any such malfunction may adversely affect the ability of holders with a brokerage account at a tZERO Securities or a subscriber the ATS to execute trades of TZROP on the ATS. If the technology used by the ATS does not work as anticipated, trading of TZROP could be limited or even suspended. In such a case, we may change or add alternative trading systems, trading markets, or venues on which TZROP may be sold, but there can be no assurance that we will choose to do so in the future, or that any such additional trading venues would be found or prove suitable to support TZROP.

We do not expect there to be any market makers on the ATS to develop a trading market in TZROP and certain broker-dealers may not be willing to trade on the ATS.

Most securities that are publicly traded in the United States have one or more broker- dealers acting as "market makers" for the security. A market maker is a firm that stands ready to buy and sell the security on a regular and continuous basis at publicly quoted prices. We have no assurances that TZROP will ever have any market makers on the ATS. It currently does not. Further, certain broker- dealers might be unwilling to execute trades for their clients on the ATS. We expect the lack of market makers and unwillingness of certain broker-dealers to effectuate transfers of TZROP on the ATS could cause problems and contribute to a lack of liquidity in TZROP on the ATS, which could have a material adverse effect on holders' ability to trade them.

Holders of TZROP will have no rights with respect to our Common Stock.

Holders of TZROP will have no rights with respect to our Common Stock, and no right to convert shares of TZROP into shares of Common Stock or to exchange shares of TZROP for shares of Common Stock. Holders of TZROP will not have any voting rights, other than with respect to amendments to the TZROP Certificate of Designation and as may otherwise be required under Delaware law, have a limited liquidation preference of $0.10 for each share of TZROP, and have the right to receive dividends in preference to the holders of the Common Stock, if and as declared. For additional information, see the TZROP Certificate of Designation, attached as Annex A to the Consent Solicitation Statement.

We have the right to redeem TZROP.

We may redeem some or all of the TZROP at any time. The redemption price for TZROP would be either (i) its fair market value (if any) as determined in good faith by our Board of Directors (but, in no event, less than $10.00 per share of TZROP) or (ii) if no market value is determinable at such time, USD $10.00 per share of TZROP (the "***Redemption Price***"). The Redemption Price, in our sole discretion, may be paid in U.S. dollars, Bitcoin or Ether. If we elect to redeem TZROP, the holders of such redeemed shares face the risk that the return on an investment purchased with proceeds from such redemption may be lower than the return previously obtained from the investment in TZROP. In addition, the redemption price for TZROP securities may inhibit or limit the willingness or ability of any potential acquirer of tZERO to consummate the transaction on acceptable terms.

TZROP has no maturity or mandatory redemption date.

TZROP is a perpetual preferred equity security. It has no maturity or mandatory redemption date and is not redeemable at the option of investors or convertible into or exchangeable for our Common Stock or any other security, unless an amendment to the TZROP Certificate of Designation is approved, as contemplated by the consent solicitation described in the Consent Solicitation Statement. Accordingly, TZROP will remain outstanding indefinitely unless we elect to redeem it or it is converted into shares of Series B Preferred Stock pursuant to the consent solicitation described in the Consent Solicitation Statement. Even if a public market were to develop for our Common Stock or other securities, there can be no assurance that a similar market would develop for TZROP.

Our obligation to pay dividends on TZROP is limited, our ability to pay dividends on TZROP may be limited, and we do not expect to pay any dividends for some time in the future.

Our obligation to pay preferential dividends on TZROP is subject to our Board of Directors declaring such dividend payments and will be paid only out of funds lawfully available for such payment when consolidated GAAP net income exceeds 10% of our consolidated GAAP gross profit, as reported in our consolidated financial statements for the most recently completed fiscal quarter. For additional information see the TZROP Certificate of Designation, attached as Annex A to the Consent Solicitation Statement. Consequently, our failure to pay preferential dividends on TZROP might have no legal effect on us at all, although it could adversely affect the liquidity for, and trading prices of, TZROP. Further, our payment of any dividends will be subject to contractual and legal restrictions and other factors our Board of Directors deems relevant. Further, we may elect not to pay dividends on TZROP rather than limiting other proposed expenditures, including expenditures that may not be contractually required, or investing in operations and future growth of the company. Moreover, agreements governing any future indebtedness of ours may further limit our ability to pay dividends on our capital stock, including TZROP. In addition, our ability to pay dividends is limited by applicable law. We have not paid dividends historically and can provide no assurances as to when dividends might first be paid, if ever. Any failure to pay dividends could have a material adverse effect on the holders of TZROP and on the liquidity for, and trading prices of, TZROP.

We may issue preferred stock senior to TZROP with the consent of a majority of holders of TZROP.

We may issue preferred stock that has a higher dividend or liquidation preference than TZROP with the consent of a majority of holders of TZROP, which could restrict dividend payments or other distributions on TZROP. If we were to issue such securities, it could have a material adverse effect on holders of TZROP and the liquidity for, and trading prices of, TZROP.

TZROP will rank junior to all of our and our subsidiaries' liabilities in the event of a bankruptcy, liquidation, or winding up of our or our subsidiaries' business.

In the event of our bankruptcy, liquidation, or winding up, our assets will be available to make payments to holders of TZROP only after all of our liabilities have been paid. TZROP only has a limited liquidation preference of $0.10 over our Common Stock in the event of our bankruptcy, liquidation, or winding up. In addition, TZROP will rank structurally junior to all existing and future liabilities of our subsidiaries. Holders' rights to participate in the assets of our subsidiaries upon any liquidation or reorganization of any subsidiary will rank junior to the claims of creditors. In the event of our bankruptcy, liquidation or winding up, there may not be sufficient assets remaining, after paying our and our subsidiaries' liabilities, to pay any amounts to the holders of TZROP then outstanding. We may incur significant debt or other liabilities in the future, and TZROP contains no covenant or restriction on our ability to incur debt or other obligations. Any bankruptcy, liquidation or winding up of our company or any of our wholly or partially owned subsidiaries would have a material adverse effect on the liquidity for, and trading prices of, TZROP.

Risks Related to Certain Tax Matters

Changes in tax laws and policies could adversely impact our business.

We are subject to income taxes in the United States and subject to tax laws in various foreign jurisdictions. The determination of our worldwide provision for income taxes and other tax liabilities will require the exercise of

judgment by our management, and there are many transactions where the ultimate tax determination is uncertain. We believe that our provision for income taxes to date has been reasonable, but tax authorities, through a review or audit, may disagree with certain positions we have taken. Any adverse outcome of such a review or audit could impact our worldwide effective tax rate, increase our taxable income, and change the non-income taxes imposed on our business. While we have established reserves based on assumptions and estimates that we believe are reasonable to cover such eventualities, these reserves may prove to be insufficient.

Due to the new and evolving nature of digital assets and the absence of comprehensive legal and tax guidance with respect to digital asset products and transactions, many significant aspects of the U.S. federal income tax treatment of transactions involving digital assets, including the purchase and sale of digital assets on our platform, are uncertain. It is unclear whether, when, and what guidance may be issued in the future regarding the treatment of digital asset transactions for U.S. federal income tax purposes. Similar uncertainties may exist in non-U.S. markets in which we operate or where our customers are located.

In 2014, the IRS released Notice 2014-21, which sets forth the IRS' position with respect to certain aspects of the treatment of "virtual currency" for U.S. federal income tax purposes and stated, in particular, that such virtual currency (i) is "property," (ii) is not "currency" for purposes of the rules relating to foreign currency gain or loss, and (iii) may be held as a capital asset. The IRS has since released various rulings, notices, and other guidance relating to the tax treatment of virtual currency or digital assets, reflecting the IRS's position on certain issues. In 2024, the U.S. Treasury Department and the IRS promulgated regulations (the "***Final Regulations***") relating to information reporting obligations of certain broker-dealers in respect of digital asset transactions and to the computation of gain or loss upon the sale or other taxable disposition of digital assets. Notwithstanding that additional guidance, the IRS has not addressed many significant aspects of the U.S. federal income tax treatment of digital assets and related transactions.

There continues to be uncertainty with respect to the timing, character, and amount of income inclusions arising from various digital asset transactions. Although we believe our treatment of digital asset transactions for U.S. federal income tax purposes is consistent with the applicable regulations and published positions of the IRS, and with established U.S. federal income tax principles, because of the rapidly evolving nature of digital asset innovations and the increasing variety and complexity of digital asset transactions and products, it is possible the IRS could disagree with our treatment of certain digital asset offerings for U.S. federal income tax purposes, which could adversely affect us and our customers.

There can be no assurance that the IRS or any other relevant tax authority will not change its positions with respect to the tax treatment of digital assets or digital asset transactions, or that a court would sustain the treatment set forth in the published positions of such a tax authority. Similarly, there can be no assurance that legislation will not be enacted that could modify the tax treatment of digital asset transactions in the United States or in any other jurisdiction in which we operate or where we have customers. Any such developments could result in adverse tax consequences for holders of digital assets and could adversely affect digital asset markets and the value of digital assets. In addition, technological and operational developments related to digital assets may increase the uncertainty with respect to the tax treatment of digital assets, which could impact us and our customers.

Our tax information reporting obligations with respect to digital asset transactions are subject to change.

Although we believe we are compliant with U.S. tax reporting and withholding requirements with respect to our customers' digital asset transactions, the exact scope and application of such requirements is not entirely clear for all of the digital asset transactions on our platform. In November 2021, the U.S. Congress passed the Infrastructure Investment and Jobs Act, which provides that brokers would be responsible for reporting to the IRS the transactions of their customers in digital assets, including transfers to other exchanges or nonexchanges. The Final Regulations promulgated in 2024 also introduced new rules that are applicable to our tax reporting and withholding obligations with respect to our customer transactions.

Although we expect to achieve the milestones required to comply with U.S. tax reporting and withholding requirements set forth in the Final Regulations with respect to our customers' digital asset transactions, including the collection of IRS Forms W-9 and W-8 from our customers, withholding obligations (effective beginning January 1, 2027), and IRS Form 1099-DA ("Digital Asset Proceeds From Broker Transactions") reporting obligations, there is a risk that we may not have proper processes and procedures necessary to comply with the Final Regulations or may not build systems within the required timelines to ensure compliance for certain customers or transactions. If the IRS

determines that we are not in compliance with our tax reporting or withholding obligations, we may face significant taxes and penalties which could adversely affect our financial position. The IRS has issued a safe harbor for brokers who make a "good faith effort" to file the appropriate information returns and furnish associated payment statements accurately for 2025. The Final Regulations will require us to invest substantially in new compliance processes and procedures, which could also adversely affect our financial position. Further, the IRS has announced it intends to issue additional guidance, including reporting for assets transferred between wallets or exchanges, as well as implement the Crypto-Asset Reporting Framework proposed by the Organization for Economic Cooperation and Development, which may create additional compliance obligations that could adversely affect our financial position or operating results.

Our ability to use our deferred tax assets to offset future taxable income may be subject to certain limitations, which could adversely affect our result of operations.

As of December 31, 2024, a full valuation allowance has been recorded against our deferred tax assets due to the uncertainty of generating future profits that would allow for the realization of such deferred tax assets. Our net deferred tax assets are primarily related to net operating loss carryforwards ("***NOLs***"). We assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. Certain of our deferred tax assets may expire unutilized or underutilized, which could prevent us from offsetting future taxable income.

We may also be limited in the portion of NOLs that we can use in the future to offset taxable income for U.S. federal and state income tax purposes. As of December 31, 2024, we had aggregate U.S. federal NOLs of approximately $214 million and state NOLs of approximately $35 million. Under current law, U.S. federal NOLs arising in tax years beginning after December 31, 2017 can be carried forward indefinitely, but the deductibility of such NOLs is limited to 80.0% of taxable income in any given year. A lack or insufficiency of future taxable income would adversely affect our ability to utilize NOLs. In addition, under Section 382 of the U.S. Internal Revenue Code of 1986, as amended (the "***Code***"), a corporation that undergoes an "ownership change" generally is subject to limitations on its ability to utilize its pre-change NOLs (and certain credit and capital loss carryforwards) to offset future taxable income. A Section 382 ownership change generally occurs if one or more stockholders or groups of stockholders who own at least 5.0% of our capital stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Future changes in our stock ownership, including changes as a result of future offerings, as well as other changes that may be outside of our control, could result in an ownership change under Section 382 of the Code.

We will continue to assess the realizability of our deferred tax assets in the future. Future adjustments in our valuation allowance may be required, which may have a material impact on our quarterly and annual results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes appearing elsewhere in this disclosure statement (this "**Disclosure Statement**"). Some of the information contained in this discussion and analysis or set forth elsewhere in this Disclosure Statement, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should read the sections titled "Risk Factors" and "Forward-Looking Statements" for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.*

Overview of Our Business.

tZERO operates an innovative, end-to-end infrastructure and technology platform for tokenized security issuance, trading, and custody, available to issuers, financial industry partners, and investors, with pending regulatory approvals and prospective partnerships for expansion into certain non-security tokenized assets and other products. We leverage this platform to offer our regulated IaaS to institutional market participants who wish to enter the tokenized securities space in a compliant manner.

