

StartUp CORP.
SERIES A PARTICIPATING PREFERRED
TERM SHEET
August 11, 2017

This Term Sheet summarizes the principal proposed terms of the Series A Participating Preferred financing of StartUp Corp. (the “Company”). Except with respect to the provisions entitled “Confidentiality”, “Expenses”, “Exclusivity”, “Finders”, and “Term and Termination”, and “Governing Law” (collectively, the “Binding Provisions”) which are intended to be, and are, legally binding agreements among the parties hereto, this Term Sheet represents only the current discussions of the parties with respect to issues relating to the proposed sale of Series A Participating Preferred (the “Series A Financing”) and does not constitute a legally binding agreement among the parties. A binding agreement or commitment to provide financing will not exist unless and until the parties hereto have negotiated, approved, executed and delivered definitive agreements.

Issuer:	StartUp Corp., a Delaware corporation (“StartUp” or the “Company”)
Investors:	VCWithMoney Capital Partners, L.P., and its affiliates, (collectively, the “Lead Investor”), together with existing Company investors (the “Investors”).
Issue:	\$10,000,000 of Series A Participating Preferred (the “Series A Preferred”) purchased by the Lead Investors, and up to \$[] million offered to existing Company investors pursuant to existing preemptive rights.
Valuation / Capitalization:	<p>Assuming the issuance of \$10 million, the Series A Preferred shall be convertible into 20% of the full diluted equity capital of the Company, after conversion of any outstanding convertible debt; implying a post-money valuation of \$50 million.</p> <p>The post-money capitalization shall include additional shares added to the stock option plan such that there will be an unissued option pool of 5.0% of the Company’s fully diluted capitalization, assuming the issuance of all shares of Series A Preferred authorized for issuance under the definitive agreements.</p>
Rank:	The Series A Preferred shall be senior in every respect to all current issuances of preferred stock of the Company.
Use of Proceeds:	For working capital and general corporate purposes to support the growth of the Company.
Conversion at the Option of the Holders:	At the option of any holder of Preferred Stock, such holder’s shares of Preferred Stock shall be convertible at any time into shares of the Company’s common stock (the “Common Stock”) at the rate of one (1) share of Preferred Stock into one (1) share of Common Stock, subject to adjustments, as provided below. The initial conversion price for each series of Preferred Stock (the “Conversion Price”) shall be equal to the original purchase price of such series of Preferred Stock.

Liquidation Preference:	<p>In the event of (i) any liquidation or dissolution, or (ii) any "change of control" transaction (e.g. sale, merger, consolidation, etc.) (each, a "Liquidity Event"), the proceeds shall be distributed in the following order of priority:</p> <ul style="list-style-type: none"> • First, the holders of the Series A Preferred shall be entitled to receive, for each unit of Series A Preferred outstanding, an amount equal to the Original Series A Preferred Conversion Price. • Then, the remaining proceeds will be allocated pro-rata between the holders of the Common Stock and Series A Preferred, treating the Series A Preferred on an as-converted basis utilizing the then-effective Conversion Price.
Anti-dilution Provisions:	<p>The applicable Conversion Price shall be subject to anti-dilution adjustment on a broad-based weighted average in the event that the Company issues additional shares of equity capital at a purchase price per share that is less than the then applicable Conversion Price with respect to such series of Preferred Stock, subject to customary mutually agreeable exceptions. Automatic proportional adjustments shall be made to the Conversion Price of each series of Preferred Stock for stock splits, stock dividends and recapitalizations.</p>
Mandatory Redemption:	<p>At any time after the fifth (5th) anniversary of the Closing Date, the holders of a majority of the Series A Preferred shall have the right, to cause the Company to redeem the outstanding Series A Preferred at a price equal to the greater of (i) Series A Preferred original issue price per share and (ii) the fair market value per share of the Series A Preferred on the date of redemption.</p>
Registration Rights:	<p>The holders of Preferred Stock shall have customary registration rights, protections and priorities, including separate demand registration rights and customary piggy back registration rights.</p>
Right to Maintain Proportionate Ownership:	<p>Each holder Preferred Stock with an aggregate original issue price of \$100,000 (each, a "Major Investor") shall have customary preemptive rights (subject to customary mutually agreeable exclusions).</p>
Co-Sale; ROFR:	<p>In the event any holder of 1% or more of the Common Stock intends to sell or otherwise transfer all or a portion of such shares of Common Stock to a third party, the Company first, and each Major Investor second, shall have a pro rata right to acquire these shares, subject to customary exceptions.</p>
Voting Rights:	<p>The Series A Preferred issued to the Investors shall vote together with the other series of Preferred Stock and the Common Stock on an as-converted basis, and not as a separate class, except as specifically provided herein or as otherwise provided by law.</p>
Board of Directors:	<p>Effective upon the Closing, the Company shall be managed by a board of directors (the "Board"), which shall consist of a maximum of seven (7) directors. For as long as the Lead Investor owns at least 50% of its shares purchased, the Lead Investor shall have the right to elect one member to the Board of the Company (the "Lead Investor Director"). Mr. MoneyPerson shall initially be designated as the Lead Investor Director at or prior to the Closing.</p>

