

**MEMORANDUM OF TERMS FOR THE PRIVATE PLACEMENT OF
SERIES A PREFERRED STOCK OF
DA VINCI INVENTION INVESTMENT FUND I**

(PURSUANT TO RULE 506(c) OF REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED)

THIS TERM SHEET SUMMARIZES THE PRINCIPAL TERMS OF THE PROPOSED FINANCING OF DA VINCI INVENTION INVESTMENT FUND I, A DELAWARE CORPORATION (“COMPANY”). THIS TERM SHEET IS FOR DISCUSSION PURPOSES ONLY; THERE IS NO OBLIGATION ON THE PART OF ANY NEGOTIATING PARTY UNTIL A DEFINITIVE SUBSCRIPTION OR OTHER FORM OF STOCK PURCHASE AGREEMENT IS SIGNED BY THE PARTIES THERETO. THE TRANSACTIONS CONTEMPLATED BY THIS TERM SHEET ARE SUBJECT TO THE SATISFACTORY COMPLETION OF DUE DILIGENCE BY THE PARTIES. THIS TERM SHEET DOES NOT CONSTITUTE EITHER AN OFFER TO SELL OR AN OFFER TO PURCHASE SECURITIES.

Amount to be Raised: \$1,070,000.00.

Type of Security: Series A Preferred Stock (“Series A Preferred”).

Number of Shares: 200,000 shares.

Investor Type: Accredited investors only¹

Closing Date: The initial closing of the sale of the Series A Preferred (the “Initial Closing”) will be on or before March 31, 2021, subject to a minimum sale of 100,000 shares. Subsequent sales may occur within 180 days of the Initial Closing until a maximum of 200,000 shares have been sold.

Post-Financing Capitalization:

<u>Class</u>	<u>Shares Outstanding</u>	<u>Percent</u>
Common Stock ²	0	0.00%
Series A Preferred Stock	200,000	32.26%
Series A Warrants	40,000	6.45%
Series B Preferred Stock	<u>380,000</u>	<u>61.29%</u>
Total	<u>620,000</u>	<u>100.0%</u>

¹ Pursuant to the terms of Rule 506(c) under Regulation D (i.e., the exemption upon which the Company is relying in the proposed offering in order to avoid having to register the Series A Preferred under the Securities Act of 1933, as amended), only previously-verified “accredited investors” (as such term is defined in Rule 501(a) under Regulation D) may participate in this offering.

² The remaining shares of the Company’s authorized capital are held in the Company’s treasury and will be used in the future to cover (i) future conversions of both the Series A and Series B Preferred Stock, (ii) issuance of future common or preferred stock (TBD) in connection with the exercise by the holders of the Series A Warrants of such warrants in connection with a proposed future securities offering by the Company and (iii) issuance of additional shares of stock to members of the general public in connection with future securities offerings by the Company.

***Rights, Preferences and
Restrictions of Preferred Stock:***

Dividends: The holders of Series A Preferred will be entitled to receive noncumulative dividends in preference to the holders of the Series B Preferred Stock and the holders of the Common Stock at least equal to two times the original purchase price paid for each such share by the original holder thereof from legally available funds and when, as and if declared by the Board of Directors.

Liquidation Preference: In the event of any liquidation, dissolution or winding up of the Company, the holders of Series A Preferred Stock will be entitled to receive in preference to the holders of the Series B Preferred Stock and the holders of the Common Stock (if any such shares of Common Stock are issued and outstanding at such time), the amount of \$10.70 per share plus declared and unpaid dividends, if any (the “Initial Payment”). After the Initial Payment has been made, the holders of Series A Preferred, the holders of the Series B Preferred Stock (the Series A Preferred and the Series B Preferred Stock being hereinafter collectively referred to as the “Preferred Stock”) and the holders of the Common Stock (if any such shares of Common Stock are issued and outstanding at such time) shall participate ratably in the remaining assets. A sale, conveyance or other disposition of all or substantially all of the property or business of the Company, or a merger or consolidation with or into any other corporation (collectively, an “Acquisition” of the Company), other than (i) a consolidation with a wholly-owned subsidiary of the Company; (ii) a merger effected exclusively to change the domicile of the Company, or (iii) an equity financing in which the Company is the surviving corporation, will be deemed to be a liquidation for purposes of the liquidation preference.

Redemption: The Series A Preferred may be redeemed, at the option of the Company, upon the payment to the Series A Preferred Stock of (i) if such redemption occurs in the first two years of operation of the Company, at a redemption price equal to five times the amount of the original purchase price paid for such shares, and (ii) if such redemption occurs in the third to fifth year after commencement of the Company’s operations, at a redemption price equal to ten times the amount of the original purchase price paid for such shares. After the fifth anniversary of the date of

commencement of the operations by the Company, such right of redemption shall cease and be of no further force or effect.

Voluntary Conversion: Each holder of Preferred Stock will have the right, at the option of the holder at any time, to convert shares of Preferred Stock into shares of Common Stock at the initial conversion ratio specified in Section 4.1.1 of the Company's Amended and Restated Certificate of Incorporation .

Automatic Conversion: The Preferred Stock will be automatically converted into Common Stock, at the then applicable conversion rate, in the event of either (i) the election of holders of a majority of the then outstanding Preferred Stock, voting together as a class, or (ii) the closing of an underwritten initial public offering of the Company's Common Stock made (A) in a Registration Statement filed with the Securities and Exchange Commission pursuant to Section 5 of the Securities Act of 1933, as amended (an "IPO"), or (B) pursuant to Regulation A under the Securities Act of 1933, as amended, resulting in at least \$20 million of gross proceeds to the Corporation, with aggregate proceeds of at least \$7.5 million and at a public offering price of at least \$7.50 per share.