Our vision is to redefine how capital is raised, traded, and owned by bridging traditional finance and Web3 through compliant, interoperable, and multi-asset digital rails. We are working to achieve six core principles: (1) cross-asset convergence and interoperability in a trading environment that allows investors to transition seamlessly across equities, debt, funds, real world assets ("***RWAs***") and digital assets (including cryptocurrencies) to unlock siloed liquidity and new product/user experiences, (2) global convergence through 24/7 cross-border access and unified, smart-contract-driven infrastructure, (3) user experience convergence from centralized, account-based custody to user self-hosted wallet environments, (4) convergence between AI, smart contracts, and on-chain financial services architecture, (5) transparency, efficiency by reducing operational friction, intermediaries, and settlement times, and (6) customization and programmability of financial assets and introduction of utility benefits to develop a richer financial services ecosystem.

We serve three main customer bases: issuers, investors, and institutional markets participants, including other financial services firms, digital asset exchanges and retailers, blockchain protocols, non-U.S. financial firms looking to enter the U.S. markets, fintech platforms, and asset managers. For issuers, we deliver regulated, compliance-forward, and institutional-grade solutions for raising capital, tokenizing securities, and accessing secondary trading through our ATS, including tailored liquidity solutions through our auction order-book, as well as investor verification through our subsidiary Verify Investor. For investors, we deliver a streamlined, automated platform with funding optionality designed to facilitate efficient investment and trading in tokenized securities and, subject to pending regulatory applications, non-security crypto assets and derivative products. For institutional market participants, we offer regulated IaaS to power issuance, trading, and data services within their own platforms, correspondent clearing services for traditional and tokenized securities, and, together with our partners, an institutional settlement network, Lynq, with tZERO providing the regulated broker-dealer infrastructure for this platform.

Tokenization is reshaping how markets operate – giving assets a shared digital language so they can trade, settle, and interact seamlessly across platforms, asset classes and importantly, borders – while delivering efficiencies and transparency associated with single database and smart contract automation, architecture and customization that turns a financial asset into an experience. tZERO is building the infrastructure of a tokenized economy by connecting asset supply with investor demand through a growing network of strategic partners, powered by a multi-asset infrastructure built for transparency, interoperability, scale, and a path for liquidity. We have developed a suite of technologies and intellectual property, integrated with certain third-party solutions and licenses, that enables the issuance, trading, clearance, and settlement of tokenized securities.

Further, we believe tokenized and private securities markets cannot reach their full potential inside isolated platforms. We are working to defragment the market for tokenized securities and private assets. To enable broader market access for tokenized securities and other private securities, we are working to connect and be interoperable with other trading platforms to create shared infrastructure for securities discovery and order routing across different platforms for tokenized securities and other private securities. We believe real liquidity is unlocked when assets can

move across interconnected markets and asset types. Blockchain is the ideal candidate to become the base layer for private markets because it allows assets to be issued, traded, and settled on shared, interoperable rails. When private assets are natively digital and regulated, they can move across venues, access multiple liquidity pools, and integrate directly into modern market infrastructure. That interoperability is what turns tokenization from a feature into a foundation for the future of open, interoperable private markets infrastructure that allows liquidity to aggregate naturally across platforms.

We sit at the heart of this transformation, operating a fully integrated platform and regulated U.S. infrastructure, covering issuance, trading, settlement, and direct on-chain custody, as part of a multi-asset and global vision. We operate at the intersection of several existing and emerging market segments. Traditional broker-dealers and ATSs generally focus on listed or private securities without providing integrated tokenization, on-chain custody, and digital asset infrastructure. Tokenization platforms that are not registered broker dealers or ATSs may offer technology to issue digital or tokenized instruments but typically rely on third parties for securities law compliance, secondary trading, and regulated custody and cannot offer fully functional trading or matching environments. Pure crypto exchanges and trading venues generally operate outside the existing broker-dealer and ATS framework for securities. By contrast, our combination of operations as an SEC-registered broker-dealer and ATS, special purpose broker-dealer for digital asset securities, SEC-registered transfer agent, and Exempt Reporting Advisor is designed to provide issuers and investors with an end-to-end, regulated environment for the issuance, trading, custody, and lifecycle management of tokenized and digitally enhanced securities and our IaaS offering to institutional market participants looking to power tokenized security issuance, trading, and data services within their own platforms.

Tokenize + Trade + Connect

Tokenize

We can support public and private company issuers, banks, broker-dealers, and asset managers to bring securities, funds, and RWAs on-chain through regulated tokenization and compliant digital issuance. tZERO Securities is registered with the SEC as a broker-dealer under the Exchange Act that operates our primary issuance platform, which permits companies to seek financing through Regulation D, Regulation A, or Regulation Crowdfunding offerings. tZERO Securities facilitates these offerings by acting as broker-dealer of record, placement agent, and/or intermediary. tZERO Securities generates revenues by charging fees to issuers for providing services related to investment banking activities. tZERO Securities and tZERO Technologies charge issuers success-based and platform fees for capital raising, tokenization, and technology services. Issuer and other institutional clients of tZERO Securities, using our technology services, can host their offerings through tZERO Securities' primary issuance platform or on their own website, giving issuers the power to customize and brand their online investment platform and offering landing page. tZERO Technologies earns revenue from fees for connectivity and access to the primary issuance platform for capital raising activity and tokenization services, including technical support for tokenizing securities and smart contract creation. Additionally, our subsidiary, tZERO Transfer, is an SEC-registered transfer agent, and our subsidiary tZERO Capital Partners, LLC, is an Exempt Reporting Advisor in the State of Utah.

This in-house collaboration among our subsidiaries highlights our operational capabilities for public tokenized securities. Companies utilizing our services for their capital raise and asset tokenization have a direct path to creating secondary liquidity for investors through our secondary trading platform in accordance with applicable regulations.

Trade

tZERO Securities operates our on-line secondary trading platform for retail and institutional tokenized securities trading, including, equities, debt, mutual funds, and investment contracts, on our ATS, which is an SEC-regulated venue for matching buy and sell orders of its subscribers. Our secondary trading platform has digital funding rails and supports stablecoin/crypto account funding, bridging traditional finance with Web3 liquidity. We generate revenue by charging subscribers fees for each side of a transaction on our ATS. Our ATS generates transaction-based revenue via per-side trading fees, and tZERO Digital generates custody, clearing, and settlement fees.

Digital asset securities on our platform are custodied by tZERO Digital, one of three SEC-registered and FINRA member special purpose broker-dealers in the U.S. that can operate its own key management and wallet software to directly custody tokenized securities and crypto assets since 2024. It also provides clearing and settlement

services for tokenized securities that trade on the tZERO Securities ATS. tZERO Digital may custody, clear, and settle tokenized securities as a correspondent clearing firm, on a fully disclosed or omnibus basis, for third-party broker-dealers. For other securities on our platform, tZERO Securities acts as the clearing and carrying broker-dealer.

In July 2025, we and our core partners, Arca Labs and Tassat, launched Lynq, the real-time digital asset settlement network for institutional market participants. Lynq's architecture merges tZERO's broker-dealer infrastructure with Tassat's technology platform and Arca Labs' fund expertise to deliver a unified institutional solution for digital asset settlement. tZERO Securities serves as Lynq's broker-dealer operator of the platform, providing client onboarding and transaction services, and tZERO Digital serves as the tokenized security custodian for all Lynq clients. Lynq extends our product offering into institutional settlement infrastructure—strengthening our position as a full-stack enabler of digital capital markets and IaaS provider.

We are working on additional features to give customers custodial optionality in our brokerage ecosystem. In December 2025, FINRA confirmed that tZERO Securities may facilitate the trading on its ATS of digital asset securities that are directly custodied in customer self-hosted wallets, with transactions in those digital asset securities to be settled directly by customers on-chain. We are also permitted to facilitate transfers of digital asset securities on a non-custodial basis in over-the-counter transactions. Our hybrid approach for custody recognizes that different market participants have varying preferences and has the potential to provide a bridge to the broader decentralized finance ecosystem.

We are also working to expand our product offering to cryptocurrencies and derivative products. FINRA has acknowledged both tZERO Digital's and tZERO Securities' ability to rely on recent SEC guidance to conduct a non-security crypto asset business, including for issuance, custody, clearing, and settlement. We plan to incorporate crypto assets into our brokerage ecosystem for purposes of on-chain digital asset securities settlement and as a standalone basis in the future, subject to applicable laws and pending market infrastructure legislation. tZERO's operations were designed to meet the rigorous standards for broker-dealer possession of digital asset securities set forth in the SEC's December 2025 Statement. As a pioneer in the provision of broker-dealer digital asset securities custody services, tZERO has spent years building the institutional-grade infrastructure, processes, talent, and know-how required for secure, on-chain digital asset custody and other services.

In addition, our subsidiaries, tZERO DCO, LLC, tZERO DCM, LLC, and tZERO Introducing Broker, LLC, have filed applications with the CFTC to acquire licenses for a DCO, a DCM, and an IB, respectively. These licenses would enable tZERO to potentially introduce additional offerings to its platform, including predictive markets, and potentially other derivatives – all through a seamless, integrated platform. Tokenized and fractionalized derivatives can broaden investor participation beyond large institutions, enhance transparency, and create pathways for liquidity, and drive faster, more efficient trading, settlement, and risk management. Through smart contract technology, tZERO would be able to bring programmable and customizable instruments to the derivatives markets, increasing efficiency and, over time, supporting the shift toward self-regulating digitally native products. By pursuing these licenses, tZERO is positioning itself to connect traditional derivatives with emerging digital products, creating a single venue for compliant issuance, regulatory oversight, trading, and clearing. In addition, if we receive regulatory approval from the CFTC to acquire a DCO license, we will be able to expand our clearing capabilities beyond tokenized securities to include derivatives. This would position tZERO Digital as one of the few firms capable of providing comprehensive clearing services across both securities (through our special purpose broker-dealer designation) and commodities and derivatives (through a DCO designation), creating operational efficiencies and a unified clearing experience for our customers.

Connect

tZERO Connect is being built to provide institutions and fintech partners with direct, programmable access to tZERO's regulated infrastructure for tokenized securities and tokenized RWAs consistent with tZERO's strategic priorities to facilitate institutional B2B and B2B2C partner access to its infrastructure. Through tZERO Connect, banks, broker-dealers, asset managers, and fintech platforms will be able to embed tokenized asset functionality directly within their existing environments, enabling their clients to access compliant digital asset capabilities without leaving their native applications.

tZERO Connect will enable partners to tokenize and conduct compliant digital securities offerings directly within their own platforms. Through secondary trading APIs, tZERO Connect will power order routing, market data

access, and post-trade automation for digital asset securities, including tokenized public and private securities. Through access data APIs, tZERO Connect will give institutions access to data on trades, order book depth, and best bid and offer data – enabling real-time analytics and integration of market-level insights. Through ongoing partner integrations, tZERO Connect offers white label access for supply and demand and liquidity partners, including broker-dealers, custodians, and fintech platforms, to embed tZERO infrastructure "under the hood." tZERO Connect's global collaboration model allows us to expand access to compliant tokenized markets worldwide, using services provided by our partners. All tZERO Connect services are built atop our SEC- and FINRA-regulated broker-dealer, ATS, and special purpose broker-dealer infrastructure, with our pending CFTC DCO, DCM, and IB applications further expanding our regulatory framework.

Overall, tZERO Connect unifies the firm's API suite and its global partnership network under one banner – enabling banks, broker-dealers, asset managers, and fintech platforms to embed tokenized asset functionality directly within their existing environments. Through these integrations, institutional partners can offer clients compliant digital asset capabilities without requiring investors to leave their native applications.

Key Factors Affecting Our Performance

We have identified the following factors as important to our business, and we expect them to impact our results of operations and financial condition in future periods.

tZERO Securities Secondary Trading Platform

tZERO Securities, as an SEC-registered broker-dealer, provides a regulated ATS for matching buy and sell orders to its subscribers. tZERO Securities provides us crucial support as we grow our tokenized securities business, and the ATS is currently a source of revenue. It generates revenues by charging subscribers a fee for each side of a transaction on the ATS in securities that are issued in offerings not registered under the 1933 Act. tZERO Securities is reliant upon the trading fees it collects from its customer subscribers for a large part of its revenue. Additionally, tZERO Securities' ATS revenues are dependent on market volatility, which may cause unexpected shifts in our revenue as a result of unforeseen events.

tZERO Securities Primary Offering Platform

To create further operational efficiencies and to allow primary and secondary brokerage services to be provided by one entity, tZERO Markets, LLC ("***tZERO Markets***") transferred its investment banking business to tZERO Securities in October 2023. Following this transition, tZERO Markets ceased all operations, withdrew its broker-dealer registration, and dissolved in fiscal year 2024. Consequently, tZERO Securities generates revenues by charging fees for providing services related to investment banking activities, where it may act as an agent to facilitate those offerings, as broker-dealer of record, placement agent, or intermediary. tZERO Securities' investment banking revenues are dependent on market conditions, which may cause unexpected shifts in our revenue as a result of unforeseen events.

Technological Development

Central to our business is our commitment to driving progress in the integration of blockchain technology within existing capital markets infrastructure, enabling more efficient adoption, and widening the possibilities for new implementation. We invest in our technology in an effort to break new technological boundaries and drive the long-term growth of the tokenized securities space. We have secured and continue to prosecute a number of patents related to tokenized securities trading and plan to increasingly invest in the development and advancement of technology supporting tokenized securities to ensure we remain at the forefront of this sector. We also intend to continually innovate and enhance our products to increase the retail customer base for tZERO Securities and expand the audience for assets trading on our platforms. As a growth-stage company, we are committed to conducting such investment in a targeted manner, by reducing duplicative technological development costs, including personnel and third-party integrations and services, as may be necessary from time to time, but we expect that such investments will grow over time, even as our other expenses fluctuate over time or we are impacted by other factors beyond our control.

