CODON

VALUATION ADVISORS

SAMPLE REPORT

Valuation of the Common Stock of Tarnholme Therapeutics, Inc.

IRC 409A fair market value, HMRC EMI actual market value and unrestricted market value, and the written reconciliation of the values

VALUATION DATE	REPORT DATE	PREPARED FOR
September 30, 2026	October 9, 2026	The Board of Directors, Tarnholme Therapeutics, Inc.

Tarnholme Therapeutics, Inc. is a fictional company. This sample of a Codon cross-border valuation report uses illustrative facts, figures and dates. It is not a valuation of any company, and no one may rely on it for any purpose.

About This Sample

This sample shows the report a company receives when it grants options over one class of shares in the United States and the United Kingdom.

THE COMPANY AND THE PLANNED GRANTS

Tarnholme Therapeutics, Inc. is the new Delaware parent of a UK life science company. The group completed a share-for-share exchange (a Delaware flip) on September 14, 2026 and closed a Series Seed financing on September 18, 2026. Its first US employee joined on October 5, 2026.

The Board plans to grant options to the US employee and Enterprise Management Incentive (EMI) options to UK employees. Each grant needs a value of the same Common Stock, under a different tax standard.

WHAT THE REPORT CONTAINS

- The fair market value of the Common Stock under Section 409A of the US Internal Revenue Code (IRC 409A).
- The HMRC EMI actual market value (AMV) and unrestricted market value (UMV) of the Common Stock.
- A written reconciliation that states each difference between the 409A value and the HMRC values.

WHAT THE SAMPLE OMITS

The sample keeps the full method and every calculation. It shortens the company description and omits these supporting schedules of an engagement report:

- the capitalization table by holder;
- the guideline public companies and the volatility calculation;
- the review of the financial statements and the operating plan;
- the summary of the financing documents.

ILLUSTRATIVE INPUTS

The exchange rate, the risk-free rate and the volatility are illustrative figures. They are not market data for the valuation date. The discounts are judgments made for this example.

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Summary of Conclusions

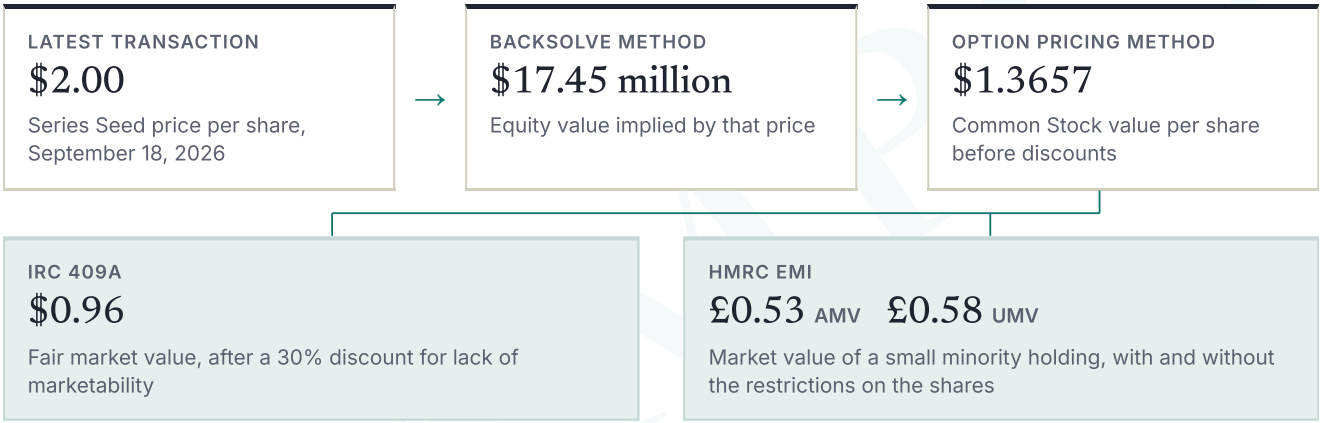
The Board of Directors of Tarnholme Therapeutics, Inc. (“the Company”) engaged Codon Valuation Advisors LLC (“Codon”) to value the Company's Common Stock as of September 30, 2026 (“the Valuation Date”). The values support option grants to a US taxpayer and EMI option grants to UK employees.

