

SERIES C INVESTMENT MEMORANDUM

Summit Digital Solutions, Inc.

Date: January 9, 2024

1. EXECUTIVE SUMMARY

This Investment Memorandum (the "Memorandum") sets forth the terms and conditions of the Series C Preferred Stock financing of Summit Digital Solutions, Inc., a Delaware corporation (the "Company"), targeting an aggregate raise of \$150,000,000 (the "Series C Financing").

2. OFFERING TERMS

- **Securities Offered**:** Up to 12,500,000 shares of Series C Preferred Stock (the "Series C Shares")
- **Price Per Share**:** \$12.00 per Series C Share (the "Purchase Price")
- **Pre-Money Valuation**:** \$750,000,000
- **Post-Money Valuation**:** \$900,000,000
- **Minimum Investment**:** \$5,000,000 per investor, subject to Board discretion

3. USE OF PROCEEDS

The Company intends to utilize the proceeds from the Series C Financing for the following purposes:

- **Geographic Expansion**:** \$60,000,000 for market expansion into EMEA and APAC regions
- **Product Development**:** \$45,000,000 for enhancement of the Peak Performance Platform, including AI/ML capabilities
- **Strategic Acquisitions**:** \$30,000,000 reserved for targeted acquisitions
- **Working Capital**:** \$15,000,000 for general corporate purposes

4. RIGHTS AND PREFERENCES

- **Dividend Rights**:** 8% non-cumulative dividend preference

2. **Liquidation Preference**: 1x liquidation preference, pari passu with Series B, senior to Series A
3. **Conversion Rights**: Initially convertible 1:1 into Common Stock, subject to anti-dilution adjustments
4. **Anti-dilution Protection**: Broad-based weighted average anti-dilution protection
5. **Voting Rights**: Votes with Common Stock on as-converted basis

5. INVESTOR RIGHTS

1. **Board Representation**: Series C investors entitled to one (1) Board seat
2. **Information Rights**:
 - Monthly financial statements
 - Annual audited financial statements
 - Annual operating budget
 - Quarterly business updates
3. **Registration Rights**:
 - Demand registration rights after earlier of IPO or 3 years
 - Piggyback registration rights
 - S-3 registration rights when eligible
4. **Pre-emptive Rights**: Pro rata right to participate in future equity financings

6. PROTECTIVE PROVISIONS

1. Series C approval required for:
 - Changes to Certificate of Incorporation
 - Creation of senior or pari passu securities
 - Payment of dividends
 - Sale or merger of the Company
 - Increase in size of Board
 - Issuance of additional equity compensation

7. COMPANY REPRESENTATIONS

1. ****Capitalization****:

- Authorized: 100,000,000 shares of Common Stock, 40,000,000 shares of Preferred Stock
- Outstanding: 25,000,000 Common, 15,000,000 Series A, 10,000,000 Series B

2. ****Financial Position****:

- FY2023 Revenue: \$87,500,000
- Current Cash: \$25,000,000
- Monthly Burn Rate: \$2,500,000

3. ****Intellectual Property****: Company owns or has valid licenses for all material IP

8. CLOSING CONDITIONS

1. ****Minimum Closing****: \$100,000,000

2. ****Documentation****:

- Amended and Restated Certificate of Incorporation
- Series C Preferred Stock Purchase Agreement
- Investors' Rights Agreement
- Right of First Refusal Agreement
- Voting Agreement

3. ****Due Diligence****: Satisfactory completion of legal and financial due diligence

9. CONFIDENTIALITY

This Memorandum contains confidential information of the Company and is subject to the terms of the Confidentiality Agreement executed between the Company and each prospective investor.

10. DISCLAIMERS

This Memorandum does not constitute an offer to sell or solicitation of an offer to buy securities. Any such offer will be made only pursuant to definitive documentation and in compliance with applicable securities laws.

CONTACT INFORMATION

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This document is strictly confidential and intended solely for qualified investors evaluating participation in the Series C Financing of Summit Digital Solutions, Inc.