The Lead Investor Director shall have the right to be a member of the Compensation Committee and Audit Committee, which committees shall be established if they do not already exist. The Lead Investor shall also have the right to appoint one (1) Board Observer.

The Board shall be entitled to customary indemnification from the Company and the non-employee directors will be entitled to reimbursement for reasonable costs and expenses of attending meetings of the Board and committees.

Board Matters:

So long as at least 30% of the authorized shares of Series A Preferred are outstanding, the Company may not without the consent of a majority of the Board, which majority must include the Lead Investor Director:

1. hire or terminate the Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of the Company;
2. acquire or dispose of any assets including intellectual property with an individual or aggregate value of greater than \$500,000 at a time;
3. enter into any contract, agreement, or arrangement with any related party (i.e. family members, entities under common control, etc.);
4. incur any indebtedness (including, without limitation, any lease financing, or accounts receivable-based financing arrangements,) (a) in excess of an aggregate of \$1,000,000 or (b) that is convertible into equity; or

Protective Provisions:

So long as at least 30% of the authorized shares of Series A Preferred are outstanding, the Company may not without the consent of the holders of a majority of the then-outstanding Series A Preferred:

1. take any action that adversely alters or changes the rights, powers, preferences, or privileges, of the Series A Preferred;
2. issue any shares of equity capital or preferred stock that are senior or *pari passu* in any respect to the Series A Preferred;
3. purchase, redeem, or otherwise acquire any of the Company's equity securities (including, without limitation, any warrants, options and other rights to acquire equity securities), other than at cost pursuant to Board approved employment or option agreements or as otherwise approved by the Board including the Lead Investor Director; or
4. liquidate, dissolve or wind up the affairs of the Company or effect any Deemed Liquidation Event or other merger or consolidation.

Information Rights:

The Company shall deliver to Major Investors audited annual financial statements no later than 180 days (to commence for first fiscal year ending after the Closing) following the close of each fiscal year, and unaudited quarterly financial statements no later than 45 days following the close of such period. The

Company shall deliver to Major Investors monthly financial statements (including comparisons to budget) no later than 30 days following the close of such period and will provide a copy of the Company's annual operating plan promptly following Board approval, no event later than 30 days following to the beginning of each fiscal year.

SBA Compliance: Prior to the Closing and on an ongoing basis, the Company will use reasonable efforts to complete any forms and provide any information required by the Small Business Administration in connection with the financing provided by any Investor that is a federally licensed Small Business Investment Company.