Antidilution Provisions: To protect the Series A Preferred Stock holders against dilution, the following antidilution provisions have been included in the Corporation's Amended and Restated Certificate of Incorporation: (i) The conversion price of the Preferred Stock will be subject to proportional adjustment for (A) stock splits, stock dividends, reverse stock splits or similar transactions; and (B) corporate recapitalizations.

Voting Rights: The holder of a share of Preferred Stock will be entitled to that number of votes on all matters presented to stockholders equal to the number of shares of Common Stock then issuable upon conversion of such share of Preferred Stock.

Protective Provisions: Without the approval of the holders of at least a majority of the Series A Preferred, the Company will not take any action that (i) effects a sale of all or substantially all of the Company's assets or which results in the holders of the Company's capital stock prior to the transaction owning less than 50% of the voting power of the Company's capital

stock after the transaction other than an equity financing in which the Company is the surviving corporation, (ii) alters or changes the rights, preferences or privileges of the Series A Preferred so as to materially and adversely affect such shares, (iii) increases or decreases in the number of authorized shares of Series A Preferred (other than pursuant to stock splits, stock dividends, or similar transactions in which the percentage ownership in the Company by the holders of the Series A Preferred after such increase or decrease remains unchanged), (iv) authorizes the issuance of securities having a preference over the Series A Preferred, (v) changes the number of directors or (vi) amends the Certificate or Bylaws of the Company in a manner which materially adversely affects the holders of the Series A Preferred.

Registration Rights:

Registrable Securities: All shares of Common Stock issuable upon conversion of the Series A Preferred shall be deemed “Registrable Securities.”

Demand Registration: Beginning two years after the Initial Closing, or six months after the IPO, whichever is earlier, the holders of Registrable Securities may demand registration of at least \$3 million worth of their shares, upon initiation by holders of 51% of the Registrable Securities.

Piggyback Registration Rights: The holders of the shares of the Registrable Securities shall have unlimited piggyback registration rights, subject to (i) pro rata cutback to a minimum of 10% of the offering, and, (ii) complete cutbacks on an IPO, if so required by the underwriter retained for such offering in the exercise by such underwriter of its discretion.

Registration on Form S-3: The holders of at least 51% of the Registrable Securities will have the right to require the Company to register on Form S-3, if available for use by the Company, shares of Registrable Securities for an aggregate offering price of at least \$1,500,000. The Company will not be obligated to effect more than two S-3 registration statement in any twelve-month period. There shall be a limit of a total of 4 such S-3 registrations.

Registration Expenses: Registration expenses (exclusive of underwriting discounts and commissions, stock transfer taxes and fees of counsel to the selling stockholders) will be borne by the Company for all demand, piggyback and S-3 registrations.

Assignment of Registration Rights: The registration rights may be transferred to a transferee who acquires all of the shares of the original purchaser's Registrable Securities, provided that the Company is given prompt notice of the transfer and the transferee agrees to be bound by the terms and conditions to which the holders of such Registrable Securities were previously bound.

Lock-up Agreement: In connection with the IPO, each holder of registration rights will be required not to sell or otherwise dispose of any securities of the Company (except for those securities being registered) for a period of 180 days following the effective date of the registration statement for such offering if so requested by the underwriters of such offering. In addition, each holder of registration rights will agree to be bound by similar restrictions, and be bound by similar agreements, with respect to one additional registration statement filed within 12 months after the IPO, provided that the duration of the lock-up with respect to such additional registration shall not exceed 90 days.

Termination of Registration Rights: The registration obligations of the Company will terminate on the earlier of (i) one year after the IPO, (ii) with respect to any holder of registration rights, at such time as all Registrable Securities of such holder may be sold within a three-month period pursuant to Rule 144 or (iii) upon an Acquisition of the Company.

Information Rights:

So long as a holder of Series A Preferred continues to hold shares of Series A Preferred or Common Stock issued upon conversion of Series A Preferred, the Company will deliver to such holder annual, quarterly and monthly financial statements as well as an annual budget. The obligation of the Company to furnish such information will terminate at such time as the Company (i) consummates an IPO, (ii) becomes subject to the reporting provisions of the Securities Exchange Act of 1934, as amended, or (iii) upon an Acquisition of the Company.

Board of Directors:

After expiration of the initial terms of each of the initially-appointed members of the Company's Board of Directors, and for so long thereafter as shares of Series A Preferred shall remain outstanding, the holders of the Series A Preferred, voting together as a single class, shall be entitled to elect two members of the Company's Board of Directors, and the remaining members will be elected by

the holders of all the Preferred Stock and the holders of all the Common Stock voting together as a class. At the time of the Initial Closing, the Board of Directors of the Company shall consist of five directors, all of whom shall have been appointed by the sole stockholder of the Company prior to the Initial Closing.

Purchase Agreement:

The sale of the Series A Preferred will be made pursuant to a subscription or other form of stock purchase agreement reasonably acceptable to the Company and to the proposed investors in such Series A Preferred Stock offering. Such agreement will contain, among other things, appropriate representations and warranties of the Company and the investors, and covenants of the Company reflecting the provisions set forth in this term sheet, which provisions will be incorporated into such subscription or other form of stock purchase agreement by express reference therein to this Term Sheet and the provisions hereof.