Tokenized Securities' Adoption

Our long-term growth and operating results depend on our ability to spur the increased adoption of tokenized securities and addition of assets to our ATS. We are in continuous discussions with issuers and partners interested in utilizing or advancing the adoption of tokenized securities in both private and public markets and we believe that adoption of tokenized securities is gaining more widespread acceptance. Further, we are working to enhance our technology infrastructure to be interoperable with third-party issuance protocols, as well as a wider breadth of transfer agents, to support the trading of securities that have been digitally enabled by other technology companies. In order to educate the market and develop demand for assets traded on our ATS, we are prioritizing developing new avenues for customers to trade such assets, such as our establishment of a retail brokerage business, operated by tZERO Securities, which allows retail customers to conduct self-directed trading of tokenized securities, working to onboard new assets that bring existing shareholders into the investor ecosystem, exploring opportunities related to public securities, and developing other commercial partnerships. We believe that these efforts, coupled with broader acceptance of blockchain technologies, will drive issuer adoption of tokenized securities.

Results of Operation

Components of Results of Operations

Revenue

Our revenue is primarily derived from tZERO Securities revenues, tZERO Digital revenues, Verify Investor revenues, and tZERO Technologies revenues.

tZERO Securities Revenues

tZERO Securities earns revenue from charging (a) customer subscribers a trading fee per transaction on all purchases and sales of securities trades on the ATS, (b) investment banking clients reasonable fees in connection with primary issuances, and (c) issuers diligence fees in connection with making such issuer's security available for quotation on its ATS. For the fiscal year ending December 31, 2025, revenue from ATS trading was approximately $136,000, or 7% of total revenue, primarily driven by the trading of TZROP, which generated $117,000 in trading revenue. If TZROP shares are converted into Series B Preferred Stock, TZROP trading revenue will be eliminated.

tZERO Digital Revenues

tZERO Digital earns revenue from charging issuers a fee for custodial services based, in most cases, on the value assets under custody. tZERO Digital generated revenue of $204,000 during the year ended December 31, 2025. tZERO Digital did not generate revenue during the fiscal year ended December 31, 2024.

Verify Investor Revenues

Verify Investor earns revenue from fees collected in assessing whether individuals or businesses are accredited investors, as defined by U.S. federal securities laws, allowing such individuals or businesses to trade certain types of securities with financial institutions. Verify Investor earns fees after completing the accredited investor verification process for each individual or business. Verify Investor generated approximately $838,000 in revenue during the fiscal year ending December 31, 2025, which represented 42% of total revenue.

tZERO Technologies Revenues

tZERO Technologies earns revenue from fees collected in providing connectivity and access to, as well as support services related to (i) the primary issuance platform for third-party issuers to conduct capital raising activity and (ii) the ATS operated by tZERO Securities for third-party issuers to have a path to secondary liquidity. tZERO Technologies earns further revenue from fees collected in providing tokenization services, including support-related services, to certain third-party issuers, technology development work, and other technology integration and other services.

Operating Expenses

Our operating expenses are classified as general and administrative expenses, compensation expenses, technological and software expenses, technological development expenses, and marketing and sales expenses.

General and administrative expenses consist of administrative, legal, compliance, investor relations, financial operations, rent, insurance, and other costs incurred to support and operate our business.

Compensation expenses consist of employee compensation, including salaries and wages, equity-based compensation, bonuses, and severance payments. We expect compensation expenses to increase as the business grows.

Technology and software expenses include the costs of software licenses and equipment costs related to operating and maintaining our ATS, tokenization capabilities, and other business lines.

Technological development expenses primarily consist of fees paid to third-party technological vendors to develop or provide technology solutions and personnel- and tool-related costs for our technology team, which is responsible for, among other things, maintenance, bug fixes, and software updates.

Marketing and sales expenses primarily consist of payroll and other personnel-related costs for our sales and marketing personnel, advertising expenses, travel, and other expenditures related to building brand and industry awareness.

Comparison of the Twelve Months Ended December 31, 2025 (Unaudited) and 2024 (Audited)

The following table reflects our results for the twelve months ended December 31, 2025 and 2024 (in thousands):

	Twelve Months Ended December 31,			
	2025	**2024**	**$ Change**	**% Change**
Revenues	$1,997	$1,414	$583	41%
Operating Expenses	(18,483)	(18,347)	(136)	1%
Operating Loss	($16,486)	($16,933)	$447	(3%)
Other Income (Expense)	6,719	(241)	6,960	
Income (Loss) before taxes (including NCI allocation)	($9,767)	($17,174)	$7,407	43%

Revenues

Revenues increased by $583,000 or 41%, for the twelve months ended December 31, 2025, as compared to the same period in the prior year, driven by growth from primary issuances and the partnership with Lynq under which the firm provides a broad range of services.

Operating Expenses

Operating expenses remained consistent and increased slightly by $136,000 during the twelve months ended December 31, 2025 compared to the same period in the prior year.

Other Income / Expenses

Other Income improved $7.6 million primarily driven by the sale of the company's minority equity interest in Blue Ocean Technologies to a related party, which resulted in an $8.4 million gain on the asset sale, which was offset by a decline in Interest income year over year by $0.8 million due to lower prevailing interest rates and a reduction in cash balances. Other Expenses declined $2.8 million in the comparative year over year due to a reduction in depreciation and amortization and non-operating expenses.

Income (Loss) Before Taxes

Income (Loss) from continuing operations, before taxes declined by $7.4 million or 43%, during the twelve months ended December 31, 2025 compared to the same period in the prior year, primarily driven by the sale of Blue Ocean Technologies as noted above.

Liquidity and Capital Resources

Overview

We have a history of recurring losses and will continue to invest to support our operations, achieve our strategic objectives, and realize a profit. Should our costs and expenses prove to be greater than we currently anticipate, or should we change our current business plan in a manner that will increase or accelerate our anticipated costs and expenses, the depletion of our cash would be accelerated. We are actively working to identify, evaluate, and pursue various opportunities to increase revenue and rationalize our expenses.

Sources of Liquidity for the Twelve Months Ended December 31, 2025 (Unaudited) and 2024 (Audited)

Our principal sources of liquidity are existing cash and cash equivalents and net accounts receivable. At December 31, 2025, we had cash and cash equivalents of $17.5 million and net accounts receivables of $621,000. On December 31, 2024, we had cash and cash equivalents of $23.7 million and net accounts receivables of $216,000.

Cash flow information is as follows (in thousands):

	Twelve Months Ended December 31,	
	2025	**2024**
Cash provided by (used in):		
Operating activities	$ (5,573)	$ (14,641)
Investing activities	(2,045)	(3,426)
Financing activities	(12)	-

For the twelve months ended December 31, 2025, net cash used in operating activities totaled $5.6 million, primarily due to consolidated net loss before taxes of $9.8 million. For the same period in 2024, net cash used in operating activities totaled $14.6 million, primarily due to a consolidated net loss after taxes of $17.2 million. In both years the net cash utilization is partially offset by adjustments for non-cash expenses and year-over-year changes in working capital, mainly driven by items such as depreciation and amortization, along with changes in accounts receivable and payables to customers and broker-dealers. The improvement in net cash used in operating activities was primarily due to the asset sale of Blue Ocean Technologies.

For the twelve months ended December 31, 2025, net cash used in investing activities totaled $2 million and declined $1.4 million compared to the same period in 2024, which utilized $3.4 million, primarily due to a reduction in capitalized technology staffing costs.

For the twelve months ended December 31, 2025, net cash used in financing activities totaled $12,000 as compared to the same period in 2024, there were no financing activities.

Contractual Obligations and Commitments

We have operating leases for office space, data centers, and certain equipment. Our leases have remaining lease terms of one year to six years, with varying terms to either extend or terminate the leases. Our contractual obligations and commitments under such obligations for the fiscal year ending December 31, 2025, are $6.9 million, with $4.6 million due for remaining fiscal years 2026 through 2029 and $2.3 million due thereafter, with most of such obligations made in connection with our office space in New York, which has been sublet.

Additionally, tZERO leases space in Salt Lake City, Utah for itself (as its corporate headquarters) and tZERO Technologies and rents office space in Jersey City, New Jersey for tZERO Securities and tZERO Digital.

In October 2022, we sublet our office in New York. The sublease is with an unaffiliated third party. The sublease term expires on November 30, 2031, which coincides with our lease term and will offset our lease payments by $8.3 million over the entire lease term.

Other Factors that May Affect Future Results

We periodically evaluate opportunities to repurchase our equity securities, obtain credit facilities, or issue additional debt or equity securities. In addition, we may, from time to time, consider the investment in, or acquisition of, complementary businesses, products, services, or technologies, any of which might affect our liquidity requirements or cause us to issue additional debt or equity securities. There can be no assurance that financing arrangements will be available in amounts or on terms acceptable to us, if at all. Our future results may be significantly different from our historical results for several other reasons as well. Other reasons that our future results may be significantly different from our historical results include the potential effects on us described in the sections titled "Risk Factors" and "Forward-Looking Statements" above.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that would be material to investors**.**

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("***GAAP***") requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities in the consolidated financial statements and accompanying notes. We have identified the critical accounting policies, estimates, and judgments addressed below as the ones that are most important to the portrayal of our financial condition and results of operations, and which require us to make the most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Although we believe that our estimates, assumptions, and judgments are reasonable, they are based upon information presently available. Actual results may differ significantly from these estimates. For more information, see the notes to our consolidated financial statements included at the end of this Disclosure Statement.

Revenue Recognition

We recognize revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers* ("***ASC 606***"), which establishes the framework for recognizing revenue by requiring companies to identify contracts, performance obligations, transaction prices, and recognize revenue as those obligations are fulfilled.

The core principle of the revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when we satisfy a performance obligation

In order to identify the performance obligations in a contract with a customer, a company must assess the promised goods or services in the contract and identify each promised good or service that is distinct. A performance

obligation meets ASC 606's definition of a "distinct" good or service (or bundle of goods or services) if both of the following criteria are met: the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e., the good or service is capable of being distinct), and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract).

If a good or service is not distinct, the good or service is combined with other promised goods or services until a bundle of goods or services is identified that is distinct.

Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The transaction price is allocated to each performance obligation on a relative standalone selling price basis. The transaction price allocated to each performance obligation is recognized when that performance obligation is satisfied, at a point in time or over time as appropriate.

We earn commission revenue by executing trades. Our performance obligations consist of trade execution and are satisfied on the trade date; accordingly, commission revenues are recorded on the trade date. Commission revenues are received on settlement date; therefore, a receivable is recognized as of the trade date.

Transaction expenses are comprised of vendor services related to anti-money laundering and know-your-client protection ("***AML/KYC***"), bank verification, and cryptocurrency source tracking. AML/KYC and bank verification costs are directly related to the onboarding of new customers.

Prior to us permitting a security to be quoted for trading on the ATS, the ATS conducts a due diligence review on its issuers and such securities to confirm they were issued, can be resold, and trading can be done in accordance with U.S. securities laws. The diligence is refreshed on a semi-annual basis. We charge the issuer of each security a due diligence fee for such diligence reviews.

Normally, we do not provide refunds and as such, no liability is recognized in relation to refunds.

Impairment of Long-lived Assets

We review property and equipment and other long-lived assets, including intangible assets other than goodwill, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability is measured by comparison of the assets' carrying amount to future undiscounted net cash flows the asset group is expected to generate. Cash flow forecasts are based on trends of historical performance and management's estimate of future performance, giving consideration to existing and anticipated competitive and economic conditions. If such asset group is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds their fair values. There were no impairments to long-lived assets recorded during the year ended December 31, 2024.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination. In accordance with ASC 350, *Intangibles-Goodwill and Other*, goodwill is not amortized but is subject to an annual impairment test, or more frequently if events or changes in circumstances indicate the potential for impairment. Triggering events for impairment reviews include, but are not limited to, adverse changes in the business climate, regulatory actions, deteriorating operating results, broader macroeconomic factors such as market demand and industry relevance, and the condition and utility of relevant technology. These factors are closely monitored to assess their impact on the future recoverability of goodwill.

We adopted the guidance of ASU 2017-04, simplifying the goodwill impairment test to a one-step process. Under this guidance, goodwill impairment is assessed by comparing the fair value of each reporting unit to its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized to the extent of the excess, but not beyond the total amount of goodwill allocated to the reporting unit. The fair value of each reporting unit is determined based on the allocation of relevant assets and liabilities and their contribution to the unit's operations.

Goodwill is tested at the reporting unit level, which is defined as an operating segment or one level below. The carrying value of assets and liabilities is assigned to each reporting unit for purposes of the impairment test, with fair value determined through performance analysis and review of ongoing investments in technology to update and upgrade various components. These evaluations ensure that both tangible and intangible resources are accurately reflected in the reporting unit's fair value.

For the year ended December 31, 2025, Verify Investor had a goodwill balance of ($7.4 million). Given the analysis of relevant factors, we concluded that no goodwill impairment would be recognized in 2025. No other reporting units had goodwill balances for the year ended December 31, 2025.

Income Taxes

We account for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized based on differences between financial statement values and tax bases, measured using expected future tax rates. Changes in tax rates are reflected in the period of enactment.

Tax positions are recognized if they are more likely than not to be sustained and are measured at the largest amount expected to be realized. Changes in recognition or measurement are reflected as judgment changes.

