TERM SHEET

FOR SERIES A PREFERRED STOCK FINANCING OF

Acme Motors, Inc.

August 1, 2024

This Term Sheet summarizes the principal terms of the Series A Preferred Stock Financing of Acme Motors, Inc., 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 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 the conditions to closing set forth below. This Term Sheet shall be governed in all respects by the laws of Delaware.

Offering Terms

Security: Series A Preferred Stock (the "Series A Preferred").

Closing Date: September 1st, 2024

Conditions to Closing: Standard conditions to Closing, including, among other things, satisfactory completion of financial and legal due diligence, qualification of the shares under applicable Blue Sky laws, the filing of a Certificate of Incorporation establishing the rights and preferences of the Series A Preferred, and an opinion of counsel to the Company.

Investors:

Halifax Spacewerx Capital: 2,500,000 shares (25%), $2,500,000, Director: Amy Alpha

Eld Ventures Ventures: 2,500,000 shares (25%), $2,500,000, Director: Billy Beta

Amount Raised: $5,000,000.

Pre-Money Valuation: The price per share of the Series A Preferred (the "Original Purchase Price") shall be the price determined on the basis of a fully-diluted pre-money valuation of $100,000,000 (which pre-money valuation shall include an employee option pool representing 10% of the fully diluted post-money capitalization) and a fully diluted post-money valuation of $105,000,000.

CHARTER

Dividends:

Non-cumulative dividends will be paid on the Series A Preferred in an amount equal to $0.08 per share of Series A Preferred when and if declared by the Board of Directors.

Liquidation Preference:

First pay 1 times the Original Purchase Price 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.

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 40% of the shares of Series A Preferred issued in the transaction are outstanding, the Series A Preferred as a separate class shall be entitled to elect 2 members of the Board of Directors (each a "Preferred Director"), (ii) as required by law, and (iii) as provided in "Protective Provisions" below. The Company's Charter 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 40% shares of Series A Preferred issued in the transaction 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 Requisite Holders, either directly or by amendment, merger, consolidation, recapitalization, reclassification, or otherwise:

(i) liquidate, dissolve or wind up the affairs of the Company or effect any Deemed Liquidation Event; (ii) amend, alter, or repeal any provision of the Charter or Bylaws in a manner adverse to the Series A Preferred Stock; (iii) create or authorize the creation of or issue any other security convertible into or exercisable for any equity security unless the same ranks junior to the Series A Preferred with respect to its rights, preferences and privileges, or increase the authorized number of shares of Series A Preferred; (iv) sell, issue, sponsor, create or distribute any digital tokens, cryptocurrency or other blockchain-based assets without approval of the Board of Directors, including the Investor Directors; (v) purchase or redeem or pay any dividend on any capital stock prior to the Series A Preferred, other than stock repurchased at cost from former employees and consultants in connection with the cessation of their service, or as otherwise approved by the Board of Directors; or (vi) create or authorize the creation of any debt security, if the aggregate indebtedness of the Corporation and its subsidiaries for borrowed money following such action would exceed $2,000,000 unless such debt security has received the prior approval of the Board of Directors, including the approval of at least one Preferred Director.

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:

CP2 = CP1 \* (A+B) / (A+C)

Where:

CP2 = Series A Conversion Price in effect immediately after new issue

CP1 = 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 Company with respect to the new issue divided by CP1

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

The foregoing shall be subject to customary exceptions, including, without limitation, the following:

(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; (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, and other customary exceptions .

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 2 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 $50,000,000 (a "QPO"), or (ii) upon the written consent of the Requisite Holders.

Redemption Rights:

Unless prohibited by applicable law governing distributions to stockholders, the Series A Preferred shall be redeemable at the option of the Requisite Holders commencing any time after the five (5) year anniversary of the Closing at a price equal to the Original Purchase Price plus all accrued/declared but unpaid dividends. Redemption shall occur in three equal annual portions. Upon a redemption request from the holders of the required percentage of the Series A Preferred, all Series A Preferred shares shall be redeemed.

STOCK PURCHASE AGREEMENT

Representations and Warranties: Standard representations and warranties by the Company customary for its size and industry.

Counsel and Expenses: Company counsel to draft applicable documents. Company to pay all legal and administrative costs of the financing at Closing, including (subject to the Closing) reasonable fees (not to exceed $75,000) and expenses of Investor counsel.

INVESTORS' RIGHTS AGREEMENT

Registration Rights:

Registrable Securities: All shares of Common Stock issuable upon conversion of the Series A Preferred and any other Common Stock held by the Investors will be deemed "Registrable Securities."

Demand Registration: Upon earliest of (i) three (3) years after the Closing; or (ii) six (6) months following an initial public offering ("IPO"), persons holding 30% of the Registrable Securities may request two (consummated) registrations by the Company of their shares. The aggregate offering price for such registration may not be less than $10,000,000. A registration will count for this purpose only if (i) all Registrable Securities requested to be registered are registered, and (ii) it is closed, or withdrawn at the request of the Investors (other than as a result of a material adverse change to the Company).

Registration on Form S-3: The holders of 30% of the Registrable Securities will have the right to require the Company to register on Form S-3, if available for use by the Company, Registrable Securities for an aggregate offering price of at least $5,000,000. There will be no limit on the aggregate number of such Form S-3 registrations, provided that there are no more than two (2) per twelve (12) month period.