Value of one share of Common Stock	Conclusion	Standard	Use
IRC 409A fair market value	$0.96	Treas. Reg. 1.409A-1(b)(5)(iv)(B)	Exercise price of options granted to US taxpayers
HMRC EMI actual market value (AMV)	£0.53	TCGA 1992, Part 8; ITEPA 2003, Sch. 5, para 55	Benchmark for the exercise price of EMI options
HMRC EMI unrestricted market value (UMV)	£0.58	The same, with restrictions ignored (Sch. 5, para 5(7))	Test of the £250,000 individual limit and the £6 million company limit

The 409A value is £0.74 at the illustrative exchange rate of $1.30 to £1.00.

How the Values Are Derived

The three values come from one analysis of the Company. The analysis starts from the Series Seed price, derives the equity value that the price implies and allocates that value between the share classes. Each tax standard is then applied to the same value of a share of Common Stock.



Written reconciliation (section 8): $0.96 is £0.74 at $1.30 to £1.00; each step from there to £0.58 and £0.53 is stated.

Why the Values Differ

- **Standard of value and discounts.** The 409A value applies a 30% discount for lack of marketability. The HMRC values apply the UK discount for a small minority holding in an unquoted company. This difference is £0.1576 a share.
- **Restrictions on the shares.** The UMV ignores the restrictions on the Common Stock and the AMV reflects them. This difference is £0.0525 a share.
- **Allocation and valuation date.** Both standards use the same allocation between share classes and the same valuation date, so neither adds a difference in this report.

Section 8 sets out the reconciliation for the Board, the Company's auditors and its option holders.

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1 Engagement

Purpose and Use

The report values the Company's Common Stock for two purposes:

- to set the exercise price of stock options granted to persons subject to US tax, under IRC 409A;
- to propose the AMV and UMV of the shares under EMI options to HMRC Shares and Assets Valuation (SAV) on form VAL231, under Schedule 5 to the Income Tax (Earnings and Pensions) Act 2003 (ITEPA 2003).

The subject is one share of Common Stock, valued as part of a non-controlling holding, as of September 30, 2026, on a going-concern premise. The report is for the Board of Directors and management. The Company may give it to its auditors, to HMRC and to the US Internal Revenue Service (IRS).

Standards of Value

	IRC 409A	HMRC EMI
Value concluded	Fair market value of the Common Stock	Market value of the Common Stock: AMV and UMV
Definition	A value determined by the reasonable application of a reasonable valuation method (Treas. Reg. 1.409A-1(b)(5)(iv)(B)(1))	The price the shares might reasonably be expected to fetch on a sale in the open market (TCGA 1992, s. 272(1), applied by ITEPA 2003, Sch. 5, para 55)
Factors and assumptions	The regulation lists the value of assets, the present value of future cash flows, the market value of similar companies, recent arm's-length transactions in the stock, and control premiums or discounts for lack of marketability	A prospective purchaser is assumed to have the information a prudent purchaser might reasonably require in a purchase by private treaty at arm's length (TCGA 1992, s. 273(3))
Restrictions on the shares	Lapse restrictions are disregarded (Treas. Reg. 1.409A-1(b)(5)(i)(A)(1))	Ignored for the UMV, which tests the EMI limits (Sch. 5, para 5(7)); taken into account for the AMV
Certainty	An independent appraisal dated no more than 12 months before the grant is presumed reasonable (Treas. Reg. 1.409A-1(b)(5)(iv)(B)(2)(i))	The Company can ask SAV to agree both values before the grant; an agreed valuation is valid for 90 days

The 409A valuation is prepared to support the presumption of reasonableness for an independent appraisal. The HMRC values are prepared so the Company can seek SAV's agreement before it grants the EMI options.

Professional Standards

We performed a valuation engagement, as defined in the Statement on Standards for Valuation Services of the American Institute of Certified Public Accountants (AICPA), VS Section 100. We applied the guidance in the AICPA Accounting and Valuation Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. For the HMRC values we followed HMRC's published guidance on EMI valuations in its Shares and Assets Valuation Manual (SVM110050).