**Conditions
Precedent to
Financing:**

1. The satisfactory completion of a full due diligence review, including technology, financial and business prospects of the Company;
2. The conversion of any outstanding convertible debt or other securities into the pre-money equity value prior to the Closing;
3. Management confirming the following:
 - a. Fiscal year end 12/31/2016 audited financials show total revenue of at least \$1.2 million and EBITDA loss of not more than \$320,000;
 - b. Company confirms the current run rate of ARR as of 7/31/17 is at least \$4.2 million;
 - c. Company confirms expectations of total revenues of at least \$5,000,000 and EBITDA loss of not more than \$500,000 for the FYE 12/31/2017
4. The satisfactory review of employment and non-compete agreements for key members of management;
5. The increase of shares available to be granted on a pre-transaction basis such that the Company's unissued employee option pool equals 5.0% of the Company's fully diluted capitalization, assuming the issuance of all shares of Series A Preferred authorized for issuance under the definitive agreements; and
6. Negotiation and execution of definitive agreements; and approval by VCWM's Investment Committee

Expenses: The Company agrees to pay at the Closing reasonable legal and due diligence related expenses (including a limited accounting review) incurred by the Investors in connection with the proposed financing up to a maximum of \$75,000.

Finders/Other Fees: The Company represents that there are no claims for services in the nature of a broker's, finders, or placement fee with respect to the proposed financing. The Investors will not charge a transaction fee or any ongoing management fees.

Closing Date: The transaction is anticipated to close (the "Closing") within 75 days of the date this term sheet is signed (the "Closing Date").

Exclusivity:	<p>From the date hereof until the earlier of (a) the date that is 90 calendar days following the date that this Term Sheet is executed by both parties hereto and (b) the mutual termination of the parties' negotiations (in writing and signed by all parties hereto), neither the Company nor any of its directors, officers, employees, shareholders, representatives or agents will initiate, solicit, encourage or participate in negotiations or discussions with, or provide any information to, any person or entity other than the Investors and potential co-investors approved by the Investors with respect to any debt or equity investment in, financing of or acquisition, sale and/or exchange of all or any portion of the Company or any of its assets (including, without limitation, by way of any merger, equity sale, equity issuance, asset sale or otherwise) (an "Alternative Transaction"). The Company will provide prompt notice to the Lead Investor of any written or oral communications received by the Company regarding any such Alternative Transaction, including the identity of the person making such communications and the material terms of the Alternative Transaction. Upon the execution and delivery of this Term Sheet, the Company and its officers, directors, shareholders, representatives and agents shall terminate all discussions, if any, it or they may be having with respect to an Alternative Transaction.</p>
Confidentiality:	<p>The Company recognizes that this Term Sheet is confidential and that disclosure of the provisions contained herein could cause irreparable harm to the Investors. Accordingly, the Company, and each of the Company's agents, officers and directors acknowledge and agree that the terms, conditions and contents of this letter will be kept confidential and will not be published or disclosed except in the following circumstances: (i) disclosure may be made to the Company's directors, officers, employees, shareholders, creditors or representatives who need to know such information for the purpose of evaluating this proposed investment (it being understood that such persons shall be informed by the Company of the confidential nature of such information and shall be required to treat such information confidentially); or (ii) disclosure may be made with the prior written consent of the Investors.</p>
Term and Termination:	<p>Either party hereto may terminate this Term Sheet at any time following the Exclusivity Period upon delivery of written notice to the other party. Following such termination, neither party will have any further liability or obligation hereunder to the other, except with respect to the Binding Provisions.</p>
Governing Law:	<p>The binding provisions of this term sheet and the definitive documents will be governed by the laws of the State of Delaware.</p>

**THIS PROPOSAL SHALL EXPIRE UNLESS ACCEPTED BY 5:00 P.M. (EASTERN) ON
FRIDAY, AUGUST 18, 2017**

IN WITNESS WHEREOF, the parties have executed and initialed this Term Sheet as of the date set forth below:

AGREED AND ACCEPTED:

STARTUP, CORP.

THE VCWITHMONEY GROUP

By: _____

Name: _____

Title: _____

Date: _____

By: _____

MoneyPerson
Managing Partner

DRAFT