

**TERM SHEET  
FOR SERIES A PREFERRED STOCK FINANCING OF  
LEVEL UP LIVE ENTERTAINMENT, LLC.**

JULY 21, 2025

This Term Sheet summarizes the principal terms of the Series A Preferred Stock Financing of Level Up Live Entertainment, LLC., a Delaware corporation (the “**Company**”). In consideration of the time and expense devoted and to be devoted by the Investors with respect to this investment, the No Shop/Confidentiality [and Counsel and Expenses] provisions of this Term Sheet shall be binding obligations of the Company whether or not the financing is consummated. No other legally binding obligations will be created until definitive agreements are executed and delivered by all parties. This Term Sheet is not a commitment to invest, and is conditioned on the completion of due diligence, legal review and documentation that is satisfactory to the Investors. This Term Sheet shall be governed in all respects by the laws of Delaware.

**Offering Terms**

<i>Closing Date:</i>	As soon as practicable following the Company’s acceptance of this Term Sheet and satisfaction of the Conditions to Closing (the “ <b>Closing</b> ”), and providing for multiple closings as applicable.
<i>Amount Raised:</i>	\$6,250,000, including \$250,000 from the conversion of principal on bridge SAFE notes sold prior to this offering.
<i>Price Per Share:</i>	\$1.00 per share (based on the capitalization of the Company set forth below) (the “ <b>Original Purchase Price</b> ”).
<i>Pre-Money Valuation:</i>	The Original Purchase Price is based upon a fully-diluted pre-money valuation of \$15,000,000 and a fully-diluted post-money valuation of \$21,250,000, including an employee pool representing 11.8% of the fully-diluted post-money capitalization, of which 3.3% has been pledged and the remaining 8.5% is available for future grants.
<i>Capitalization:</i>	The Company’s capital structure before and after the Closing is set forth on <u>Exhibit A</u> .

**CHARTER**

<i>Dividends:</i>	Non-cumulative dividends will be paid on the Series A Preferred in an amount equal to \$0.10 (equivalent to a 10% coupon) per share of Series A Preferred when and if declared by the Board, or, if greater, the amount that the Series A Preferred would receive on an as-converted basis.
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*Liquidation Preference:*

In the event of any liquidation, dissolution or winding up of the Company, the proceeds shall be paid as follows:

First pay one times the Original Purchase Price plus declared and unpaid dividends on each share of Series A Preferred, or, if greater, the amount that the Series A Preferred would receive on an as-converted basis. 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) and 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**”), thereby triggering payment of the liquidation preferences described above unless the holders of 60% of the Series A Preferred elect otherwise. The Investors' entitlement to their liquidation preference shall not be abrogated or diminished in the event part of the consideration is subject to escrow in connection with a Deemed Liquidation Event.

*Voting Rights:*

The Series A Preferred shall vote together with the Common Stock on an as-converted basis, and not as a separate class, except (i) so long as 60% shares of Series A Preferred are outstanding, the Series A Preferred as a class shall be entitled to elect two (2) members of the Board (the “**Series A Directors**”), and (ii) as required by law. The Company's Certificate of Incorporation will provide that the number of authorized shares of Common Stock may be increased or decreased with the approval of a majority of the Preferred and Common Stock, voting together as a single class, and without a separate class vote by the Common Stock.

*Protective Provisions:*

So long as 60% shares of Series A Preferred are outstanding, in addition to any other vote or approval required under the Company's Charter or Bylaws, the Company will not, without the written consent of the holders of at least 51% of the Company's Series A Preferred, either directly or by amendment, merger, consolidation, or otherwise:

- (i) liquidate, dissolve or wind-up the affairs of the Company, or effect any merger or consolidation or any other Deemed Liquidation Event; (ii) amend, alter, or repeal any provision of the Certificate of Incorporation or Bylaws in a manner adverse to the Series A Preferred; (iii) create or authorize the creation of or issue any other security convertible into or exercisable for any equity security, having rights, preferences or privileges senior to or on parity with the Series A Preferred, or increase the authorized number of shares of Series A Preferred; (iv) purchase or redeem or pay any dividend on any capital stock prior to the Series A

Preferred, other than stock repurchased from former employees or consultants in connection with the cessation of their employment/services, at the lower of fair market value or cost; or (v) create or authorize the creation of any debt security [if the Company's aggregate indebtedness would exceed \$1.0m other than equipment leases or bank lines of credit unless such debt security has received the prior approval of the Board of Directors, including the approval of one Series A Directors; (vi) create or hold capital stock in any subsidiary that is not a wholly-owned subsidiary or dispose of any subsidiary stock or all or substantially all of any subsidiary assets; or (vii) increase or decrease the size of the Board of Directors.