Scope of Work

- We read the certificate of incorporation, the Series Seed financing documents, the share exchange agreement, the 2026 Equity Incentive Plan and the replacement option agreements.
- We analyzed the capitalization table and the rights of each class of shares, and read the UK subsidiary's 2025 financial statements, its management accounts to August 31, 2026 and the operating plan.
- We discussed the business, the financing, the planned grants and events after the financing with management.

2 The Company

Business

Tarnholme Therapeutics, Inc. is a preclinical-stage biotechnology company. Through its wholly owned subsidiary, Tarnholme Therapeutics Limited, it develops oral small-molecule therapies for fibrotic lung disease. The lead program is in the studies required before a first clinical trial. The group has no revenue and has funded its work with equity and research grants.

The UK subsidiary was incorporated in England and Wales in March 2023 as a spin-out from a university research group. At the Valuation Date the group had 14 employees, 13 of them in England. It held cash of $6.3 million and had no borrowings.

The Share-for-Share Exchange

The Company was incorporated in Delaware in August 2026 to become the group's parent. On September 14, 2026 it acquired every ordinary share of Tarnholme Therapeutics Limited. Each shareholder received one share of Common Stock for each ordinary share, so each held the same proportion of the group before and after the exchange.

On the same date, each holder of an EMI option over the UK subsidiary's shares released it for a replacement option over the Company's Common Stock. Section 9 describes the replacement options.

The Series Seed Financing

On September 18, 2026 the Company issued 3,000,000 shares of Series Seed Preferred Stock ("Series Seed") at $2.00 a share, for $6.0 million. A US venture capital fund that held no shares before the financing led the round, and two other new institutional investors joined it. The price was negotiated at arm's length.

The proceeds fund the lead program through its first clinical trial. Management expects the Company to need further equity financing before any sale or public offering.

The Planned Grants

The Company's first US employee, a Vice President of Clinical Development based in Massachusetts, joined on October 5, 2026. The Board plans to make these grants under the 2026 Equity Incentive Plan:

Grant	Shares	Tax regime	Value the grant needs
Options to the US employee	150,000	United States: IRC 409A	Fair market value of the Common Stock
EMI options to 9 UK employees	450,000	United Kingdom: ITEPA 2003, Schedule 5	AMV and UMV of the Common Stock

The largest planned EMI grant is over 120,000 shares. No option holder was subject to tax in both countries at the Valuation Date.

Key Dates

September 14, 2026	Share-for-share exchange; replacement EMI options granted
September 18, 2026	Series Seed financing closed at $2.00 a share
September 30, 2026	Valuation Date
October 5, 2026	First US employee joined
October 9, 2026	Date of this report

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3 Capital Structure

The table shows the Company's securities at the Valuation Date.

Security	Shares	Share of total	Terms
Common Stock	8,000,000	64.0%	Issued in the share exchange to the founders, the university and the pre-seed investors
Series Seed Preferred Stock	3,000,000	24.0%	Issued at $2.00 a share on September 18, 2026
Options outstanding	400,000	3.2%	Replacement EMI options over Common Stock, exercise price £0.10 ($0.13) a share
Securities included in the allocation	**11,400,000**	**91.2%**	
Shares reserved for future grants	1,100,000	8.8%	2026 Equity Incentive Plan; no grant made at the Valuation Date
Fully diluted	**12,500,000**	**100.0%**	

The allocation in section 5 includes the outstanding options. It excludes the 1,100,000 reserved shares, because no option over them existed at the Valuation Date.

Rights of the Series Seed Preferred Stock

Liquidation preference	On a liquidation or a sale of the Company, each Series Seed share receives the greater of $2.00 and the amount it would receive if converted to Common Stock. The preference is non-participating. It totals $6.0 million.
Conversion	Each share converts into one share of Common Stock at the holder's option, and automatically on a qualified public offering. The conversion price has broad-based weighted-average protection against dilution.
Dividends	Non-cumulative, payable only when the Board declares them. None has been declared.
Voting and control	Votes with the Common Stock as converted. The holders elect one director and must consent to specified actions, including a sale of the Company and the issue of senior securities.
Other rights	Information rights, a right to take part in later financings, a right of first refusal and co-sale over founder transfers, and drag-along rights.

