

Flywheel New Ventures 2019 LLC
SUMMARY OF TERMS
COMMON STOCK PURCHASE

Date: _____

Issuer: _____ (the “*Company*”) a _____ Carolina Corporation
Founder: _____ (the “*Founder*”).

Purchaser: Flywheel New Ventures 2019 LLC (“*New Ventures*”)

Amount of Financing: Initial investment of \$5,000.00 representing .75% equity, with the option (the “*Option*”) to invest additional monies at an exchange of .75% equity interest in the Company per additional \$5,000 investment by New Ventures, up to an aggregate investment total of \$50,000. The Option will expire at the conclusion of the New Ventures’ five month accelerator program and residency on October 31, 2019, or upon New Venture’s full investment of \$50,000, whichever comes first. The Company understands that New Ventures is under no obligation to make any additional investments in the Company. New Ventures makes no representations that it will make any additional investments in the Company. Parties agree that this provision shall control, notwithstanding any provision with contrary terms or conditions in this, or any other oral or written, agreement.

Anticipated Closing Date: The closing is expected to occur on or before June 30, 2019 (the “*Closing*”).

Type of Security: Shares of the Company’s Common Stock (the “*Common Stock*”).

Price: \$ _____ per share (the “*Purchase Price*”), based on a _____ % equity ownership by Flywheel New Ventures 2019 LLC in exchange for a \$ _____ investment (fully diluted) in the Company, including a 10% post-money unallocated stock option pool.

Post-Closing Capitalization: A capitalization table showing the Company’s capital structure immediately following the closing of the investment is attached to this Summary of Terms as *Exhibit A*.

Use of Proceeds: Proceeds from the investment will be used for working capital and general corporate purposes. Program Participation: The Founders and the Company are required to participate in the New Ventures 2019 summer accelerator program run by Flywheel LLC.

Information Rights: So long as Flywheel New Ventures 2019 LLC continues to hold any shares of Common Stock, the Company will deliver to Flywheel New Ventures 2019 LLC unaudited annual and unaudited quarterly financial statements and will provide a copy of the Company’s annual operating plan and budget within 30 days prior to the beginning of the fiscal year. Flywheel New Ventures 2019 LLC will also be entitled to standard inspection and visitation rights. These provisions will terminate upon an initial public offering or a liquidity event.

Right of First Refusal: New Ventures shall have the right in the event the Company proposes to offer equity securities to any person or entity (other than securities issued to employees, officers and directors of the Company, securities issued pursuant to a merger or acquisition, securities issued in connection with an equipment leasing or debt financing, securities issued pursuant to a registration statement, or securities issued in connection with strategic transactions) to purchase their pro rata portion of such shares. Each Investor’s pro rata portion shall be calculated by dividing the outstanding shares of common stock held by such investor by the total number of shares outstanding on a fully-diluted basis.

EMPLOYEE MATTERS:

Employee Pool: The Company will reserve _____ shares of its Common Stock (equal to 10% of its post- investment fully diluted capitalization) for issuances to directors, officers, employees, advisors, consultants and other service providers (the “*Employee Pool*”).

The shares in the Employee Pool will be issued from time to time to directors, officers, employees, advisors,

consultants and other service providers of the Company under such arrangements, contracts or plans as are recommended by management and approved by the Board of Directors.

Founder Stock Vesting: The outstanding Common Stock currently held by the Founders will be subject to vesting, such that each Founder's shares will vest in equal monthly amounts over thirty-six months, beginning on the date of Closing. The Company will have the option to repurchase all unvested shares at cost upon termination of employment. An alternative vesting schedule may be allowed, upon review and approval of New Ventures. New Ventures signing of the Stock Purchase Agreement(s) associated with this Term Sheet will signify New Venture's approval of the Company's alternative vesting schedule.

Proprietary Information and Inventions Agreement: As a condition of Closing, each current officer, employee and consultant of the Company will enter into a proprietary information and invention assignment agreement, including one-year non-competition and non-solicitation covenants, acceptable to Flywheel New Ventures 2019 LLC. The Company will provide copies of all executed proprietary information and invention assignment agreements to Flywheel New Ventures Club 2019 LLC as part of due diligence.

Restrictions on Transfer: As a condition of Closing, the Company's Bylaws will be amended (if necessary) to include a right of first refusal in favor of the Company upon any proposed sale by a stockholder (excluding transfers for no consideration for estate planning purposes). These rights of first refusal and co-sale will not apply to transfers in connection with estate planning.

OTHER MATTERS:

Assignment: Flywheel New Ventures 2019 LLC will be entitled to transfer all or part of its shares of Common Stock and the rights associated with such shares to one or more affiliated partnerships, limited liability companies or Clubs managed by it or any of their respective directors, officers, partners or members.

Service Fees: The Company will pay a service fee of \$1,250 per month to Flywheel Coworking, LLC for each of the three months it is in the Flywheel accelerator program. During the two-month residency following the accelerator the Company will pay the normal membership rates in effect at the time of the residency for non-reserved seating and any other facility uses requested by the Company.

Audit Fees: The Company will pay an accounting firm selected by New Ventures up to but not exceeding \$2,000 for an initial audit in order to satisfy SEC requirements.

Purchase Agreement: The investment will be made pursuant to a Stock Purchase Agreement and related documents reasonably acceptable to Flywheel New Ventures 2019 LLC, which agreements will contain, among other things, appropriate representations and warranties of the Company, covenants of the Company reflecting the provisions set forth in this Summary of Terms, and appropriate conditions of Closing.

Conditions Precedent to Financing: This Summary of Terms is not intended as a legally binding commitment by Flywheel New Ventures Club 2019 LLC, and any obligation on the part of Flywheel New Ventures 2019 LLC is subject to the following conditions precedent:

1. Completion of legal documentation satisfactory to Flywheel New Ventures 2019 LLC.
2. Satisfactory completion of due diligence by Flywheel New Ventures 2019 LLC.
3. Satisfactory updates to the Company's organizational documents and founders' agreements, as necessary to conform to best practices.

Confidentiality: While the Company is participating in the Flywheel accelerator program, the Company will not disclose the terms of this Term Sheet to any person other than officers, members of the Board of Directors and the Company's accountants and attorneys and other potential Investors acceptable to New Ventures, as lead Investor, without the written consent of New Ventures.

[SIGNATURE PAGE FOLLOWS]

The parties have signed this Summary of Terms as a reflection of their understanding of the principal terms of an investment on this ___ day of _____, 2019. The parties will have no obligations with respect to this investment or this Summary of Terms (other than the paragraph entitled "**Confidentiality**" above, which will, in consideration of the time and expense devoted and to be devoted by Flywheel New Ventures 2019 LLC with respect to this investment, be a binding obligation of the parties) until definitive agreements have been prepared and executed by each party. Unless accepted, this Summary of Terms expires on _____, 2019, at 5:00 p.m., Eastern time, unless extended upon mutual agreement between the Company and Flywheel New Ventures 2019, LLC.

COMPANY:

By:

Name:

Title:

FOUNDERS:

Print Name:

Print Name:

Print Name:

Print Name:

FLYWHEEL NEW VENTURES 2019 LLC

By:

Name:

Title:

EXHIBIT A
Post-Closing Common Stock
Capitalization Table