*Optional Conversion:*

The Series A Preferred initially converts 1:1 to Common Stock at any time at option of holder, subject to adjustments for stock dividends, splits, combinations and similar events and as described below under "Anti-dilution Provisions."

*Anti-dilution Provisions:*

In the event that the Company issues additional securities at a purchase price less than the current Series A Preferred conversion price, such conversion price shall be adjusted in accordance with the following formula:

"Typical" weighted average:

$$CP_2 = CP_1 * (A+B) / (A+C)$$

CP<sub>2</sub> = Series A Conversion Price in effect immediately after new issue

CP<sub>1</sub> = Series A Conversion Price in effect immediately prior to new issue

A = Number of shares of Common Stock deemed to be outstanding immediately prior to new issue (includes all shares of outstanding common stock, all shares of outstanding preferred stock on an as-converted basis, and all outstanding options on an as-exercised basis; and does not include any convertible securities converting into this round of financing)

B = Aggregate consideration received by the Corporation with respect to the new issue divided by CP

C = Number of shares of stock issued in the subject transaction

The following issuances shall not trigger anti-dilution adjustment:

(i) securities issuable upon conversion of any of the Series A Preferred, or as a dividend or distribution on the Series A Preferred; (ii) securities issued upon the conversion of any debenture, warrant, option, or other convertible security; (iii) Common Stock issuable upon a stock split, stock dividend, or any subdivision of shares of Common Stock; and (iv) shares of Common Stock (or options to purchase such shares of Common Stock) issued or issuable to employees or directors of, or consultants to, the Company pursuant to any plan approved by the Company's Board of Directors.

*Mandatory Conversion:*

Each share of Series A Preferred will automatically be converted into Common Stock at the then applicable conversion rate in the event of the closing of a firm commitment underwritten public offering with a price of three (3) times the Original Purchase Price (subject to adjustments for stock dividends, splits, combinations and similar events) and gross proceeds to the Company of not less than \$10m (a "QPO"), or (ii) upon the written consent of the holders of 51% of the Series A Preferred.

**STOCK PURCHASE AGREEMENT**

*Representations and Warranties:*

Standard representations and warranties by the Company.

*Conditions to Closing:*

Standard conditions to Closing, which shall include, among other things, satisfactory completion of financial and legal due diligence, qualification of the shares under applicable Blue Sky laws, and the filing of a Certificate of Incorporation establishing the rights and preferences of the Series A Preferred.

*Counsel and Expenses:*

Company counsel to draft Closing documents. Company to pay its legal and administrative costs of the financing. Each investor, to the extent that they wish to have their own legal counsel review the investment documents, the Company will pay up to 2% of the the investors gross investment in investor legal fees.

**INVESTORS' RIGHTS AGREEMENT**

*Termination:*

Upon a Deemed Liquidation Event, and/or when all shares of an Investor are eligible to be sold without restriction under Rule 144.

*Management and Information Rights:*

A Management Rights letter from the Company, in a form reasonably acceptable to the Investors, will be delivered prior to Closing to each Investor that requests one.

Any Investor will be granted access to Company facilities and personnel during normal business hours and with reasonable advance notification. The Company will deliver to such Investor (i) annual,

financial statements, and other information as determined by the Board; (ii) thirty days prior to the end of each fiscal year, a comprehensive operating budget forecasting the Company's revenues, expenses, and cash position on a month-to-month basis for the upcoming fiscal year; and (iii) promptly following the end of each quarter an up-to-date capitalization table.

*Right to Participate Pro Rata in Future Rounds:*

All Investors shall have a pro rata right, based on their percentage equity ownership in the Company (assuming the conversion of all outstanding Preferred Stock into Common Stock and the exercise of all options outstanding under the Company's stock plans), to participate in subsequent issuances of equity securities of the Company (excluding those issuances listed at the end of the "Anti-dilution Provisions" section of this Term Sheet. In addition, should any Investor choose not to purchase its full pro rata share, the remaining Investors shall have the right to purchase the remaining pro rata shares.