The Common Stock has none of these rights and ranks behind the Series Seed's preference on a sale or liquidation.

The Financing Terms

At $2.00 a share, the fully diluted shares total $25.0 million, the post-money figure in the financing documents. That figure prices every share at the Series Seed price, although the Common Stock carries fewer rights. Section 5 derives the equity value that the Series Seed price implies.

Restrictions on the Common Stock

Section 7 measures the effect of these restrictions for the AMV. The bylaws, the Voting Agreement and the 2026 Equity Incentive Plan restrict shares of Common Stock acquired on the exercise of an option:

- a holder may transfer shares only with the Board's consent;
- the Company has a right of first refusal over any proposed transfer;
- the holder must sell on a sale of the Company that the required majority approves (drag-along);
- the Company may buy back shares from a holder dismissed for cause, at the lower of cost and market value.

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4 Valuation Approach

We considered the three approaches to value and selected the method that the facts at the Valuation Date best support.

Approach	Method	Use	Reason
Market	Backsolve from the Series Seed financing	Selected	New institutional investors priced the Series Seed at arm's length 12 days before the Valuation Date. Both tax standards direct the valuer to recent arm's-length transactions in the company's shares.
Market	Guideline public companies and transactions	Volatility input only	Multiples of revenue or earnings cannot be applied to a company with no revenue.
Income	Risk-adjusted net present value (rNPV)	Considered; not relied on	The lead program has not entered the clinic. Cash flow forecasts would rest on assumptions that the financing price already reflects.
Asset	Adjusted net assets	Not applied	The balance sheet excludes the internally developed intellectual property, which holds most of the value.

The Backsolve Method

The backsolve method derives the total equity value implied by the price investors paid in the latest priced round, given the rights of their shares. It solves for the equity value at which the allocation model values a Series Seed share at its $2.00 issue price.

Allocation Between Share Classes

The allocation method divides the equity value between the Series Seed, the Common Stock and the options. We considered four methods.

Method	Use	Reason
Option pricing method (OPM)	Selected	The OPM treats each share class as a call option on the Company's equity value, with exercise prices set by the liquidation preference and the conversion terms. It is appropriate where a liquidity event is some years away and its timing and form are difficult to forecast.
Probability-weighted expected return method (PWERM)	Not applied	The PWERM models specific exit scenarios. The Company cannot yet define such scenarios or assign probabilities to them.
Hybrid method	Not applied	The hybrid method adds one or two defined scenarios to an OPM. The Company has no defined near-term scenario to model before the first clinical data.
Current value method	Not applied	The current value method assumes an immediate sale, which the Company does not expect.

Events After the Financing

We considered whether the Series Seed price needed adjustment for events between September 18, 2026 and the report date. Management reported no change to the lead program, the operating plan or the Company's financing, and none in market conditions that would change the price. We therefore used the Series Seed price without adjustment. Both conclusions use the equity value and the allocation in section 5.

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5 Equity Value and Allocation

Inputs

Input	Value	Basis
Series Seed issue price	$2.00	Financing documents, September 18, 2026
Time to a liquidity event	4.0 years	Management's expected timing of a sale or public offering
Volatility	85%	Illustrative; a report uses guideline public companies over the term
Risk-free rate	3.80%	Illustrative; a report uses the US Treasury yield for the term
Dividend yield	Nil	The Company has paid no dividend and plans none
Option exercise price	$0.13	£0.10 at $1.30 to £1.00

Breakpoints

A breakpoint is an equity value at which the sharing of further value between the classes changes.