Our tax provision is allocated under ASC 740 as if each entity filed separately, and we maintain a valuation allowance due to insufficient taxable income. Each quarter, we evaluate whether we can recover our deferred tax assets, relying on future taxable income and tax strategies due to limited carryback ability. Cumulative losses over the three-year periods ended December 31, 2025 are a key factor in maintaining our valuation allowance, which will be reassessed quarterly.

Changes in Accountants on Accounting and Financial Disclosure

On October 17, 2024, we engaged Haynie & Company as our independent registered public accounting firm for our fiscal year ended December 31, 2024. The decision to engage Haynie & Company was approved by the Board of Directors. The 2024 financial statements were audited with no qualified opinion by Haynie & Company.

We elected to continue with Haynie & Company as our independent registered public accounting firm for the fiscal year ending December 31, 2025, which was approved by the Board of Directors.

MANAGEMENT AND BOARD OF DIRECTORS

Directors and Executive Officers

The following table sets forth the name, age, and position of individuals who currently serve as directors and executive officers of our company.

Name	Age	Position
Alan Konevsky	50	Chief Executive Officer and Director
Sophia Corona	62	Executive Vice President and Chief Financial Officer
Vanessa Savino	39	Executive Vice President, Chief Legal Officer and Board Secretary
Alan Swimmer	65	Executive Vice President and Chief Strategic Relationships Manager
Matthew Mosman	65	Chairman of the Board of Directors
Chris Campbell	50	Director
John L. Jacobs	66	Director

Biographies

Alan Konevsky has served as the Chief Executive Officer and a director of tZERO Group, Inc ("***tZERO***") since September 2025. Mr. Konevsky has held other roles at tZERO and its affiliated ventures, including Executive Vice President, Chief Legal and Corporate Affairs Officer, and Board Secretary from March 2022 to September 2025; Interim CEO from August 2021 to March 2022; and Chief Legal Officer and Board Secretary from November 2018 to March 2022. Mr. Konevsky is currently a member of the Board of Directors of Lynq Network and previously served as a member of the Board of Directors of the Boston Security Token Exchange LLC and the DTCC Private Securities Executive Advisory Board.

Prior to tZERO, Mr. Konevsky held executive positions with global legal responsibility for strategic projects, M&A, and technology at Mastercard and was a managing director at Goldman Sachs, where he headed legal coverage for private equity and fintech investing in Europe, and Special Counsel at Sullivan & Cromwell, an international law firm, where he had a broad transactional and securities practice in New York and London. He is a director of Lynq, a real-time, interest-bearing settlement network for digital assets for which tZERO Digital Assets, LLC serves as custodian, and he has held a range of advisory and board roles, including at a Bitcoin miner and a national securities exchange. Mr. Konevsky graduated magna cum laude from Harvard Law School and summa cum laude from Columbia College in three years, where he was elected to Phi Beta Kappa. He is a digital industry advocate and a frequent speaker and media contributor.

Sophia Corona has served as the Executive Vice President and Chief Financial Officer of tZERO since December 2025. Ms. Corona has held other roles at tZERO and its affiliated ventures, including Chief of Staff and Chief Financial Officer from March 2022 to December 2025. Prior to joining tZERO, Ms. Corona was a Management Consultant for RLN Consulting from 2019 to 2022, where she provided consulting services to various companies and advised entrepreneurs and C-suite executives on various matters including board and shareholder interaction, capital funding, product offerings, equity management, cashflow and budgetary discipline, new technology trends and long-term business strategy and planning.

Before RLN Consulting, Ms. Corona was the Vice President of Corporate Development of ICE (NYSE: ICE) where she focused on investments, mergers and acquisitions and served on the Corporate Development Strategy Committee. Previously, Ms. Corona led as the Chief Financial Officer and Chief Operating Officer of Creditex Group, Inc., a division of ICE, where she orchestrated the sale process of Creditex to ICE, and then oversaw the interdealer credit default swaps (CDS) brokerage operation and integration following the acquisition by ICE. From 2001 through 2006, Ms. Corona was the Chief Financial Officer and Chief Operating Officer of Epsilon Interactive (F/K/A Bigfoot Interactive, Inc.) where she worked on strategic initiatives including capital financing and staffing matters. From 1996 through 2001, Ms. Corona held several roles at Visual Radio & Prism Communications Services, Inc., including, Chief Financial Officer and Co-Founder, and Senior Vice President of Provisioning and Operations. From 1993 through 1996, Ms. Corona served as Chief Financial Officer for Bromante Corp. (D/B/A Sirmos). From 1989 through 1993,

Ms. Corona served as Corporate Controller for Ian Schrager Hotels. Ms. Corona began her career at Kamsky Associates, a division of American International Group, Inc., as a Controller.

Ms. Corona served as Board Director of Allied Health Care, (Nasdaq: AHCI; AIM: AHI), where she served on the Audit Committee, Nominating and Governance Committee and Deal Committees. Ms. Corona also served on Centripetal Networks, Inc., advising this cyber security hardware/security services company for financial, governmental, and small and medium sized business markets. She was the Finance Chair and Treasurer of Boardroom Bound, a Washington based non-profit organization.

Ms. Corona holds a Bachelor of Science degree in Accounting from Brooklyn College.

Vanessa Savino has served as the Executive Vice President, Chief Legal Officer and Board Secretary of tZERO since November 2025. In this role, she leads tZERO's in-house team to drive global regulatory initiatives, strategic transactions, product development, corporate governance, compliance, commercial contracts, intellectual property, privacy, cybersecurity, and public policy. She is a director of Lynq, a real-time, interest-bearing settlement network for digital assets for which tZERO Securities serves as the broker-dealer operator and tZERO Digital serves as custodian. She joined tZERO in 2019 and played a key role in expanding the company's regulatory footprint. Ms. Savino previously led the U.S. legal function for a global crypto proprietary trading firm and held roles at Skadden, Arps, Slate, Meagher & Flom LLP, Cahill Gordon & Reindel LLP and the Federal Reserve Bank of New York. She graduated summa cum laude from the University of Illinois, College of Law and Pace University.

Alan Swimmer has served as Executive Vice President and Chief Strategic Relationships Manager of tZERO since July 2025. At tZERO, Mr. Swimmer leads commercial growth, partnerships, and tokenization strategy. Prior to joining tZERO, Mr. Swimmer worked as a Managing Director at Horizon Kinetics between 2018 and 2025. In this role, Mr. Swimmer co-launched the firm's first ETF, growing it to $1.3 billion.

Mr. Swimmer has more than three decades of experience across global financial markets, including derivatives, fixed income, equities, and digital assets. He has held senior leadership roles at Citigroup, Bear Stearns, and JP Morgan, and later served as President of Prescient Ridge Management, expanding institutional AUM. At the American Financial Exchange, he helped create AMERIBOR, a transparent benchmark to LIBOR.

Matthew Mosman has served as a director of tZERO since April 2021 and currently serves as the Chairman of tZERO's Board of Directors. He is also a General Partner of Pelion, a position he has held since 2021, after serving as an Operating Partner from 2019 to 2021. Mr. Mosman was appointed to the tZERO board due to his strategic expertise as an early-stage venture capital investor and his extensive experience serving on boards for a broad range of companies.

Prior to joining Pelion, Mr. Mosman founded College Heights Partners, a mergers and acquisitions consulting firm focused on helping software companies maximize their exit opportunities. Mr. Mosman served as the Founder and Managing Director of College Heights Partners between 2007 and 2021. Mr. Mosman served for several years as Senior Vice President of Corporate Development at Oracle Corporation, where he was responsible for all of the company's mergers and acquisitions, joint ventures, spin-offs, technology licensing and for the Oracle Venture Fund, a $500 million investment fund.

Mr. Mosman currently serves as the Chairman of the Board of Directors for Bitt and as a Board Member for GrainChain Inc., Ripio, PeerNova Inc., and SettleMint. He also previously served on the Board of Presidio Identity between 2021 and 2024.

Mr. Mosman has been the CEO of four venture-backed startups, including Pelion portfolio company Unifi Software. Matt is a frequent lecturer on topics relating to corporate strategy at colleges and universities, and he has served on the board of a research laboratory at Cambridge University. Mr. Mosman earned an M.B.A. and bachelor's degree from Brigham Young University.

The Honorable Christopher Campbell has served as a director of tZERO since May 2019. Mr. Campbell is one of the world's leading experts in the economy and business markets. Mr. Campbell is the Founder and CEO of Incamera Solutions, a global strategic advisory firm. Mr. Campbell began Incamera Solutions in 2023. From 2017 to 2018, Mr. Campbell served as the Assistant Secretary of the Treasury for Financial Institutions, a role that is one of

the most critical roles in the Treasury department. Mr. Campbell was responsible for coordinating efforts regarding the legislation and regulation of financial institutions, federal agencies that regulate or insure financial institutions, and securities markets. Overseeing a staff of 200, he managed programs including government-sponsored enterprises, cyber security and compliance policy, the Federal Insurance Office (FIO), as well as small business, community development, and affordable housing policy. Mr. Campbell was appointed to the board due to his experience in financial regulation and leadership roles in government and global advisory firms.

Prior to his role at the Treasury department, Mr. Campbell was the majority staff director to the U.S. Senate Committee on Finance. He designed, managed, and coordinated the U.S. Senate agenda in the areas of international and domestic taxation, international trade, Medicare, Medicaid, Social Security, the U.S. National Debt, and oversight of three presidential cabinet secretaries. For seven years running, he was named by Roll Call Newspaper as "one of the 50 most influential staffers on Capitol Hill."

Previously, he served as legislative director to the late Senator Orrin G. Hatch, where he coordinated and managed the senator's legislative activities. Immediately prior to rejoining Senator Hatch's staff, Mr. Campbell owned a business consulting firm that specialized in business strategy for clients from all-sized companies across the country, and from a variety of industries.

A frequent guest commentator on national news programs on matters involving the economy, he has appeared on CNBC's Squawk Box, CNBC's Worldwide Exchange, Cheddar TV, as well as CNN, Fox News Channel, CNBC, Bloomberg, and the BBC, among others.

A member of the Council on Foreign Relations, Campbell is the Founder and CEO of Incamera Solutions, a global strategic advisory firm. Previously he was a senior executive at the New York-based global advisor, Kroll.

He received an M.B.A. from Thunderbird School of Global Business Management and a bachelor's degree from the University of California, Santa Barbara in Political Science.

Mr. Campbell is a director of Apterra, Protego Trust, ClearCloser, LiquidLP. He serves as an advisor to the Board of Directors for West Corporation, WeConnect, Cross River and MEND, and serves as a strategic advisor and consultant to a number of funds, families, and companies around the world. He also previously served as a member of the Board of Directors for Bitt from 2021 to 2025.

John L. Jacobs has served as a director of tZERO since September 2020. Mr. Jacobs served as Chairman of Alerian/VettaFi. Mr. Jacobs was selected to serve as a tZERO director due to decades of leadership experience in financial markets and his extensive service on various boards. He has served as the Founder and CEO of Q3 Advisors, LLC since 2015. He also serves as a Board Member of ProCure Funds, NEOS ETF Trust, TEMA ETF Trust and Listed Funds Trust. He previously served as chairman of the board for VettaFi from 2018 to 2024 and as a board member for Blockchain Moon Acquisition Corp. from 2021 to 2023. He is the former Executive Director of the Psaros Center for Financial Markets and Policy and Adjunct Professor of Finance at the McDonough School of Business at Georgetown University, where he currently serves as a Guest Lecturer.

Mr. Jacobs began his career at the Nasdaq Stock Market in 1983 and has held various senior roles over the years. He most recently served as Senior Advisor and Principal Consultant to Nasdaq's CEO and President, where he was responsible for reviewing potential opportunities in the index and data business, and supporting product and business development efforts. Prior to that, Mr. Jacobs served as Nasdaq's Chief Marketing Officer and EVP for the Global Marketing Group and the EVP of the Global Information Services Group. As CMO, he led all aspects of the company's brand, from strategy to execution, and carried out a transformation of the company's image from a national brand in U.S. stocks to a global leader for diversified financial services. Jacobs established and built the Global Index Group from the ground up, and created one of the largest ETF fund families in the world with the launch of Nasdaq's Fund business, built on his creation of QQQ—the ETF tracking the Nasdaq-100 Index. Mr. Jacobs earned a Bachelor's

of Science Degree in Accounting from the University of Maryland and a M.B.A from Loyola University Maryland. Mr. Jacobs is also a certified public accountant.

Equity Held by Management

tZERO's 2017 Equity Incentive Plan provides for grant of equity awards, including stock options, restricted stock, restricted token awards, and restricted stock unit awards, to employees, directors, and consultants of tZERO.

tZERO has provided for the grant of restricted stock unit awards, representing the right to receive shares of its Common Stock upon vesting, to each of its directors and executive officers, in relation to their service. All such restricted stock unit awards vest subject to the applicable service vesting schedule and are subject to a separate liquidity vesting condition, requiring certain events to occur, such as an initial public offering or a change in control, which must be triggered prior to full vesting of the awards.

For a description of the beneficial ownership of tZERO's Common Stock, TZROP, and Series B Preferred Stock as of March 24, 2026, see the section of the Consent Solicitation Statement titled "Security Ownership of Certain Beneficial Owners and Management."

