XYZ, INC.
SERIES SEED TERM SHEET

This term sheet summarizes the principal terms of the proposed Series Seed Preferred Stock financing of XYZ, Inc., a Delaware corporation (the "***Company***") Except for the section of this term sheet entitled "Exclusivity", this term sheet does not constitute a legally binding obligation of the parties. No other legally binding obligations will exist unless and until mutually acceptable definitive agreements are negotiated and executed by the parties.

Offering Terms

Securities to be Issued: Series Seed Preferred Stock of the Company (the "***Series Seed***").

Aggregate Proceeds: $10,000,000, $6,000,000 of which to be invested by ABC Venture Fund I, L.P. or its affiliates ("***ABC***"), with the remainder to be invested by other accredited investors acceptable to the Company (any such additional investors, together with ABC, the "***Investors***"). Any SAFEs or other convertible securities shall convert into a shadow series of Series Seed with identical rights and privileges to the Series Seed except that the liquidation preference per share shall be equal to the applicable conversion price (any such series, together with the Series Seed, the "***Preferred Stock***"),

Closing: The initial closing is expected to occur on or around July 1, 2022, with one or more additional closings to occur within sixty (60) days following the initial closing.

Price Per Share: The price per share of the Series Seed (the "***Original Issue Price***") to be determined assuming (i) a fixed post-money valuation of $60,000,000, (ii) an unallocated, available option pool representing 10% of the fully diluted post-closing capitalization, and (iii) ABC's ownership of no less than 10% of the fully diluted post-closing capitalization of the Company.

Ranking: The Preferred Stock shall rank senior to the Company's Common Stock ("***Common Stock***") with respect to dividends, liquidation, dissolution and redemption.

Dividends: Dividends will be paid on the Preferred Stock on an as converted basis when, as, and if declared by the Board of Directors (the "***Board***").

Liquidation Preference: The Preferred Stock shall be entitled to a liquidation preference equal to the greater of (x) one times (1x) the Original Issue Price plus declared but unpaid dividends on each share of Preferred Stock, and (y) the amount each share of Preferred Stock would receive if converted to Common Stock (without the need actually to convert to Common Stock) assuming for such purpose that all Preferred Stock were converted into Common Stock at the same time. The balance of any proceeds shall be distributed pro-rata to holders of Common Stock. A merger or consolidation (other than one in which stockholders of the Company own a majority by voting power of the outstanding shares of the surviving or acquiring corporation) or a sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company will be treated as a liquidation event (a "***Deemed Liquidation Event***"). The Investors' entitlement to their liquidation preference shall not be abrogated or diminished in the event part of the consideration is subject to escrow, earn-out or other contingency or holdback in a Deemed Liquidation Event.

Voluntary Conversion:	The Preferred Stock initially converts 1:1 to the Company's Common Stock at any time at the option of holder, subject to proportional adjustments for stock splits, dividends and the like, and as described below under "Anti-Dilution Protection".
Anti-Dilution Protection:	Broad-based weighted average anti-dilution protection, subject to customary exceptions.
Automatic Conversion:	The Series Seed will be converted automatically 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 Series Seed, or (ii) the closing of a firm commitment underwritten public offering on the NASDAQ National Market, NYSE or other securities exchange acceptable the Preferred Majority (a) with a price no less than three (3) times the Original Issue Price (subject to adjustments for stock dividends, splits, combinations and similar events) and (b) gross proceeds to the Company of not less than $50 million.
Preferred Stock Protective Provisions:	Without the approval of the holders of at least a majority of the Preferred Stock (the "***Preferred Majority***"), the Company will not, directly or indirectly, take any of the following actions (it being understood that the definitive agreements will contain customary NVCA formulations of and exceptions to the following categories): (i) effect any Deemed Liquidation Event; (ii) amend, alter or repeal the certificate of incorporation or bylaws of the Company in a manner adverse to the Preferred Stock; (iii) increase the number of authorized shares of any class or series of capital stock of the Company; (iv) create or issue any securities (including convertible securities) having rights superior to or on a par with the Series Seed; (v) authorize any dividend or other distribution by the Company; (vi) increase or decrease the number of shares of Common Stock reserved for issuance under (or otherwise amending) any equity incentive plan of the Company; (vii) repurchase or redeem any of the Company's equity securities, subject to customary exceptions; (viii) increase or decrease the size of the Board, (ix) incur or guarantee aggregate indebtedness in excess of $250,000 (subject to customary exceptions).
Preferred Director Protective Provisions:	So long as the long as the holders of Series Seed are entitled to elect a director, the Company will not, without the approval of the Board, which approval must include the affirmative vote of the Series Seed Director: (i) make any loan or advance to, or own any shares or other securities of, any subsidiary or other corporation, partnership, or other entity unless it is wholly owned by the Company; (ii) make any loan or advance to any person, including, any employee or director, except advances and similar expenditures in the ordinary course of business; (iii) guarantee any indebtedness except for trade accounts of the Company or any subsidiary arising in the ordinary course of business; (iv) enter into or be a party to any transaction with any director or officer of the Company; (v) hire, fire, or change the compensation of any executive officers, including approving any option grants to such persons; (vi) sell, assign, license, pledge or encumber material technology or intellectual property, other than licenses granted in the ordinary course of business; (vii) acquire another company; (viii) effect a Deemed Liquidation Event; (ix) enter a new line of business, exit the current line of business or materially change the principal line of business, or (x) issue or sell any tokens, cryptocurrency or other blockchain-based digital assets.
Board of Directors:	The Board shall consist of three (3) directors, elected as follows:

- Two (2) directors elected by the holders of a majority of the Common Stock (excluding Common Stock issued upon conversion of Preferred Stock), one of which must be the person then serving as the Chief Executive Officer of the Company (the "***Common Directors***"); the Common Directors shall initially be [_______] and [_________].
- One director elected by the holders of a majority of the Series Seed, who shall be a designee of ABC, which shall initially be [__________] (the "***Series Seed Director***").

The Company will bind D&O insurance with a carrier and in an amount reasonably satisfactory to the Board and ABC.

Registration Rights: Customary demand, Form S-3 and piggyback registration rights.

Financial Information: Standard information and inspection rights, subject to customary confidentiality obligations, for holders of Preferred Stock who hold the equivalent of at least $[__________][1] in Preferred Stock ("***Major Investors***").

Preemptive Rights: Major Investors will have the right to participate on a pro rata basis in subsequent issuances of equity securities or any securities convertible into or exchangeable for equity securities, subject to customary exceptions. To the extent that any Major Investor elects to not acquire its full pro rata share of the offered securities as determined above, each Major Investor electing to acquire its full pro rata portion will have the first right to acquire any remaining shares not subscribed for by other Major Investors.

Drag Along: Customary drag along rights requiring the approval of (i) the Board, (ii) the holders of a majority of the Common Stock (excluding Common Stock issued or issuable upon the conversion of the Preferred Stock), and (iii) the Preferred Majority.

ROFR and Co-Sale Rights: Company first and Major Investors second will have a right of first refusal with respect to any shares of capital stock proposed to be transferred by any holder of greater than 1% of the Company's then-outstanding Common Stock (each, a "***Key Holder***"), except for (i) transfers to the Company at cost pursuant to an agreement approved by the Board providing for the repurchase of shares upon the occurrence of certain events, (ii) certain customary intra-familial transfers, (iii) transfers to an entity wholly owned and controlled by the transferor of shares of Common Stock, and (iv) a de minimis exception for the sale of up to 5% of the shares held by the stockholder. In addition to the foregoing, subject to the same exceptions, all Major Investors will have co-sale rights (on a pro rata basis) with respect to transfers of shares by any Key Holder.

[Founder Vesting: The Common Stock held by [_______] and [________] (the "***Founders***") shall be subject to vesting as follows: 25% of the Common Stock held by each Founder shall be fully vested as of the initial closing, with the remaining 75% to vest in thirty six (36) equal monthly installments over the 36 month period following the initial closing. All Common Stock held by the Founders to be subject to customary double trigger acceleration upon a change of control.

Non-Disclosure Agreements: The Closing shall be conditioned on confirmation by ABC that each current and former employee and consultant has entered into a non-disclosure and

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[1] **<u>Note to Draft</u>**: Major Investor threshold should be pegged to an agreed upon number and should capture only the 2-4 largest investors (at most).

	proprietary rights assignment agreement in a form reasonably acceptable to ABC.
Documentation:	The sale and issuance of the Series Seed will be made pursuant to financing documents (based on NVCA forms) drafted by Company counsel and acceptable to ABC.
Expenses:	At Closing, the Company will pay the fees and expenses of ABC's counsel, in an amount not to exceed $40,000 in the aggregate.
Exclusivity:	From the date of this term sheet until the earlier of: (i) the closing of the transaction contemplated herein; (ii) notification by ABC that they do not intend to proceed with this transaction; or (iii) the date that is forty five (45) days from the date of acceptance of this term sheet by the Company, the Company shall refrain from contacting, undertaking negotiations with or providing any information to any third party (other than potential co-investors) concerning a possible financing of the Company as contemplated hereby.
Expiration:	The offer set forth in this Term Sheet shall expire at 11:59 PM EST on March 30, 2022.

[Signature Page Follows]

As of the date last set forth below, the undersigned hereby acknowledge that the terms of this Term Sheet are acceptable as a basis for negotiating an investment by the Investors, and that none of the parties shall be bound until mutually acceptable definitive agreements have been executed by all parties.

Agreed and Acknowledged:

ABC Venture Fund I, L.P.	**XYZ, Inc.**
By: ____________________	By: ____________________
Name:	Name:
Title:	Title:
Date: ____________________	Date: ____________________