Range	Equity value	Event at the upper limit	Classes that share the range
1	$0 to $6,000,000	Series Seed preference paid in full	Series Seed 100.0%
2	$6,000,000 to $7,040,000	Common Stock at $0.13 a share: the options exercise	Common Stock 100.0%
3	$7,040,000 to $22,748,000	Common Stock at $2.00 a share: the Series Seed converts	Common Stock 95.2%; Options 4.8%
4	Above $22,748,000	None	Series Seed 26.3%; Common Stock 70.2%; Options 3.5%

Breakpoint 2 is $6,000,000 plus 8,000,000 shares at $0.13. Breakpoint 3 is $7,040,000 plus 8,400,000 shares at $1.87 ($2.00 less $0.13).

Allocation of the Equity Value

The value of each range is the difference between two call options on the equity value, priced with the Black-Scholes-Merton model. Each class takes its share of each range.

Range	Value of the range	Series Seed	Common Stock	Options
1	$3,326,303	$3,326,303	–	–
2	$382,623	–	$382,623	–
3	$3,583,980	–	$3,413,314	$170,666
4	$10,160,048	$2,673,697	$7,129,858	$356,493
Equity value	**$17,452,954**	**$6,000,000**	**$10,925,795**	**$527,159**
Shares or options		3,000,000	8,000,000	400,000
Value per share or option		**$2.0000**	**$1.3657**	**$1.3179**

The backsolve gives an equity value of $17,452,954. At that value the model prices a Series Seed share at $2.0000, its issue price, and a share of Common Stock at $1.3657 before any discount. The Common Stock value is 68.3% of the Series Seed price, and the difference of 31.7% measures the Series Seed's preferential rights. Both conclusions start from $1.3657.

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6 IRC 409A Fair Market Value

The Requirement

An option granted to a US taxpayer with an exercise price below the fair market value of the underlying stock at grant is treated as deferred compensation under IRC 409A. For stock that is not publicly traded, fair market value is a value determined by the reasonable application of a reasonable valuation method.

Discount for Lack of Marketability

The allocation values the Common Stock as if a holder could sell it freely. A holder of Common Stock in a private company cannot do so until a sale or public offering. The discount for lack of marketability (DLOM) measures that difference.

We estimated the DLOM with two put option models, using the term and volatility in section 5.

Model	Indicated DLOM	What the model measures
Finnerty (2012), average-strike put	29.3%	The cost of losing the ability to sell at the average price over the restriction period
Chaffe (1993), protective put	49.3%	The cost of a put option that secures today's price at the end of the restriction period
Concluded DLOM	**30.0%**	

We placed most weight on the Finnerty model. The Chaffe model prices full protection against a fall in value over the whole term, and its result rises steeply at long terms and high volatilities. We also considered the size of the Series Seed financing, the Company's need for further funding and the expected time to a liquidity event. We concluded a DLOM of 30%.

Conclusion

Value of a share of Common Stock before discounts (section 5)	$1.3657
Less: discount for lack of marketability, 30.0%	($0.4097)
Fair market value per share, unrounded	**$0.9560**
IRC 409A fair market value per share of Common Stock	**$0.96**

Reasonableness

The concluded value is 48.0% of the Series Seed price. Two factors account for the difference: the Series Seed's preferential rights (31.7%) and the lack of a market for the Common Stock (30.0%). Section 10 shows how the value changes with the term and the volatility.

Period of Use

The value can support grants made within 12 months after the Valuation Date. It cannot support a grant made after information arises that may materially affect the value of the Company. Examples are a new financing, clinical or regulatory results, and an offer to buy the Company.

The fair market value of the Common Stock is normally also the share price input for stock compensation expense under ASC 718.

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7 HMRC EMI Values

The Requirement

An EMI grant needs two values of the shares under option. The AMV takes account of the restrictions on the shares and is the benchmark for the exercise price. The UMV ignores those restrictions and tests the EMI limits.

HMRC's Published Approach

HMRC's manual says the valuer should first look at recent transactions in the company's shares. It notes that an investment by an external investor with preferential rights "may require substantial adjustment" (SVM110050). Its example of a loss-making development company starts from the investors' subscription price and applies a discount for a small minority holding of the ordinary shares. We followed that approach. The starting point is the Series Seed price, and the adjustment for the investors' preferential rights is the one measured in section 5.