Annex A

[See attached]

tZERO Group, Inc.
Consolidated Balance Sheet (in thousands)
As of December 31, 2025/2024

	Year Ending December 31st		
	2025 Unaudited		2024 Audited
Assets:			
Current assets:			
Cash and cash equivalents	17,531		23,737
Cash restricted for collateral deposits	3,083		3,266
Segregated customer cash accounts	4,834		6,075
Accounts receivable, net	621		216
Prepaid and other assets	1,086		1,455
Total Current Assets:	**27,155**		**34,749**
Capitalized Software	6,897		7,109
Fixed assets, net	1,222		1,043
Goodwill	7,360		7,360
Intangible assets, net	126		323
Operating lease right-of-use assets	3,987		4,785
Other long term assets	944		1,992
Total Long Term Assets:	**20,536**		**22,612**
Total Assets	**47,691**		**57,361**
Liabilities and Stockholders' Equity:			
Current Liabilities:			
Accounts payable and accrued liabilities	1,743		901
Accrued payroll taxes/Bonuses	708		150
Segregated customer funds	3,706		4,195
Operating lease liabilities, current	750		820
Other Current liabilities	75		4
Total Current Liabilities	**6,982**		**6,070**
Operating lease liabilities, non-current	4,929		5,679
Deferred tax liability	-		-
Other non-current liabilities	596		648
Total Long Term Liabilities	**5,525**		**6,327**
Total Liabilities	**12,507**		**12,397**
Stockholders' equity:			
Preferred Equity			
Preferred Equity - Series A	213		213
Preferred Equity - Series B	1,409		1,409
Common Stock	2,434		2,434
Treasury Stock	(266)		(266)
Additional paid-in capital	318,211		318,211
Accumulated deficit	(288,827)		(279,059)
Total tZERO Group, Inc. Stockholders Equity	**33,174**		**42,942**
Noncontrolling interests in consolidated subsidiaries	2,010		2,022
Total Stockholders' Equity	**35,184**		**44,964**
Total Liabilities and Stockholders' Equity	**47,691**		**57,361**

(A) - Deferred tax liability is based on tax due on Goodwill assets. Actual NOLs are based upon our expected use of the following;
$214 million Federal NOLs
$35 million State NOLs

tZero Group, Inc.
Consolidated Statement of Cash Flow (In Thousands)
For the period ended December 31, 2025 and years ended December 31, 2024

		Unaudited Year 2025		Audited Year 2024
Operating Activities				
Net Income/(Loss)		(9,767)		(17,174)
Adjustments to Net Income				
Depreciation of fixed assets		2,484		3,069
Amortization of intangible assets		198		371
Loss on Impairment or Disposal of Fixed Asset		(407)		407
Accounts Receivable, net		(405)		(133)
Prepaids and other assets, net		1,416	(1)	(623)
Accounts payable and accrued liabilities		353		(698)
Payable to customers and broker dealer		(488)		455
Operating lease liabilities		48		26
Other liabilities		995	(2)	(198)
Stock Based Compensation		-		-
	Total Adjustments to Net Income/(Loss)	4,194		2,676
	Cash Provided by Discontunued Activity	-		(143)
	Total Operating Activities	**(5,573)**		**(14,641)**
Investing Activities				
Fixed Assets		(2,045)		(3,426)
	Total Investing Activities	**(2,045)**		**(3,426)**
Financing Activities				
Distribution to non-controlling interests		(12)		-
	Total Financing Activities	**(12)**		**-**
	Net Change in Cash for Period	**(7,630)**		**(18,067)**
Cash at Beginning of Period		33,078		51,145
	Cash at End of Period	**25,448**		**33,078**
Includes:				
Cash and cash equivalents at end of period		17,531		23,737
Cash restricted for collateral deposits		3,083		3,266
Segregated customer cash accounts		4,834		6,075
	Cash, cash equivalents and restricted cash at end of period	**25,448**		**33,078**

Notes:

(1) Reflects changes in notes receivable, including: - -

Settlement of the SpeedRoute loan for $625k plus interest and the forgiveness of the SMBV promissory note for$160k.

Changes in investment balances for the reversal of the BOT investment based on its carrying cost of $884k following the sale.

In addition, it reflects the recording of new investments at cost including DIGX ($250K), Archax ($400K), and CDX ($12K).

(2) The variance is primarily due to higher bonus and legal accruals in 2025.

tZERO Group, Inc.
Consolidated Income Statement (in thousands)
For the periods ending December 31, 2025 & 2024

	Unaudited		*Audited*
	Year 2025		**Year 2024**
Primary Capital Raising - Commissions	**103**		**9**
Secondary Trading Commissions - Continuous Trading	**136**		**164**
Technology Fees - Tokenization & Monthly Fees	**144**		**118**
Consulting Fees	**8**		**50**
Due Diligence Fees	**105**		**75**
Custody Fees	**151**		**-**
Investor Verification Fees	**838**		**998**
Lynq	**512**		**-**
Total Revenue	**1,997**		**1,414**
Compensation/Benefits and Consulting	(12,549)		(9,586)
Rent & Occupancy	(341)		(364)
Technology and Communication	(2,298)		(2,180)
Marketing & Advertising	(40)		(50)
Training, Travel & Entertainment	(53)		(79)
Legal Fees/IP Fees	(1,267)		(1,088)
Professional Fees	(501)		(382)
Regulatory & Misc. Expense	(422)		(331)
Insurance & Dues	(1,012)		(1,216)
Total Operating Expenses	**(18,483)**		**(15,276)**
EBITDA	**(16,486)**		**(13,862)**
Other income			
Interest	1,195		2,033
Gain On Asset Sale	8,375		-
Gain on Disposal of Fixed Asset	10		-
Total Other Income	**9,580**		**2,033**
Other Expense			
Depreciation & Amortization	(2,681)		(3,441)
Other Non-Operating Expenses	-		(2,251)
Other Loss/Adjustments	(190)		1
Total Other Expense	**(2,871)**		**(5,691)**
Loss Before Taxes	**(9,777)**		**(17,520)**
Provision for income taxes	**-**		**191**
Net Loss	**(9,777)**		**(17,329)**
Non controlling interests allocation	10		7
Net Loss Attributable to tZERO Group, Inc.	**(9,767)**		**(17,322)**
FTE COUNT	**38**		**40**

tZERO Group, Inc.
Consolidated Financial Statements
December 31, 2024
(With Independent Auditor's Report)

tZERO Group, Inc.
Consolidated Financial Statements
December 31, 2024

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Haynie & Company
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of tZERO Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of tZERO Group, Inc. (the Company) as of December 31, 2024, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the year ended December 31, 2024, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provide a reasonable basis for our opinion.

Haynie & Company

Haynie & Company
Salt Lake City, Utah
November 26, 2025

We have served as the Company's auditor since 2024.

tZERO Group, Inc.
Consolidated Balance Sheet
December 31, 2024
(in thousands, except per share amounts)

	2024
Assets	
Current assets:	
Cash and cash equivalents	$23,721
Cash restricted for collateral deposits	3,216
Segregated customer cash accounts	6,075
Accounts receivable, net	216
Prepaid and other assets, net	1,456
Assets of discontinued operations	66
Total current assets	34,750
Fixed assets, net	8,152
Intangible assets, net	323
Goodwill	7,360
Operating lease right-of-use assets	4,785
Other long-term assets	1,991
Total assets	57,361
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable and accrued liabilities	1,039
Payable to customers and broker dealer	4,200
Operating lease liabilities, current	820
Liabilities of discontinued operations	16
Total current liabilities	6,075
Operating lease liabilities, non-current	5,679
Other long-term liabilities	644
Total liabilities	12,398
Stockholders' equity (deficit):	
Preferred shares $0.01 par value, authorized shares – 250,000,000	
Preferred equity series A, Shares issued and outstanding - 21,152,297	212
Preferred equity series B, Shares issued and outstanding - 140,929,078	1,409
Common Stock $0.01 par value, authorized shares – 650,000,000 Shares issued and outstanding – 243,918,748	2,434
Treasury stock	(266)
Additional paid-in capital	318,211
Accumulated deficit	(279,059)
Equity attributable to stockholders of tZERO Group, Inc.	42,941
Equity attributable to noncontrolling interests	2,022
Total stockholders' equity	44,963
Total liabilities and stockholders' equity	$57,361

See accompanying notes to Consolidated financial statements

tZERO Group, Inc.
Consolidated Statements of Operations
Year ended December 31, 2024
(in thousands)

	2024
Revenues	
Investor verification revenue	$ 999
Commission income	156
Due diligence, consulting, and other income	259
Total Revenues	**1,414**
Cost of revenues	
Clearance and other charges	200
Cost of revenues	**200**
Revenues, net	**1,214**
Operating Expenses	
Employee compensation, payroll taxes and benefits	8,221
Software licenses, services, and communication	2,210
Professional services	1,632
Legal fees	1,087
Rent and occupancy	365
General and administrative	1,191
Depreciation and amortization	3,441
Total Operating Expenses	**18,147**
Operating Loss	**(16,933)**
Other Income (Expense)	
Settlement Expense	(1,844)
Loss on Disposal of Fixed Asset	(407)
Interest Income	2,010
Loss from continuing operations, before taxes	**(17,174)**
Provision (benefit) for income taxes	**0**
Loss from continuing operations	**(17,174)**
Income (loss) from discontinued operations - tZERO Markets	**(151)**
Income (loss) from discontinued operations – tZERO Crypto	**(4)**
Income before noncontrolling interest	**(17,329)**
Net loss attributable to noncontrolling interest	**7**
Net loss attributable to common shares	**$(17,322)**
Weighted average net loss per share – basic and diluted	**$(0.07)**
Weighted average shares outstanding – basic and diluted	**243,919**

tZERO Group, Inc.
Consolidated Statements of Changes in Stockholders' Equity
Year ended December 31, 2024
(in thousands, except per share amounts)

	Preferred Shares (TZROP) - Series A		Preferred Shares Series B		Common Stock		Treasury Stock					
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	APIC	Accumulated Deficit	Noncontrolling Interest	Total
At December 31, 2023	**21,155,757**	**$ 212**	**140,929,078**	**$ 1,409**	**243,918,748**	**$ 2,434**	**—**	**$ (266)**	**$ 318,224**	**$ (261,737)**	**$ 2,029**	**$ 62,305**
tZERO Group Restricted Tokens Eliminated - Forfeited Shares	(3,460) (A)											-
Adjusment									(13) (B)			(13)
Net loss										(17,322)	(7)	(17,329)
At December 31, 2024	**21,152,297**	**$ 212**	**140,929,078**	**$ 1,409**	**243,918,748**	**$ 2,434**	**—**	**$ (266)**	**$ 318,211**	**$ (279,059)**	**$ 2,022**	**$ 44,963**

See accompanying notes to consolidated financial statements.

Notes:
(A) Reflects the elimination of tZERO Group Restricted tZROPs tokens forfeited in exchange for the company to pay employee taxes due on the grants of 10,000 shares which netted down to 6,540.
(B) Refelctsa 2023 $12,639 adjustment for the return of Tzero Crypto to Tzero Group

tZERO Group, Inc.
Consolidated Statements of Cash Flow
Year ended December 31, 2024
(in thousands)

	2024
Cash flows from operating activities:	
Net loss before allocation of noncontrolling interest	(17,329)
Loss from discontinued operations - tZERO Markets, net of taxes	151
Loss from discontinued operations - tZERO Crypto, net of taxes	4
Net loss from continuing operations before allocation to noncontrolling interest	**(17,174)**
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation of fixed assets	3,069
Amortization of intangible assets	371
Loss on Impairment or Disposal of Fixed Asset	407
Accounts receivable, net	(133)
Prepaids and other assets, net	(623)
Accounts payable and accrued liabilities	(698)
Payable to customers and broker dealer	455
Operating lease	26
Other liabilities	(198)
Net cash used in operating activities	**(14,498)**
Net cash provided by discontinued operating activities - tZERO Markets	**(159)**
Net cash provided by discontinued operating activities - tZERO Crypto	**16**
Net cash used in operating activities	**(14,641)**
Cash flows from investing activities:	
Expenditure for fixed assets	(3,426)
Net cash provided by investing activities	**(3,426)**
Net decrease in cash and cash equivalents	(18,067)
Cash, cash equivalents and restricted cash at beginning of year, inclusive of cash balances of discontinued operations	51,095
Less: Cash, cash equivalents and restricted cash of discontinued operations - tZERO Markets	(16)
Less: Cash, cash equivalents and restricted cash of discontinued operations - tZERO Crypto	-
Cash, cash equivalents and restricted cash at end of year	**33,012**
Includes:	
Cash and cash equivalents at end of period	23,721
Cash restricted for collateral deposits	3,216
Segregated customer cash accounts	6,075
Cash, cash equivalents and restricted cash at end of period	**33,012**

1. BASIS OF PRESENTATION

Business and organization

On December 1, 2014, Medici Inc. ("Medici") was incorporated in the State of Utah as a financial technology company pursuing initiatives to develop and commercialize financial applications of blockchain technologies. On October 21, 2016, Medici formally changed its name to t0.com, Inc. On October 1, 2018, t0.com, Inc. was re-incorporated in the State of Delaware and changed its name to tZERO Group, Inc. (the "Company").

As used herein, "we," "our" and similar terms include the Company and its subsidiaries, unless the context indicates otherwise.

