

COMPANY

MEMORANDUM OF TERMS FLASH CF PREFERRED STOCK

This Memorandum of Terms represents only the current thinking of the parties with respect to certain of the major issues relating to the proposed private offering and does not constitute a legally binding agreement. This Memorandum of Terms does not constitute an offer to sell or a solicitation of an offer to buy securities in any state where the offer or sale is not permitted.

THE OFFERING

- Issuer:* Company, a Delaware corporation (the “**Company**”).
- Securities:* Flash CF Preferred Stock (the “**Flash CF Preferred**”).
- Exemption:* The Flash CF Preferred are being offered and sold (the “**Offering**”) to investors that are acceptable to the Company (“**Investors**”) pursuant to Section 4(a)(6) of the Securities Act of 1933, as amended (the “**Securities Act**”), and the rules and regulations promulgated thereunder.
- Platform:* The Offering is being conducted through the FlashFunders™ online platform located at www.flashfunders.com (the “**Platform**”) operated by FlashFunders, Inc. (collectively, with its subsidiaries and affiliates, “**FlashFunders**”).
- Valuation of the Company:* \$XXXXXXXX pre-money valuation.
- Price per Share:* \$X.XXXX (the “**Purchase Price**”).
- Offering Commencement Date:* _____, 20__
- Target Offering Amount:* \$XXXXXX (XXXXXXX shares of Flash CF Preferred).
- Offering Deadline:* The later of (a) 5:00 p.m. (Los Angeles time) on _____, 20__ and (b) the end of any Reconfirmation Period (defined below).
- Cancellation Deadline:* 5:00 p.m. (Los Angeles time) on _____, 20__.
- Funding Deadline:* 5:00 p.m. (Los Angeles time) on _____, 20__.
- Maximum Offering Amount:* \$XXXXXXXX (XXXXXXX shares of Flash CF Preferred).

OFFERING SUBSCRIPTIONS AND CLOSING

Subscriptions:

The Company has the right to accept or reject any subscription, in whole or in part, for any reason. Each Investor may cancel such Investor's subscription at any time and for any reason up until the Cancellation Deadline. Unless there is a Material Change or an Early Closing (each defined below), after the Cancellation Deadline each Investor's subscription shall be irrevocable by such Investor and shall survive the death or disability of such Investor.

Oversubscriptions:

The Company may accept subscriptions from Investors for shares of Flash CF Preferred having an aggregate purchase price in excess of the Target Offering Amount up to the Maximum Offering Amount. All such subscriptions shall be accepted by the Company through the Platform on a first come-first served basis.

Purchase Price:

Each Investor shall deliver to the Company such Investor's Purchase Price by wire transfer or other electronic funds transfer in accordance with the Company's instructions as provided on the Platform prior to the later of (a) the Offering Deadline and (b) 5:00 p.m. (Los Angeles time) on the second business day following the date of such Investor's subscription. Funds for the Purchase Price will be held in an escrow account established by the Company through the Platform (the "**Escrow Account**").

Material Change:

If there is a material change to the terms of the Offering or to the information provided by the Company in connection therewith (a "**Material Change**"), FlashFunders will send to each Investor notice (a) of such Material Change and (b) that such Investor's subscription will be cancelled unless such Investor reconfirms such subscription within five business days of such Investor's receipt of such notice (the "**Reconfirmation Period**"). If any Investor fails to reconfirm such Investor's subscription within the Reconfirmation Period, (y) such subscription will be cancelled automatically and (z) FlashFunders will (i) send to such Investor, within five business days after the Reconfirmation Period, a notification that such subscription was cancelled, the reason for such cancellation and the refund amount that such Investor is expected to receive, and (ii) direct the refund of such Investor's subscription.

Cancelled Subscriptions:

If any Investor's subscription is cancelled, such

subscription shall be refunded to such Investor.

Closing:

The closing of the sale and purchase of Flash CF Preferred in the Offering (the “**Closing**”) shall take place through the Platform within five business days after the Offering Deadline (the “**Closing Date**”). The Closing is conditioned, among other things, upon the satisfaction of all of the following conditions: (a) prior to the Offering Deadline, the Company has received aggregate subscriptions from all Investors for shares of Flash CF Preferred having an aggregate purchase price of at least the Target Offering Amount; and (b) prior to the Funding Deadline, the Company has received into the Escrow Account in cleared funds, and is accepting, aggregate subscriptions from all Investors for shares of Flash CF Preferred having an aggregate purchase price of at least the Target Offering Amount.

Early Closing:

The Company may effect the Closing (an “**Early Closing**”) prior to the Offering Deadline (such earlier Closing Date, the “**Early Closing Date**”) if, among other things, all of the following conditions are satisfied: (a) the Early Closing Date is at least 21 days after the Offering Commencement Date; (b) FlashFunders provides notice (the “**Early Closing Notice**”) to each Investor of (i) the Early Closing Date, (ii) the right of the Investors to cancel their subscriptions at any time and for any reason up until 48 hours prior to the Early Closing Date, and (iii) whether the Company will continue to accept subscriptions under the Offering during such 48-hour period; and (c) at the time of the Early Closing, the Company has received into the Escrow Account in cleared funds, and is accepting, subscriptions from all Investors for shares of Flash CF Preferred having an aggregate purchase price of at least the Target Offering Amount.