Build-Up of the Values

Series Seed price per share: $2.00 at $1.30 to £1.00	£1.5385
Less: adjustment for the preferential rights of the Series Seed, 31.7% (section 5)	(£0.4879)
Value of a share of Common Stock before discounts: $1.3657	**£1.0506**
Less: discount for a small minority holding in an unquoted company, 50.0%	(£0.5253)
Actual market value per share, unrounded	**£0.5253**
Add: premium for ignoring the restrictions on the shares, 10.0%	£0.0525
Unrestricted market value per share, unrounded	**£0.5778**
HMRC EMI actual market value (AMV) per share of Common Stock	**£0.53**
HMRC EMI unrestricted market value (UMV) per share of Common Stock	**£0.58**

Discount for a Small Minority Holding

Market value is the price of the holding in a hypothetical open-market sale. The largest planned EMI grant is 1.09% of the issued shares. A purchaser of a holding of that size would take these facts into account:

- the holding gives no influence over the Company or the timing of a sale, and none of the Series Seed investors' information and consent rights;
- the Company pays no dividend, and no market for the shares exists;
- the Company will need further equity financing, which will rank ahead of the Common Stock.

HMRC's example for a loss-making development company describes "a potentially significant discount" for such a holding. We concluded a discount of 50%.

Restrictions and the UMV

HMRC's manual treats the UMV as the value without the restrictions. Its start-up example applies a 10% premium for ignoring a risk of forfeiture and a pre-emption provision. The restrictions in section 3 are comparable, and we applied a premium of 10%.

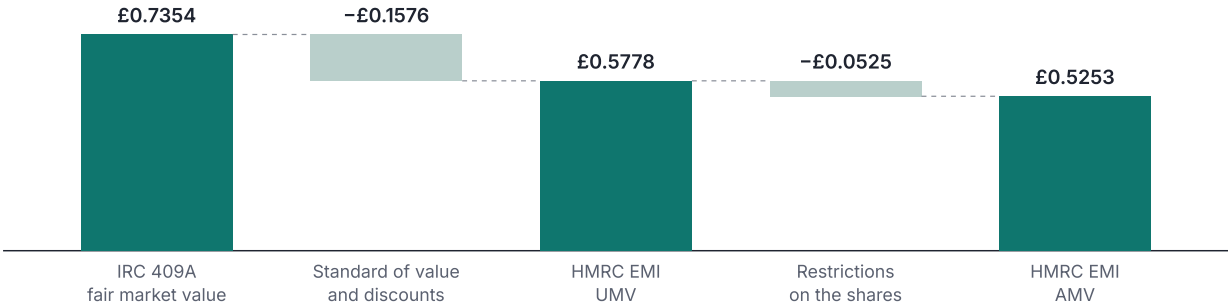
Agreement with HMRC and the EMI Limits

The Company can propose both values to SAV on form VAL231 once it is in a position to grant the options. An agreed valuation is valid for 90 days from the date of the agreement, provided nothing changes that could affect the value. The largest planned grant, 120,000 shares, is £69,600 at the UMV, against the £250,000 individual limit. The planned EMI grants total £261,000 at the UMV, against the £6 million company limit. Both limits also count existing unexercised options.

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8 Reconciliation of the 409A and HMRC Values

The 409A value and the HMRC values are for the same share at the same date. This section states each difference between them, in pounds per share at $1.30 to £1.00.



Step	£ per share	Explanation
IRC 409A fair market value, $0.9560 unrounded	**£0.7354**	**Section 6, converted to pounds**
1. Standard of value and discounts	(£0.1576)	The 30.0% DLOM is replaced by the UK discount for a small minority holding, which is 45.0% with restrictions ignored. The 15.0-point difference applies to £1.0506
HMRC EMI unrestricted market value	**£0.5778**	**Concluded at £0.58**
2. Restrictions on the shares	(£0.0525)	The AMV takes account of the restrictions in section 3. The UMV is 10.0% above the AMV
3. Allocation between share classes	–	Both conclusions use the allocation in section 5
4. Valuation date	–	Both conclusions are as of September 30, 2026
HMRC EMI actual market value	**£0.5253**	**Concluded at £0.53**

Sources of Difference

1. Standard of value and discounts. The 409A value measures the lack of a market for the Common Stock with put option models over the expected 4.0-year holding period. The HMRC values measure the price of a small minority holding in an open-market sale. That price reflects the lack of a market and also the holder's lack of influence and of investor information rights. The UK discount is therefore larger, and the HMRC values are lower than the 409A value. Each discount is supported under its own standard.