The Company is a financial technology company with the goal of democratizing access to private capital markets by focusing on the development and adoption of digital securities in a regulatory-compliant environment and offering other primary and secondary private markets solutions. As part of these activities, our wholly-owned subsidiary, tZERO Securities, LLC, (f/k/a tZERO ATS; herein referred to as “tZERO Securities”), an SEC-registered broker-dealer, operates an alternative trading system (the “tZERO ATS”), including for the trading of digital securities, and offers a website for self-directed trading of securities. tZERO Securities settles and clears securities transactions for itself and its broker-dealer affiliates since 2022. On October 19, 2023, tZERO ATS, LLC changed its name to tZERO Securities, LLC following regulatory and board approval received to engage in primary and secondary broker services.

In addition, we also maintain certain other businesses. tZERO Technologies LLC (“tZERO Tech”) is a company that holds our fixed assets. It also enters into technology contracts and deploys purchased software and technology company wide. Our remaining businesses include tZERO Crypto, Inc. (“tZERO Crypto”), a virtual currency wallet and exchange services business that we, following a strategic review of our businesses, shut down in March 2023, and Verify Investor, LLC, an accredited investor verification company where we hold a majority ownership interest.

In January 2021, Overstock.com (“Overstock”), one of our largest shareholders, along with Medici Ventures (our former parent company), Pelion MV GP, L.L.C (the “General Partner”), and Pelion, Inc., reached an agreement. By April 2021, under this agreement: (i) Medici Ventures was converted into a Delaware limited partnership, (ii) the General Partner became the sole general partner, and Overstock became a limited partner, (iii) Overstock converted the debt we owed them into our common stock, and (iv) Overstock made an additional investment in our common stock. The General Partner now has sole authority over investment decisions, appointing board members, and exercising shareholder rights for the partnership's assets, including its interest in the Company.

On February 22, 2022, the Company completed an initial strategic funding round from new and existing investors, including Intercontinental Exchange, Inc. (“ICE”), Overstock and Medici. As part of the transaction, each of the participants acquired shares of new series of convertible preferred stock and Medici Ventures converted the outstanding intercompany debt owed to it by us into such shares as well. ICE became a significant minority shareholder in the Company. On August 22, 2022, the Company completed the final strategic funding round of the ICE Investment from ICE and certain other investors.

Concurrent with this transaction, the Company sold its broker-dealer subsidiary SpeedRoute, LLC (“SpeedRoute”), which provides routing and connectivity services to registered broker-dealer clients to U.S. equity exchanges and off-exchange sources of liquidity, to Overstock, Medici Ventures and SMPV, LLC.

Historically, tZERO Securities, LLC operated our market-leading secondary liquidity business, while a separate affiliated broker-dealer, tZERO Markets, LLC, was utilized to launch our primary capital raising product offerings. In order

to enhance operational efficiency, tZERO Securities added investment banking business lines to its existing platform and assumed the investment banking activities of tZERO Markets. These changes became effective on October 20, 2023. Subsequently, on December 21st, 2024, FINRA approved the withdrawal of tZERO Markets Broker Dealer's application.

The Parent Company of tZERO Securities, continues to operate its current activities as a holding company and leading provider of technology and tokenization services for the private capital markets industry.

On September 10, 2024, the Company announced the respective Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA) approval of tZERO Digital Asset Securities as a new Special Purpose Broker-Dealer for digital asset securities custody. This is only one of two licenses for a regulated broker-dealer digital asset security custodian that have been approved in the United States since the rules were introduced by the SEC in 2020, serving as a major milestone in the Company's continued journey toward the development and adoption of securities that will unleash the full potential of blockchain technology for a range of assets, including private securities, securitized real estate, art, sports and other Real World Assets and funds.

Basis of presentation

These Consolidated Financial Statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") assuming the Company will continue as a going concern.

Going Concern

As discussed in Note 16 - Going Concern, the Company has incurred recurring losses from operations since inception. The Company may require additional liquidity to continue its operations over the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The accompanying consolidated financial statements include our accounts and the accounts of our wholly-owned subsidiaries and majority-owned subsidiaries. All intercompany account balances and transactions have been eliminated in consolidation.

Use of estimates

The Company's Consolidated Financial Statements are prepared in conformity with U.S. GAAP, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, allowance for doubtful accounts, goodwill and intangibles, compensation accruals, capitalized software, leases, litigation accruals, and other matters that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ materially from those estimates.

Cash, cash equivalents and cash restricted

Cash equivalents include money market accounts, which are payable on demand, and short-term investments with an original maturity of less than 90 days. The Company maintains cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company manages this risk by selecting financial institutions deemed highly creditworthy to minimize the risk. The Company has not experienced any credit losses associated with its cash, cash equivalents and cash

restricted accounts.

Cash restricted is segregated under a collateral agreement. There was $3.216 million restricted cash at December 31, 2024.

The Company also segregates cash in accordance with Rule 15c3-3 of the Securities Exchange Act of 1934. Under Rule 15c3-3, a broker-dealer carrying customer accounts is subject to requirements related to maintaining cash or qualified securities in a segregated reserve account for the exclusive benefit of customers. As of December 31, 2024, the Company held $6.075 million in segregated cash.

Fair value measurement

We account for our assets and liabilities using a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. These two types of inputs have created the fair-value hierarchy below. This hierarchy requires us to minimize the use of unobservable inputs and to use observable market data, if available, when determining fair value.

- Level 1 - Quoted prices for identical instruments in active markets;
- Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and
- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Under GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. Our assets and liabilities that are adjusted to fair value on a recurring basis includes cash equivalents and certain equity securities. Our other financial instruments, including cash, accounts receivable, accounts payable, accrued liabilities, and notes payables are carried at cost, which approximates their fair value. Certain assets, including long-lived assets, goodwill, cryptocurrencies, and other intangible assets, are measured at fair value on a nonrecurring basis in certain circumstances (e.g., when there is evidence of impairment); that is, the assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments using fair value measurements with unobservable inputs (level 3), apart from cryptocurrencies which use quoted prices from various digital currency exchanges with active markets.

Accounts receivable, net and current expected credit losses

Receivables are obligations due from the customer (broker-dealers or exchanges) under terms requiring payments up to thirty days from the previous production month. The Company does not accrue interest on unpaid receivables. Receipts of accounts receivable are applied to specific invoices identified on the customer remittance advice or, if unspecified, are applied to earliest unpaid invoices. Customer receivables balances with invoice dates that are greater than thirty days old are considered aged, non-allowable for regulatory purposes and reviewed for delinquency.

The Company had $0.216 million in receivables from third parties on December 31, 2024. The Company carries its receivables at cost less an allowance for credit losses to present the net amount expected to be collected as of the date of the Consolidated Financial Statements. The Company generally does not require collateral. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. There was no allowance for expected credit losses required as of December 31, 2024.

Concentration of credit risk

We maintain cash balances with financial institutions in amounts which, at times, are more than amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). Management monitors the soundness of these institutions and has not experienced any credit losses with them. Financial instruments that potentially subject the Company to concentration of credit risk consist of cash deposits. Accounts at each institution are insured by the FDIC up to $250,000. The Company had $31.7 million as of December 31, 2024 in excess of the FDIC Insured limit.

Payable to customers and broker dealer

These accounts represent the retail customer and issuing broker dealer cash balances custodied by tZERO Securities. As of December 31, 2024, the Due to Customers balance was $4.2 million.

Fixed assets, net

Fixed assets, which include assets such as our leasehold improvements, furniture and equipment, technology infrastructure, internal use software, and website development, are recorded at cost and depreciated using the straight-line method over the estimated useful lives.

Included in fixed assets is the capitalized cost of internal use software and website development, including software used to upgrade and enhance our website and processes supporting our business, both developed internally and acquired externally. We capitalize costs incurred during the application development stage of internal use software and amortize these costs over the estimated useful life of two to four years. Costs incurred related to design or maintenance of internal use software are expensed as incurred.

	Life (years)
Furniture and equipment	5 - 7
Computer hardware	3 - 4
Computer software, including internal-use software and website development	2 - 4

Equity method securities under ASC 323

Minority interests in other entities in which we can exercise significant influence, but not control, over the entity through either holding more than a 20% voting interest in the entity or through our representation on the entity's board of directors are accounted for as equity method securities under ASC Topic 323*, Investments - Equity Method and Joint Ventures* ("ASC 323"), and are included in Other Long Term Assets in our Consolidated Balance Sheets.

Investment carried under the cost method

We own a minority interest in Blue Ocean Technologies. Its' subsidiary, Blue Ocean ATS, LLC, is the operator of the alternative trading system and uses electronic order-delivery and live data to provide an “exchange-like” experience for global investors in overnight trading, bridging the eight-hour time gap in US equities trading. As of December 31, 2024 this investment was carried at a cost of $0.9 million and is included in Other Long-Term Assets in our Consolidated Balance Sheet. We account for this investment under the cost method.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination. In accordance with ASC 350, *Intangibles-Goodwill and Other*, goodwill is not amortized but is subject to an annual

impairment test, or more frequently if events or changes in circumstances indicate the potential for impairment. Triggering events for impairment reviews include, but are not limited to, adverse changes in the business climate, regulatory actions, deteriorating operating results, broader macroeconomic factors such as market demand and industry relevance, and the condition and utility of relevant technology. These factors are closely monitored to assess their impact on the future recoverability of goodwill.

The Company adopted the guidance of ASU 2017-04, simplifying the goodwill impairment test to a one-step process. Under this guidance, goodwill impairment is assessed by comparing the fair value of each reporting unit to its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized to the extent of the excess, but not beyond the total amount of goodwill allocated to the reporting unit. The fair value of each reporting unit is determined based on the allocation of relevant assets and liabilities and their contribution to the unit's operations.

Goodwill is tested at the reporting unit level, which is defined as an operating segment or one level below. The carrying value of assets and liabilities is assigned to each reporting unit for purposes of the impairment test, with fair value determined through performance analysis and review of ongoing investments in technology to update and upgrade various components. These evaluations ensure that both tangible and intangible resources are accurately reflected in the reporting unit's fair value.

Intangible assets, net other than goodwill

We capitalize and amortize intangible assets other than goodwill over their estimated useful lives unless such lives are indefinite. Intangible assets other than goodwill acquired separately from third parties are capitalized at cost while such assets acquired as part of a business combination are capitalized at their acquisition-date fair value.

Indefinite-lived intangible assets are tested for impairment annually or more frequently when events or circumstances indicate that the carrying value more likely than not exceeds its fair value. In addition, we routinely evaluate the remaining useful life of intangible assets not being amortized to determine whether events or circumstances continue to support an indefinite useful life, including any legal, regulatory, contractual, competitive, economic, or other factors that may limit their useful lives. Definite lived intangible assets are amortized using the straight-line method of amortization over their useful lives, except for certain intangibles (such as acquired technology, customer relationships, and trade names) which are amortized using an accelerated method of amortization based on cash flows.

These definite lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable as described below under *Impairment of long-lived assets*.

For all periods presented, we had no intangible assets that had an indefinite life.

Impairment of long-lived assets

We review property and equipment and other long-lived assets, including intangible assets other than goodwill, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability is measured by comparison of the assets' carrying amount to future undiscounted net cash flows the asset group is expected to generate. Cash flow forecasts are based on trends of historical performance and management's estimate of future performance, giving consideration to existing and anticipated competitive and economic conditions. If such asset group is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds their fair values. There were no impairments to long-lived assets recorded during the year ended December 31, 2024.

Earnings per Share:

Earnings per share (“EPS”) are the amount of earnings attributable to each share of common stock. Basic EPS has been computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding during the period. Income available to common stockholders has been computed by deducting dividends accumulated for the period on cumulative preferred stock (whether or not earned).

Diluted earnings per share has been computed by dividing income available to common stockholders adjusted on an if-converted basis for the period by the weighted average number of common shares and potentially dilutive common shares outstanding (which consist of restricted stock units and convertible securities using the if-converted or treasury stock method to the extent they are dilutive).

For the year ended December 31, 2024, approximately 162,082 shares of dilutive shares were excluded from the EPS calculation as their impact is antidilutive.

Common stock

Each share of common stock has the right to one vote. The holders of common stock are also entitled to receive dividends declared by the board of directors out of funds legally available. No dividends have been declared or paid on our common stock since inception through December 31, 2024.

Preferred Series A equity securities - TZROP

Our tZERO Preferred Series A Equity Securities ("TZROP") are classified as Stockholders' equity within our Consolidated Balance Sheets. TZROP holders have the right to, prior to distributing earnings to common stockholders, a noncumulative quarterly dividend equal to 10% of our Consolidated Adjusted Gross Revenue (as defined by the TZROP offering documents) for the most recently completed fiscal quarter, if may be lawfully declared and paid and if declared by our Board of Directors. TZROP holders are not entitled to participate in any dividends paid to the holders of our common stock, have no rights to vote, and have no rights to the undistributed earnings and are not entitled to any utility functionality as part of the TZROP. In the event of any liquidation, dissolution or winding up of the Company, the TZROP holders will be entitled to the limited preferential liquidation rights equal to USD $0.10 per share to the extent funds are available.

There were 21.2 million shares of TZROP outstanding as of December 31, 2024.

Preferred Series B equity securities

Our Preferred Series B Equity Securities ("Series B") are classified as Stockholders' equity within our Consolidated Balance Sheets. As part of the ICE-led funding round, ICE, Overstock, Medici and certain other investors acquired shares of Series B. Each share of Series B is convertible, at the option of the holder at any time and without additional consideration or upon certain mandatory conversion triggers, into common stock of the Company based on the conversion ratio set forth in the certificate of designation. With respect to dividend rights, liquidation preferences and the distribution of assets, the Series B rank junior to TZROP and senior to all classes of our common stock and future issuances of preferred stock. On any matters common stockholders are entitled to vote, holders of Series B are entitled to vote shares equal to the number of shares of common stock their Series B shares may be converted to. Additionally, Series B holders are entitled to elect one (1) director of the Company. Series B holders are also entitled to certain stock protective provisions as set forth in its certificate of designation.