Piggyback Registration: The holders of Registrable Securities will be entitled to "piggyback" registration rights on all registration statements of the Company, subject to the right, however, of the Company and its underwriters to reduce the number of shares proposed to be registered to a minimum of 20% on a pro rata basis and to complete reduction on an IPO at the underwriter's discretion. In all events, the shares to be registered by holders of Registrable Securities will be reduced only after all other stockholders' shares are reduced.

Expenses: The registration expenses (exclusive of stock transfer taxes, underwriting discounts and commissions will be borne by the Company. The Company will also pay the reasonable fees and expenses, not to exceed $25,000 per registration, of one special counsel to represent all the participating stockholders.

Lock-up: Investors shall agree in connection with the IPO, if requested by the managing underwriter, not to sell or transfer any shares of Common Stock of the Company held immediately before the effective date of the IPO for a period of up to 180 days following the IPO (provided all directors and officers of the Company agree to the same lock-up).

Termination: The fifth anniversary of the IPO.

No future registration rights may be granted without consent of the holders of a majority of the Registrable Securities unless subordinate to the Investor's rights.

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 requires one.

Any Major Investor (who is not a competitor) will be granted access to Company facilities and personnel during normal business hours and with reasonable advance notification. The Company will deliver to such Major Investor (i) annual, quarterly, financial statements, and other information as determined by the Board of Directors; and (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. A "Major Investor" means any Investor who purchases at least $1,000,000 of Series A Preferred.

Right to Participate Pro Rata in Future Rounds:

All Major 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 and shares issued in an IPO). In addition, should any Major Investor choose not to purchase its full pro rata share, the remaining Major Investors shall have the right to purchase the remaining pro rata shares.

Matters Requiring Preferred Director Approval: So long as the holders of Series A Preferred are entitled to elect a Director, the Company will not, without Board approval, which approval must include the affirmative vote of at least one of the then-seated Preferred Directors:

(i) incur any aggregate indebtedness in excess of $2,000,000 that is not already included in a Board-approved budget, other than trade credit incurred in the ordinary course of business; (ii) change the principal business of the Company, enter new lines of business, or exit the current line of business; (iii) sell, assign, license, pledge or encumber material technology or intellectual property, other than licenses granted in the ordinary course of business; or (iv) enter into any corporate strategic relationship involving the payment contribution or assignment by the Company or to the Company of assets greater than $1,000,000.

Non-Competition Agreements: Founders and key employees will enter into a 2 year non-competition agreement in a form reasonably acceptable to the Investors.

Non-Disclosure, Non-Solicitation and Developments Agreement: Each current, future and former founder, employee and consultant will enter into a non-disclosure, non-solicitation and proprietary rights assignment agreement in a form reasonably acceptable to the Investors.

Board Matters: Company to reimburse directors for reasonable out-of-pocket expenses incurred in connection with attending Board meetings. 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 Preferred Director with provisions benefitting their affiliated funds in form acceptable to such director. In the event the Company merges with another entity and is not the surviving entity, 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 future employee options to vest as follows: 25% after one year, with remaining vesting monthly over next 36 months.

RIGHT OF FIRST REFUSAL/CO-SALE AGREEMENT

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

Company first and Investors second will have a right of first refusal with respect to any shares of capital stock of the Company proposed to be transferred by current and future employees holding 1% or more 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.

VOTING AGREEMENT

Board of Directors:

At the Closing, the Board of Directors shall consist of 5 members comprised of (i) [name] as the representative designated by Investor No. 1, as the lead Investor, (ii) [name] as the representative designated by the remaining Investors, (iii) [name] as the representative designated by the Common Stockholders, (iv) the person then serving as the Chief Executive Officer of the Company, and (v) 1 person who is not employed by the Company and who is mutually acceptable.

Drag Along:

Holders of Preferred Stock and all current and future holders of greater than 1% of Common Stock (assuming conversion of Preferred Stock and whether then held or subject to the exercise of options) shall be required to enter into an agreement with the Investors that provides that such stockholders will vote their shares in favor of a Deemed Liquidation Event or transaction in which 50% or more of the voting power of the Company is transferred and which is approved by the Requisite Holders, so long as the liability of each stockholder in such transaction is several (and not joint) and does not exceed the stockholder'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 Company's then-current Charter, subject to customary limitations.

OTHER MATTERS

Founders' Stock:

Buyback right/vesting for 25% for first 12 months after Closing; thereafter, right lapses in equal monthly increments over following 24 months.

No-Shop/Confidentiality: The Company and the Investors agree to work in good faith expeditiously towards the Closing. The Company and the founders agree that they will not, for a period of 30 days 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 and shall notify the Investors promptly of any inquiries by any third parties in regards to the foregoing. The Company will not disclose the terms of this Term Sheet to any person other than employees, stockholders, members of the Board of Directors and the Company's accountants and attorneys and other potential Investors acceptable to Investor No. 1, as lead Investor, without the written consent of the Investors (which shall not be unreasonably withheld, conditioned or delayed).

Expiration: This Term Sheet expires on August 1, 2024 if not accepted by the Company by that date.

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EXECUTED this 1st day of August, 2024.

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