2. Restrictions on the shares. UK law requires two values for an EMI grant. The UMV ignores the restrictions and the AMV takes account of them. IRC 409A requires one value, which disregards restrictions that lapse. The UMV is therefore the closer UK counterpart of the 409A value, and the AMV is lower than both.

3. Allocation between share classes. Both conclusions use one equity value and one allocation. The Series Seed's preferential rights reduce the value of a share of Common Stock by 31.7% against the Series Seed price under both standards.

4. Valuation date. Both conclusions are as of the same date. The periods of use differ: the 409A value can support grants for up to 12 months, and an HMRC agreement is valid for 90 days. Where the two valuations have different dates, the reconciliation includes a step for the change in value between the dates.

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How the Company Uses Each Value

Grant	Value that applies	Per share
Options to the US employee	The exercise price must be at least the 409A fair market value	$0.96
EMI options to UK employees	The AMV is the benchmark for the exercise price. An exercise price at or above it generally means no income tax on exercise	£0.53
EMI limits	The UMV tests the £250,000 individual limit and the £6 million company limit	£0.58
An option holder taxed in both countries	The exercise price generally needs to be at least the higher of the 409A value and the AMV. The Company's legal advisers should confirm the position for each individual	$0.96 (£0.74)

9 Replacement EMI Options

After the share exchange the UK subsidiary is controlled by the Company, so it no longer meets the EMI independence requirement. Without a replacement, the exchange is a disqualifying event for the old options. ITEPA 2003, Schedule 5, paragraphs 39 to 43 allow each holder to release the old option for a replacement option over the parent's shares. The replacement must be granted within six months after the parent obtains control.

Two of the conditions are tests of value. The shares under the new option must have the same total market value as the shares under the old option. The total exercise price must also be the same before and after the exchange.

	Old options	Replacement options
Shares under option	400,000 ordinary shares of Tarnholme Therapeutics Limited	400,000 shares of Common Stock of the Company
Exchange ratio	One share of Common Stock for each ordinary share, the ratio of the share exchange	
Exercise price per share	£0.10	£0.10
Total exercise price	£40,000	£40,000
Date	Released on September 14, 2026	Granted on September 14, 2026

HMRC's manual says the comparison of market values is made on a like-for-like basis and should follow the agreed terms of the share exchange (SVM110150). The exchange was one for one into shares with the same rights, and the Company held no other assets or liabilities immediately after it. The total market value under the old and the new options was therefore equal.

Codon documented the exchange values in a letter dated September 11, 2026, so the Company could seek SAV's agreement before it granted the replacement options. This sample does not reproduce that letter. No US taxpayer held an option at the exchange, so the US substitution tests in Treas. Reg. 1.409A-1(b)(5)(v)(D) were not needed.

For the accounts, IFRS 2, FRS 102 section 26 and ASC 718 treat the exchange as a modification of the options. The fair values of the old and new options are a separate part of the engagement and are outside this sample.

The allocation in section 5 includes the 400,000 replacement options at their £0.10 exercise price.

10 Sensitivity

The table shows each conclusion at other terms and volatilities. For each row the backsolve is solved again, and the discounts are held at the concluded levels. The shaded row is the conclusion.