There were 140.9 million Series B shares outstanding as of December 31, 2024.

Noncontrolling interests

For consolidated subsidiaries in which our ownership is less than 100%, and for which we have control over the assets, liabilities and management of the entity, the minority stockholders' interests are shown as noncontrolling interest. As of December 31, 2024, we hold an 81.0% equity interest in Verify Investor, LLC, an accredited investor verification company.

Revenue recognition

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, which establishes the framework for recognizing revenue by requiring companies to identify contracts, performance obligations, transaction prices, and recognize revenue as those obligations are fulfilled.

The core principle of the revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when the Company satisfies a performance obligation

In order to identify the performance obligations in a contract with a customer, a company must assess the promised goods or services in the contract and identify each promised good or service that is distinct. A performance obligation meets ASC 606's definition of a "distinct" good or service (or bundle of goods or services) if both of the following criteria are met: The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e., the good or service is capable of being distinct), and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract).

If a good or service is not distinct, the good or service is combined with other promised goods or services until a bundle of goods or services is identified that is distinct.

Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The transaction price is allocated to each performance obligation on a relative standalone selling price basis. The transaction price allocated to each performance obligation is recognized when that performance obligation is satisfied, at a point in time or over time as appropriate.

The Company earns commission revenue by executing trades. The Company's performance obligations consist of trade execution and are satisfied on the trade date; accordingly, commission revenues are recorded on the trade date. Commission revenues are received on settlement date; therefore, a receivable is recognized as of the trade date.

Transaction expenses are comprised of vendor services related to anti-money laundering and know-your-client protection ("AML/KYC"), bank verification, and cryptocurrency source tracking. AML/KYC and bank verification costs are directly related to the onboarding of new customers.

Prior to the Company permitting a security to be quoted for trading on the ATS, the ATS conducts a due diligence review on its issuers and such securities to confirm they were issued, can be resold, and trading can be done in accordance

with US securities laws. The diligence is refreshed on a semi-annual basis. The Company charges the issuer of each security a due diligence fee for such diligence reviews.

Normally, the Company does not provide refunds and as such, no liability is recognized in relation to refunds.

Stock-based compensation

We measure compensation expense for all share-based awards at fair value on the date of grant and recognize compensation expense based on the vesting issuance provisions as outlined in the grant documents. Vesting conditions could be service based (typically one to three years for TZROP tokens granted) or a service based vesting condition (generally three years) plus an added performance-based vesting condition that a liquidity event must occur for the award to vest for restricted stock unit awards (which applies to all restricted stock units – "RSU's"). We recognize stock equity awards to our employees as stock compensation expense with a corresponding adjustment to contributed capital (additional paid-in capital). When an award is forfeited prior to the vesting date, we recognize an adjustment for the previously recognized expense in the period of the forfeiture capital (Additional paid-in capital).

For the year ending December 31, 2024, we granted 500,000 RSU's with a cumulative grant date fair value of $.0.275 million. See Note 11 - Stock-Based Awards.

Interest Income

Interest income is recognized when earned. Interest income consists of interest earned from the Company's cash and segregated cash balances deposited at financial institutions. In September 2022, we enhanced our treasury management by implementing a sweep mechanism, allowing operating accounts to automatically transfer excess funds into money market interest-bearing accounts. Interest income in 2024 was $ 2.01 million based on a fluctuating interest rate of 4.5% at the start of the year to 4% in September and by end of year 3.5%.

Income taxes

We account for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized based on differences between financial statement values and tax bases, measured using expected future tax rates. Changes in tax rates are reflected in the period of enactment.

Tax positions are recognized if they are more likely than not to be sustained and are measured at the largest amount expected to be realized. Changes in recognition or measurement are reflected as judgment changes.

Our tax provision is allocated under ASC 740 as if each entity filed separately, and we maintain a valuation allowance due to insufficient taxable income. Each quarter, we evaluate whether we can recover our deferred tax assets, relying on future taxable income and tax strategies due to limited carryback ability. Cumulative losses over the three-year periods ended December 31, 2024 are a key factor in maintaining our valuation allowance, which will be reassessed quarterly.

Loss contingencies

In the normal course of business, we may become involved in legal proceedings and other potential loss contingencies. We accrue a liability for such matters when it is probable that a loss has been incurred and the amount can be reasonably estimated. When only a range of probable loss can be estimated, the most probable amount in the range is accrued. If no amount within this range is a better estimate than any other amount within the range, the minimum amount in the range is accrued. We expense legal fees as incurred. See Note 9 - Commitments and Contingencies.

Assets and Liabilities held for sale and Discontinued operations

A disposal group is classified as a discontinued operation when the following criteria are met: (1) the disposal group is a component of an entity; (2) the component of the entity meets the held-for-sale criteria in accordance with our policy described above; and (3) the component of the entity represents a strategic shift in the entity's operating and financial results.

Our Company classifies long-lived assets or disposal groups to be sold as held for sale in the period in which all of the following criteria are met: (1) management, having the authority to approve the action, commits to a plan to sell the asset or disposal group; (2) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups; (3) an active program to locate a buyer and other actions required to complete the plan to sell the asset or disposal group have been initiated; (4) the sale of the asset or disposal group is probable, and transfer of the asset or disposal group is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond our control extend the period of time required to sell the asset or disposal group beyond one year; (5) the asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (6) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

We initially measure a long-lived asset or disposal group that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Upon determining that a long-lived asset or disposal group meets the criteria to be classified as held for sale, the Company ceases depreciation and reports long-lived assets and/or the assets and liabilities of the disposal group, if material, in the line items assets held for sale and liabilities held for sale, respectively, in our Consolidated Balance Sheets. See Note 3 - Discontinued Operations.

Changes in accounting standards

In January 2020, the FASB issued ASU 2020-01, *Investments — Equity Securities (Topic 321), Investments — Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815*, which clarifies the interaction of the accounting for equity securities under Topic 321, the accounting for equity method investments in Topic 323, and the accounting for certain forward contracts and purchased options in Topic 815. For private entities, ASU 2020-01 is required to be adopted for annual periods beginning after December 15, 2021, including interim periods within those fiscal years. The adoption of this standard did not have a material impact on our Consolidated Financial Statements and related disclosures.

In October 2020, the FASB issued ASU 2020-10, *Codification Improvements*, which amends and provides Codification improvements to either clarify the Codification or correct unintended application of guidance that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. For private entities, ASU 2020-10 is required to be adopted for annual periods beginning after December 15, 2021, including interim periods within fiscal years beginning after December 15, 2022. The Company has completed its analysis of the impact of this guidance and the adoption of this standard did not have a material impact on our Consolidated Financial Statements and related disclosures.

Beginning in 2024 annual reporting, we adopted Accounting Standards Update (ASU) No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (ASU 2023-07) that was issued by the Financial Accounting Standards Board (FASB). This new standard requires an enhanced disclosure of significant segment expenses on an annual basis.

The Company is managed as a single reportable operating segment for internal reporting purposes. This presentation aligns with how the Company's Chief Operating Decision Maker ("CODM") reviews and manages the business. The CODM is the Company's Chief Executive Officer.

Financial information, including annual operating plans and forecasts, is prepared and reviewed by the CODM at the entity level. Performance is assessed primarily based on revenues and operating results reported in the Statements of Operations, and the CODM uses this information to make resource allocation decisions aimed at optimizing overall financial results. The accounting policies applied across the firm are consistent with those described in the summary of significant accounting policies included herein.

3. DISCONTINUED OPERATIONS

Following a strategic review of the Company's businesses, tZERO Crypto ceased operations on March 6, 2023. Prior to then, tZERO Crypto earned transaction fees for the sale and purchase of cryptocurrency by customers using its electronic application. tZERO Crypto is in the process of completing its corporate wind down.

On October 20, 2023, tZERO Markets, LLC transferred its investment banking activities to tZERO Securities, LLC as part of an operational streamlining effort. Previously, tZERO Markets focused on primary capital raising, while tZERO Securities operated the secondary liquidity business. On December 21st, 2024, FINRA approved the withdrawal of tZERO Markets Broker Dealer's application.

Assets/liabilities of discontinued operations on December 31, 2024

	tZERO Crypto	tZERO Markets
	December 31, 2024	**December 31, 2024**
Assets:		
Cash	$ 50	$ 16
Other assets	-	-
Total assets	**$ 50**	**$ 16**
Liabilities		
Accounts Payable & Accrued Expense	$ -	$ 10
Other Current Liabilities	-	6
Total liabilities	**$ -**	**$ 16**

Components of Income from discontinued operations is comprised of:

	tZERO Crypto For the Year ended 31-Dec-24	tZERO Markets For the Year ended 31-Dec-24
Revenue:		
Trading and Commission Revenue, net	**$ -**	$ (24)
Expenses:		
Employee compensation, payroll taxes and benefits	$ -	$ (97)
Software licenses, services, and communication	-	(19)
Professional services	-	(18)
Legal fees	-	(2)
General and administrative	(4)	(13)
Total expenses	**(4)**	**(149)**
Net ordinary loss	**(4)**	**(173)**
Other Income	-	22
Other Expenses	-	0
Net income/(loss) from discontinued Operations	**$ (4)**	**$ (151)**

4. GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations. Goodwill is not amortized but is subject to annual impairment testing, or more frequently if there is an indication that impairment may have occurred. In assessing 2024 goodwill impairment, the Company performed both qualitative and quantitative assessments. The qualitative review considered a range of factors, including market demand, industry relevance, condition and utility of relevant technology and ongoing investments in the updating and upgrading of the Company's technology.

In 2018, the Company acquired 81% of Verify Investors, Inc. which resulted in the recording of Goodwill in the amount of $7.4 million. For each quarter of 2024 Verify Investors remained EBITDA positive. Moreover, the company went from a net income loss to a net income profit of $0.2 million in the fourth quarter of 2024.

For the year ended December 31, 2024, the Company had one reporting unit with goodwill balances: Verify Investor, LLC ($7.4 million). Given the analysis of relevant factors, the Company concluded that no goodwill impairment would be recognized in 2024.

Intangibles

The following table summarizes the Company's intangible assets, net of accumulated amortization (in thousands):

	December 31, 2024
Technology:	
Gross carrying amount	$ 22,677
Accumulated amortization	(22,354)
Net carrying amount	$ 323
Trade Names:	
Gross carrying amount	$ 1,173
Accumulated amortization	(1,173)
Net carrying amount	$ -
Total:	
Gross carrying amount	$ 23,850
Accumulated amortization	(23,527)
Net carrying amount	$ 323

At December 31, 2024, the weighted average remaining useful life for intangible assets, other, excluding fully amortized intangible assets, was 1 year.

Amortization expense in the year ending December 31, 2024 was $0.371 million. The estimated amortization for 2025 is $0.323 million. As a result, we expect our intangible assets to be fully amortized by the end of 2025.

5. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consist of the following (in thousands):

	December 31, 2024
Accounts receivable - Others	$ 100
Accounts receivable - SpeedRoute	116
Less: allowance for credit losses	-
Total accounts receivable, net	$ 216

6. FIXED ASSETS, NET

Fixed assets, net consist of the following (in thousands):

	December 31, 2024
Computer hardware and software	$ 26,830
Leasehold Improvements	2,509
Furniture and equipment	359
	$ 29,698
Less: accumulated depreciation	(21,546)
Total fixed assets, net	$ 8,152

Upon sale or retirement of assets, cost and related accumulated depreciation and amortization are removed from the Consolidated Balance Sheets and the resulting gain or loss, if any, is reflected in the Consolidated Statement of Operations.

Depreciation expense in the year ending December 31, 2024 was $3.07 million.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following (in thousands):

	December 31, 2024
Accounts payable and other accruals	$ 889
Accrued compensation and other related costs	150
Total accounts payable and accrued liabilities	$ 1,039

8. LEASES

We have operating leases for office space, data centers, and certain equipment. Our leases have remaining lease terms of 1 year to 8 years, some of which may include options to extend the leases perpetually, and some of which may include options to terminate the leases within 1 year. We include options that are reasonably certain to be exercised as part of the determination of lease terms. We determine if an arrangement is a lease at inception of the contract and we perform the lease classification test as of the lease commencement date. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate we used our estimated incremental borrowing rate based on the information available at commencement date in determining the present value of future payments.

The table provides a summary of leases by Consolidated Balance Sheets location as of December 31, 2024 (in thousands):

	December 31, 2024
Operating right-of-use assets	$ 4,785
Operating lease liability - current	820
Operating lease liability - non-current	5,679

For the year ended December 31, 2024, the lease expenses are included in the operating expenses on the income statement as follows (in thousands):

	Year Ended December 31, 2024
Operating lease cost	$ 365

The following tables provides supplemental Balance Sheets information related to leases:

	December 31, 2024
Weighted-average remaining lease term - operating leases	6.09 years
Weighted-average discount rate - operating leases	7%

Maturity of lease liabilities under our non-cancellable operating leases as of December 31, 2024, are as follows (in thousands):

Payments due by period		Amount
2025		1,241
2026		1,118
2027		1,181
2028		1,181
Thereafter		3,443
Total lease payments	$	8,164
Less interest		(1,715)
Present value of lease liabilities	$	6,449

In October 2022, we agreed to sublease unused office space. The sublease is with an unaffiliated third party. The sublease term expires on November 30, 2031, which coincides with our lease term and will offset our lease payments by $8.3 million over the entire lease term. In the event of default by the Sublessee, the Company will be obligated under the terms of the original lease. The Company classifies the sublease as an operating lease. The Company recognizes income on a straight-line basis over the term of the sublease. The duration of the sublease runs through the end of our existing lease. Upon execution of the sublease, the Company determined that the lease cost for the lease term exceed the anticipated sublease income. The difference between lease cost and sublease income is an indicator that the carrying amount of the right-of-use asset was impaired, as a result the Company recorded an impairment of right-of-use asset of $0.6 million in the Consolidated Statement of Operations for the year ended December 31, 2022. Payments received from the sublease were $1.088 million as of December 31, 2024.