No Closing:

If (a) at the Offering Deadline, the Company fails to receive subscriptions from all Investors for shares of Flash CF Preferred having an aggregate purchase price of at least the Target Offering Amount; (b) at the Funding Deadline, the Company fails to receive in cleared funds, or is not accepting, subscriptions from all Investors for shares of Flash CF Preferred having an aggregate purchase price of at least the Target Offering Amount; or (c) the Company terminates the Offering or is otherwise unable to effect the Closing, (y) each Investor’s subscription will be cancelled automatically and (z) FlashFunders will, within five business days thereafter, direct the refund of such

subscription to such Investor.

TERMS OF THE FLASH CF PREFERRED

- Liquidation Preference:*** In the event of a liquidation, dissolution or winding up of the Company, each holder of Flash CF Preferred and each holder of the Company's FlashSeed Preferred Stock (together with the Flash CF Preferred, collectively, "**Preferred Stock**") will have the right to receive, prior to any distribution to the Company's common stock (the "**Common Stock**"), an amount per share equal to the greater of (a) the Purchase Price, and (b) the amount such holder would receive if all shares of the Preferred Stock were converted into Common Stock immediately prior to the liquidation event. The remaining assets will be distributed pro rata to the holders of Common Stock. A sale of all or substantially all of the Company's assets or a merger or consolidation of the Company with any other company resulting in a change of control will be treated as a liquidation of the Company (a "**Deemed Liquidation**").
- No Right to Convert:*** The Flash CF Preferred shall have no optional conversion rights.
- Automatic Conversion:*** Each share of Flash CF Preferred will automatically convert into Common Stock upon (a) the closing of a firmly underwritten public offering of Common Stock or (b) the election or consent of the holders of a majority of the then outstanding shares of the Preferred Stock (voting together as a single class on an as-converted basis). The conversion rate will initially be 1:1, subject to customary adjustments.
- No Voting Rights:*** Except as otherwise expressly provided in the Company's Amended and Restated Certificate of Incorporation (the "**Restated Certificate**") or as required under the General Corporation Law of the State of Delaware, the Flash CF Preferred shall have no voting rights.
- Protective Provisions:*** The Flash CF Preferred will have only separate rights as a series of stock to approve certain corporate transactions and changes to the rights of the Flash CF Preferred to the extent specifically required under the General Corporation Law of the State of Delaware or expressly provided in the Restated Certificate. For avoidance of doubt, no separate series approval of the holders of the Flash CF Preferred will be required for a future financing transaction by the Company,

including the authorization and issuance of class of stock that is senior to the Flash CF Preferred.

Uncertificated Securities:

The Flash CF Preferred will be issued as uncertificated securities and will constitute book-entry securities. Accordingly, no stock certificates representing the Flash CF Preferred will be issued and such stock certificates will not be available for physical delivery. Flash CF Preferred records will be centralized and recorded electronically in a system managed by the Company's transfer agent.

INVESTORS' RIGHTS AGREEMENT

Drag-Along:

Each Investor will agree to vote such Investor's shares of Flash CF Preferred and Common Stock issued upon conversion of the Flash CF Preferred ("**Conversion Shares**") in favor of any of the following transactions which is approved by the Company's Board of Directors and the holders of a majority of the outstanding voting shares of the Company (voting on as-converted basis):

(a) a Deemed Liquidation which either (i) results in gross proceeds to the holders of Preferred Stock equal to at least 3 times the Purchase Price or (ii) is approved by holders of a majority of Preferred Stock (voting together as a single class on an as-converted basis), so long as in either case the liability of such Investor in such transaction is several (and not joint), is limited to the proceeds received by the such Investor, and does not exceed such Investor's pro rata portion of any claim and the consideration to be paid to the stockholders in such transaction will be allocated as if the consideration were the proceeds to be distributed to the Company's stockholders in a liquidation under the Restated Certificate; or

(b) any bona fide equity financing transaction in which the effective price per share is at least 3 times the Purchase Price.

Right of First Refusal:

In connection with any Investor's proposed transfer of any of Investor's Flash CF Preferred or Conversion Shares (subject to limited exceptions), such Investor must notify the Company and the Company will have a right of first refusal to purchase any or all of the shares on the same terms and conditions as the proposed transfer. The Company's right of first refusal will be assignable at the discretion of the Company's Board of Directors.

Market Stand-Off:

Each Investor will agree not to effect any transactions with respect to any of the Company's securities held by such Investor within 180 days following the Company's initial public offering, provided that all officers, directors and 5% stockholders of the Company are similarly bound.

Restricted Securities:

The Flash CF Preferred and any Conversion Shares will be "restricted securities" for purposes of federal and state securities laws, and (in addition the restrictions set forth above and in the definitive documents) may only be transferred pursuant to an effective registration or valid exemption from registration. Furthermore, no Investor may transfer all or any portion of the Flash CF Preferred or any Conversion Shares for one year after the date that such Investor purchased such shares of Flash CF Preferred unless such shares are transferred: (a) without consideration to certain of such Investor's family members, to a trust controlled by such Investor or to a trust created for the benefit of such Investor or certain of such Investor's family members; (b) to persons or entities that are confirmed by FlashFunders as "accredited investors" (as defined in Rule 501 promulgated under the Securities Act); (c) to the Company; or (d) as part of an offering registered with the Securities and Exchange Commission.

DISPUTE RESOLUTION

Governing Law:

Investment documents will be governed by Delaware law.

***Arbitration; Waiver of
Class Actions Claims:***

Subject to limited exceptions, all claims as a stockholder or relating to the investment in the Company will be subject to resolution by mandatory, binding arbitration. Claims may be brought only individually, and not as a class action or similar claim.