Volatility	Term	Equity value	Common Stock before discounts	409A fair market value	HMRC EMI UMV	HMRC EMI AMV
75%	3.0 years	$16,197,216	$1.2170	$0.85	£0.51	£0.47
75%	4.0 years	$16,948,628	$1.3060	$0.91	£0.55	£0.50
75%	5.0 years	$17,594,127	$1.3825	$0.97	£0.58	£0.53
85%	3.0 years	$16,629,899	$1.2682	$0.89	£0.54	£0.49
85%	**4.0 years**	**$17,452,954**	**$1.3657**	**$0.96**	**£0.58**	**£0.53**
85%	5.0 years	$18,146,457	$1.4479	$1.01	£0.61	£0.56
95%	3.0 years	$17,100,424	$1.3239	$0.93	£0.56	£0.51
95%	4.0 years	$17,982,466	$1.4284	$1.00	£0.60	£0.55
95%	5.0 years	$18,709,849	$1.5147	$1.06	£0.64	£0.58

Across these cases the 409A value ranges from $0.85 to $1.06, the UMV from £0.51 to £0.64 and the AMV from £0.47 to £0.58. A longer term or a higher volatility raises each value, because each raises the equity value that the Series Seed price implies.

A Assumptions and Limiting Conditions

1. The report is valid only for the purposes in section 1 and only as of the Valuation Date. It is not a fairness opinion, an investment recommendation or an opinion on the price at which any share will trade.
2. We relied on financial and other information from the Company's management without audit or verification. We assumed it is complete and accurate.
3. We assumed the Company's documents are valid and that the capitalization table is correct at the Valuation Date.
4. The report reflects facts and conditions at the Valuation Date and information available at the report date. Later events may change the values, and we have no duty to update the report unless engaged to do so.
5. The values depend on the estimates in sections 5 to 7, including the time to a liquidity event, the volatility and the discounts. Actual outcomes will differ from estimates.
6. Whether an option qualifies as an EMI option, and whether the Company meets the EMI requirements after the share exchange, are legal questions outside this report.
7. The report is not tax or legal advice. The US and UK tax treatment of each option holder is a matter for the Company's tax and legal advisers.
8. The IRS and HMRC are not bound by the report. HMRC agrees a value only through its own process, and the presumption of reasonableness under IRC 409A can be rebutted.
9. The report must be read as a whole. No part may be quoted or given to a third party, other than those named in section 1, without Codon's written consent.
10. Codon's liability is limited as stated in the engagement letter between Codon and the Company.

SAMPLE

B Representation

- The analyses and conclusions in this report are limited only by the stated assumptions and limiting conditions. They are Codon's unbiased professional analyses and conclusions.
- Codon has no present or prospective financial interest in the Company and no relationship with the parties that would impair its independence.
- Codon's fee does not depend on the values concluded or on any event that follows from their use.
- The engagement was performed in accordance with the AICPA's Statement on Standards for Valuation Services, VS Section 100.
- The engagement team's credentials are UK Chartered Accountant (ACA) and Accredited in Business Valuation (ABV), a credential of the AICPA.

Codon Valuation Advisors LLC

October 9, 2026

C Standards and Sources

United States	Internal Revenue Code, Section 409A. Treasury Regulations, 26 CFR 1.409A-1(b)(5)(i), (iv) and (v). AICPA, Statement on Standards for Valuation Services, VS Section 100. AICPA Accounting and Valuation Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. FASB ASC 718.
United Kingdom	Taxation of Chargeable Gains Act 1992, sections 272 and 273. Income Tax (Earnings and Pensions) Act 2003, Schedule 5, paragraphs 5, 39 to 43, 55 and 56. HMRC Shares and Assets Valuation Manual, SVM110050 and SVM110150. HMRC Employee Tax Advantaged Share Scheme User Manual, ETASSUM51040 and ETASSUM58010. HMRC, *Get a share scheme valuation*, and form VAL231.
Models	F. Black and M. Scholes, "The Pricing of Options and Corporate Liabilities", *Journal of Political Economy*, 1973. R. C. Merton, "Theory of Rational Option Pricing", *Bell Journal of Economics and Management Science*, 1973. D. B. H. Chaffe, "Option Pricing as a Proxy for Discount for Lack of Marketability in Private Company Valuations", *Business Valuation Review*, 1993. J. D. Finnerty, "An Average-Strike Put Option Model of the Marketability Discount", *Journal of Derivatives*, 2012.
Law as at	October 9, 2026. The EMI limits are those for options granted on or after 6 April 2026.

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