9. COMMITMENTS AND CONTINGENCIES

Loss contingencies

In the normal course of business, we may become involved in legal proceedings and other potential loss contingencies. We accrue a liability for such matters when it is probable that a loss has been incurred and the amount can be reasonably estimated. When only a range of probable loss can be estimated, the most probable amount in the range is accrued. If no amount within this range is a better estimate than any other amount within the range, the minimum amount in the range is accrued. Due to the uncertainty of litigation and depending on the amount and the timing, an unfavorable resolution of some or all of such matters could materially affect our business, results of operations, financial position, or cash flows. The nature of the loss contingencies relating to claims that have been asserted against us are described below.

In May 2024, the Company entered into a settlement agreement related to a dispute with a former financial advisor. An amount of $1.844 million was paid, as reflected under settlement expenses in the Balance Sheet. No further disclosures will be made due to a confidentiality agreement executed by management.

Broker-Dealer Subsidiaries

Our broker-dealer subsidiaries are subject to extensive regulatory requirements under federal and state laws and regulations and self-regulatory organization (“SRO”) rules. Each of tZERO Securities, LLC and tZERO Securities Digital Asset , LLC is registered with the SEC as a broker-dealer under the Securities Exchange Act of 1934 (“Exchange Act”) and in the states in which it conducts securities business and is a member of FINRA and other SROs (as applicable). In addition, tZERO Securities, LLC owns and operates an alternative trading system. Each of tZERO Securities, LLC and tZERO Securities Digital Asset, LLC is subject to regulation, examination, investigation, and disciplinary action by the SEC, FINRA, and state securities regulators, as well as other governmental authorities and SROs with which it is registered or licensed or

of which it is a member. As previously disclosed, our broker-dealer subsidiaries are currently subject to various examinations, inquiries, and/or investigations undertaken by various regulatory authorities, which may result in financial and other settlements or penalties. Any significant failure by our broker-dealer subsidiaries to satisfy regulatory authorities that they are in compliance with all applicable rules and regulations could have a material adverse effect on us.

10. REVENUES FROM CONTRACTS WITH CUSTOMERS

The timing of the revenue recognition may differ from the timing of payment from customers. The Company records a receivable when revenue is recognized prior to payment, and when the Company has an unconditional right to payment. The Company records contract liability when payment is received, prior to the time at which the satisfaction of the service obligation.

The Company accounts for its revenues under ASC 606, Revenue from Contracts with Customers, which establishes the framework for recognizing revenue by requiring companies to identify contracts, performance obligations, transaction prices, and recognize revenue as those obligations are fulfilled.

The Company earns commission revenue by acting as an agent on behalf of customers. The Company's performance obligations consist of trade execution and are satisfied on the trade date; accordingly, commission revenues are recorded on the trade date. Commission revenues are paid on settlement date; therefore, a receivable is recognized as of the trade date. The Company also earns revenue from verification of investor accreditation.

The following tables present the Company's revenue from contracts with customers disaggregated by entities for the year ended December 31, 2024 (in thousands):

	Verify Investors	tZERO Securities	tZERO Technologies	Total
Investor verification revenue	984	15	-	999
Commission income	-	156	-	156
Due Diligence, consulting and other income	-	137	122	259
Total	984	308	122	1,414

11. STOCK-BASED AWARDS

Stock based awards

The tZERO.com 2017 Equity Incentive Plan, as amended, provides for grant of stock options and restricted stock awards to employees, directors and consultants. In June 2020, we completed the restructuring of our outstanding equity awards through the amendment and cancellation of each of our outstanding stock options in favor of the issuance of restricted stock awards. In addition to a service-based vesting condition (generally three years), the restricted stock unit awards included an added performance-based vesting condition that a liquidity event must occur in order for the restricted stock unit awards to vest. The exchange was accounted for as a Type II modification with an incremental fair value of $6.9 million for the modified awards which will be expensed for the fully vested portion of the grant once the performance-based vesting condition becomes probable, and the remaining fair value of the grant will be expensed on a straight-line basis over the remaining vesting period.

For the year ending December 31, 2024, we granted 500,000 restricted stock awards with a cumulative grant date fair value of $0.275 million.

The following table summarizes activity related to RSUs for the year ended December 31, 2024:

	Number of RSU's		Weighted Average Grant Date Fair Value
Nonvested at December 31, 2023	**52,003,173**	$	0.55
Granted	500,000	$	0.55
Service based vested	(25,502,788)	$	0.85
Forfeited	(4,544,543)	$	0.90
Nonvested at December 31, 2024	**22,455,842**	$	0.55

12. INCOME TAXES

The provision (benefit) for income taxes consists of the following (in thousands):

	Year ended December 31 2024
Current	$ -
Deferred	-
Total provision for income taxes	$ -

Effective Rate Reconciliation:

Pre-Tax income (loss)	$ (17,512)

The U.S. Federal Statutory Tax Rate for 2024 is 21%. The reconciliation of the expected income tax expense (benefit) and the actual income tax expense is as follows:

Expected Federal income tax expense (benefit)	(3,678)	21%
Expected State income tax expense (benefit)	(625)	3.57%
Other Permanent Adjustments	2	0%
Change in valuation allowance	4,301	-25%
Total income tax expense (benefit)	(0)	0%

The Company has U.S. Federal net operating loss (NOL) carryovers of $214,093,502 as of December 31, 2024. Under the Tax Cuts and Jobs Act (TCJA), Federal NOL's incurred in taxable years beginning in 2018 and later have an indefinite carryforward period, but the use of the NOL carryover is limited to 80% of taxable income in the subsequent year. Federal NOL Carryovers incurred prior to 2018 expire after 20 years. The Company has $34,616,616 of Federal NOL carryovers incurred prior to 2018 which expire in 2034. The Company has State NOL carryovers in various States of $34,937,133 as of December 31, 2024.

The NOL carryovers are a benefit to the Company in the form of future tax savings and such carryovers are recorded as deferred tax assets, subject to a valuation allowance. The utilization of the NOLs may be limited under Section 382 of the Internal Revenue Code.

Net deferred income tax assets (liabilities) are comprised of the following:

	December 31 2024
Deferred tax assets :	
Net Operating Loss carryovers	46,561
Accruals and reserves	20
Capitalized Research Expenditures	1,598
Section 163(j) Interest Expense Carryover	418
Intangible assets	797
Research credit carryover	642
Less: Valuation allowance	(49,047)
Net deferred tax assets	989
Deferred tax (liabilities):	
ASC 842 Leases	(974)
Fixed assets	(15)
Net deferred tax (liabilities)	(989)
Net deferred tax assets	-

The Company has provided a valuation allowance of 100% of its net deferred tax assets due to the uncertainty of generating future profits that would allow for the realization of such deferred tax assets.

13. BROKER-DEALERS

Each of the Company's broker-dealers are subject to the SEC's Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. The following table summarizes the net capital ratio (in thousands, apart from the net capital ratio):

	December 31, 2024
tZERO Securities, LLC	
Net capital	$ 1,143
Required net capital	252
Net capital, in excess of required	$ 891
Net capital ratio	3.53
tZERO Digital Asset Securities, LLC	
Net capital	$ 790
Required net capital	250
Net capital, in excess of required	$ 540
Net capital ratio	2.16

tZERO Securities did not have any securities owned or securities sold, not yet purchased at December 31, 2024.

Special reserve account

tZERO Securities is subject to Customer Protection Rule 15c3-3, which requires the segregation of funds in a special reserve account for the exclusive benefit of customers. As of December 31, 2024, tZERO Securities had cash deposits of $6.075 million in the special reserve accounts which was $1.875 million in excess of the deposit requirement of $4.2 million. The Company made no subsequent deposits or withdrawals.

14. BORROWINGS

In 2024, there was no borrowings.

15. RELATED PARTY AND AFFILIATED TRANSACTIONS

In connection with the sale of SpeedRoute, LLC on February 22, 2022, to Medici Ventures, LP, Overstock.com, Inc., SMPV, LLC, tZERO Group, Inc., tZERO Broker Services, LLC, and SpeedRoute, LLC entered into a Transition Services Agreement outlining services to be provided and/or shared between the parties. These services include, but are not limited to, accounting, shared vendor contracts, insurance, the 1WTC sublease, shared employees, technology services, data center, and other related services. This agreement, which has no formal maturity, covers the sharing of technology-related services, rent, fixed assets, and managerial support. In 2024, tZERO Group, Inc. billed SpeedRoute, LLC $1.3 million for services provided, while SpeedRoute, LLC billed tZERO Group and its affiliates $0.13 million.

Out of the $0.216 million shown as accounts receivable in the balance sheet, $0.116 million is due from Speedroute. Similarly, of the $1.991 million shown in the balance sheet as other long-term assets, $0.625 million is classified as notes receivable from Speedroute.

One of the Company's former Directors (which resigned from the board in April 2024) is a CEO in a software development firm. The software development firm has been providing services to the Company pursuant to an agreement approved by majority of disinterested members of the board of the Company. For the year ended December 31, 2024, the Company paid $1.954 million and recorded $1.639 million as Capitalized Software and $0.314 million in accounts payable and accrued liabilities.

16. GOING CONCERN

We have generated limited revenue and have accumulated losses since inception. If we do not begin to produce revenue in excess of our expenses (as they may be adjusted from time to time) and, consequently, deplete our cash and other liquid assets on hand, our continuation as a going concern will be dependent upon obtaining sufficient financing. There is no assurance, however, that sufficient financing will be available to us at all or on acceptable terms when needed to allow us to continue as a going concern. However, the company maintains assets with significant market value, which can be liquidated if additional capital is needed. Given that the company could liquidate these assets to provide additional operating cash as needed, substantial doubt as to the Company’s ability to continue as a going concern does not exist.

The Consolidated financial statements do not include any adjustments to the carrying amounts and classification of assets, liabilities, and reported expenses that may be necessary if the Company were unable to continue as a going concern.

17. SUBSEQUENT EVENTS

In the first quarter of 2025, tZERO successfully completed the full tokenization of its first digital asset security—its own Series A Preferred Equity Security (TZROP)—using its Special Purpose Broker-Dealer Digital Custody Services.

During the second and third quarters of 2025, tZERO continued to broaden its regulatory, product, and partnership foundation to support the next phase of market expansion.

In the second quarter of 2025, tZERO received FINRA approval to provide correspondent clearing services through both tZERO Securities, LLC and tZERO Digital Asset Securities, LLC.

In the third quarter of 2025, tZERO:

- Commenced its role as the broker-dealer operator of Lynq, expanding the tZERO's footprint into settlement and payments infrastructure
- Established an auction facility to support block trading activity
- Received FINRA approval to facilitate corporate-debt trading on the tZERO Securities ATS
- Initiated CFTC filings for Designated Contract Market (DCM) and Derivatives Clearing Organization (DCO) approvals
- Announced the tZERO Chain initiative as part of its long-term technology roadmap
- Collectively, these initiatives enhanced the Company's readiness for broader customer adoption and future product activation.

On February 28, 2025, SpeedRoute, LLC, a related party, ceased operations and began winding down its broker-dealer activities. All obligations between SpeedRoute, LLC and tZERO were fully settled in May 2025, and the entity was formally dissolved in September 2025.

On May 20, 2025, tZERO Technologies, LLC entered into a definitive agreement to sell its minority equity interest in Blue Ocean Technologies, LLC to a related party. The transaction was subject to an existing investor's right of first refusal, which delayed the closing until June 2025. Upon closing, the Company recognized a gain of approximately $8.37 million, which will be recorded in the Company's consolidated financial statements for the year ending December 31, 2025. In accordance with ASC 855 (Subsequent Events), the transaction represents a non-adjusting subsequent event because the sale agreement and closing occurred after December 31, 2024. Accordingly, no adjustments have been made to the 2024 consolidated financial statements. Required related-party disclosures under ASC 850 will be provided in the 2025 financial statements.

The Board, at its June 2025 regular meeting, approved the acceleration of RSU vesting for certain departed employees, authorized 4,872,847 new RSU grants to recently hired employees under the Company's 2017 Equity Incentive Plan, and adopted the Portfolio Investment Proceeds Participation Plan to align employee incentives with long-term Company interests.

On September 4, 2025, the Company appointed Alan Konevsky as Chief Executive Officer and a member of the Board of Directors. Mr. Konevsky previously served as the Company's Executive Vice President and Chief Legal and Corporate Affairs Officer. He succeeded David Goone, who had served as CEO and director.

Management has evaluated all subsequent events through November 26, 2025, the date on which these financial statements were available to be issued, and has concluded that all such events have been appropriately recognized or disclosed in the accompanying financial statements.