*Matters Requiring Investor Director Approval:*

So long as the holders of Series A Preferred are entitled to elect a Series A Director, the Company will not, without Board approval, which approval must include the affirmative vote of one of the Series A Director(s):

(i) make any loan or advance to, or own any stock 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 or under the terms of a employee stock or option plan approved by the Board of Directors; (iii) guarantee any indebtedness except for trade accounts of the Company or any subsidiary arising in the ordinary course of business; (iv) make any investment inconsistent with any investment policy approved by the Board; (v) incur any aggregate indebtedness in excess of \$250,000 that is not already included in a Board-approved budget, other than trade credit incurred in the ordinary course of business; (vi) enter into or be a party to any transaction with any director, officer or employee of the Company or any "associate" (as defined in Rule 12b-2 promulgated under the Exchange Act) of any such person [except transactions resulting in payments to or by the Company in an amount less than \$100,000 per year, or transactions made in the ordinary course of business and pursuant to reasonable requirements of the Company's business and upon fair and reasonable terms that are approved by a majority of the Board of Directors; (vii) hire, fire, or change the compensation of the executive officers, including approving any option grants; (viii) change the principal business of the Company, enter new lines of business, or exit the current line of business; (ix) sell,

assign, license, pledge or encumber material technology or intellectual property, other than licenses granted in the ordinary course of business; or (x) enter into any corporate strategic relationship involving the payment contribution or assignment by the Company or to the Company of assets greater than \$100,000.

*Non-Competition and Non-Solicitation Agreements:*

Each Founder and key employee will enter into a two (2) year non-competition and non-solicitation agreement.

*Non-Disclosure and Developments Agreement:*

Each current and former Founder, employee and consultant will enter into a non-disclosure and proprietary rights assignment agreement in a form reasonably acceptable to the Investors.

*Board Matters:*

The Board of Directors shall meet at least quarterly, unless otherwise agreed by a vote of the majority of Directors.

The Company will bind D&O insurance with a carrier and in an amount satisfactory to the Board of Directors. Company to enter into Indemnification Agreement with each Series A Director [and affiliated funds] in form acceptable to such director. In the event the Company merges with another entity and is not the surviving corporation, or transfers all of its assets, proper provisions shall be made so that successors of the Company assume the Company's obligations with respect to indemnification of Directors.

*Employee Stock Options:*

All employee options to vest as follows: 25% after one year, with remaining vesting monthly over next 36 months.

Immediately prior to the Series A Preferred Stock investment, 2,500,000 shares will be added to the option pool, of which 700,000 have been pledged with the remainder of 1,800,000 being available for future grants.

**RIGHT OF FIRST REFUSAL/CO-SALE AGREEMENT**

*Right of First Refusal/  
Right of Co-Sale (Take-Me-Along):*

Company first and Investors second (to the extent assigned by the Board of Directors,) will have a right of first refusal with respect to any shares of capital stock of the Company proposed to be -transferred by Founders and future employees holding greater than 1% of Company Common Stock (assuming conversion of Preferred Stock and whether then held or subject to the exercise of options), with a right of oversubscription for Investors of shares unsubscribed by the other Investors. Before any such person may sell Common Stock, he will give the Investors an opportunity to participate in such sale on a basis proportionate to the amount of securities held by the seller and those held by the participating Investors.

## **GOVERNANCE**

### *Board of Directors:*

At the initial Closing, the Board shall consist of five (5) members comprised of (i) Thomas Chiarella, the initially designated by Level Up Live, Holdings, LLC, (ii) Matt Grosjean, another designated Founder, (iii) two (2) Preferred Series A investors selected by a vote of the Preferred Shareholders (iv) one (1) person who is not employed by the Company and who are mutually acceptable to the other directors.

The initial Board shall service for a term of two (2) years.

Level Up Live shall have a permanent Board seat and may designate any person to fill that seat as long as it either holds any shares in the Company and/or has an active License Agreement with the Company.

Matt Grosjean shall have a permanent Board seat may either hold that Board seat himself or designate a representative as long has he hold a minimum of 2.0% of the shares of the Company on a fully diluted basis.

## **OTHER MATTERS**

### *No Shop/Confidentiality:*

The Company agrees to work in good faith expeditiously towards a closing. The Company and the Founders agree that they will not, for a period of 12 weeks from the date these terms are accepted, take any action to solicit, initiate, encourage or assist the submission of any proposal, negotiation or offer from any person or entity other than the Investors relating to the sale or issuance, of any of the capital stock of the Company [or the acquisition, sale, lease, license or other disposition of the Company or any material part of the stock or assets of the Company] and shall notify the Investors promptly of any inquiries by any third parties in regards to the foregoing.

### *Relationship with Level Up Live, Holdings, LLC. and its Operating Company, Level Up Live, LLC. (collectively, Level Up Live)*

The Company will hold an exclusive license for commercializing the Level Up Live experience in the U.S. consumer entertainment market. In the event Level Up Live consummates an agreement with Taran Tactical Innovations for the development of the Hollywood Tactical Experience, that endeavour will be incorporated in the Company at mutually agreed terms the upon the approval of 51% of the Preferred Shares and Common Shares, excluding the Common Shares held by Level Up Live Holdings, LLC.

The Company will purchase equipment, software, and services from Level Up Live, LLC. at the best (most favored nation status) commercial terms offered to third parties, including annual recurring payments for warranty coverage, break-fix services, software updates, new gaming and graphic content, and associated license fees. There is no sale or transfer of intellectual property from Level Up

Live to the Company and all IP remains owned by Level Up Live. The Company will be granted a license to all applicable Level Up Live technology, patents, software, brand names and other IP required to operate the Company per the Level Up Live Customer Agreement.

#### *Use of Proceeds*

The proceeds from this offering will be used by the Company to:

- Fund development and launch of the first Level Up Live Entertainment facility, and additional facilities thereafter.
- Secure a real estate lease or leases, and build out a facility with multiple Level Up Live Zones, Airsoft retail, café, bar and other revenue generating amenities.
- Purchase hardware/software from Level Up Live
- Hire operations and management staff
- Marketing and promotional activities

#### *Initial Executive Management*

For the first two years of operation of the Company, the following persons will hold executive management positions:

- Thomas Chiarella and Matt Grosjean, Co-CEOs.
- Tom will split his time approximately 50-50 between running the Company and Level Up Live. Tom will draw an annual salary from the Company of \$150,000 per annum plus whatever bonus plans the Preferred and Outside Directors may establish. Tom does not draw a base salary from Level Up Live, rather is on a commission-only plan based on revenue.
- Matt will split his time approximately 25-75% between running the Company and Level Up Live. Matt will draw an annual salary from the Company of \$75,000 per annum plus whatever bonus plans the Preferred and Outside Directors may establish.
- Jian Chen, currently the COO of Level Up Live and previously, a program manager at Amazon for designing, building and operating large-scale warehouse facilities, will be applied 80% to the Company as its General Manager overseeing all operational details associated with facility buildout, subcontract management, Level Up Live buildout, staffing, staff training, and opening. Jian managed the deployment and opening of the Level Up Live facility in Alhambra, CA (greater Los Angeles). The Company will reimburse Level Up Live for Jian's time at the rate of 115% of his hourly bill rate.
- Frank Medina, gun range industry financial consultant with a long-standing relationship with Matt Grosjean, Centennial Gun Club, Tom Chiarella, and Level Up Live will be the Company's acting CFO, billing the Company at the prevailing



consulting bill rate that he charges for similar work with similar companies.

EXECUTED THIS 21ST DAY OF JULY, 2025:

THOMAS CHIARELLA ON BEHALF OF LEVEL UP LIVE, HOLDINGS, LLC	DATE
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MATT GROSJEAN	DATE
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## EXHIBIT A

### Pre and Post-Financing Capitalization

Security	Pre-Financing		Post-Financing	
	# of Shares	%	# of Shares	%
Common – Founders	12,500,000	83.3%	12,500,000	58.8%
Common – Employee Stock Pool				
Issued	700,000	4.7%	700,000	3.3%
Unissued	1,800,000	12.0%	1,800,000	8.5%
Series A Preferred			6,250,000	29.4%
Total	15,000,000	100%	21,250,000	100%