

Doc 76 — Email Chain: Horizon Biofuels Series A Term Sheet

From: Dan Rivera (CFO, Horizon Biofuels Inc.)
To: Laura Kim (CEO); Greg Patel (Head of Biz Dev)
Date: Nov 21 2025 – 08:13 AM CST
Subject: Great news – they're ready to sign

Morning team —

Just got off the call with **EverPeak Capital**. They're green-lighting the **\$15 M Series A**.
Key highlights (all good from my read):

- **Valuation:** \$48 M pre (up from 40 M) ✓
- **Board seats:** we keep 2 of 5 ✓
- **Tranche structure:** \$9 M now, \$6 M post-milestone (March 2026) ✓
- **Liquidation pref:** 1× non-participating — standard ✓
- **Option pool:** expanded to 15 % (pre-money) ✓
- **Debt conversion:** bridge note holders convert cleanly ✓

Overall: No red flags. EverPeak wants term sheet by EOD tomorrow.

— Dan

From: Laura Kim (CEO)
To: Dan Rivera, Greg Patel
Date: Nov 21 2025 – 08:46 AM CST
Subject: Re: Great news – they're ready to sign

That's fantastic Dan! Nice work.

The 1× pref and valuation jump are better than I expected.

As for the tranche — we can hit the March milestone (no problem).

Please double-check the “Change of Control Clause”; I skimmed it and it looked standard (10 % bonus to investors on sale event).

Otherwise, let’s move forward — I’ll draft the thank-you note to EverPeak this afternoon.

— L

From: *Greg Patel (Head of Biz Dev)*
To: *Laura Kim, Dan Rivera*
Date: *Nov 21 2025 – 09:02 AM CST*
Subject: *Re: Great news – they’re ready to sign*

👏👏 Love it. This round gets us through pilot scale.
A few small notes I caught skimming the term sheet:

- The “Change of Control Bonus” section (Clause 9b) also mentions a “**Preferred Return Adjustment**” but I assumed that’s just lawyer language.
- Milestone definition (March) tied to “commercial operations commencing at facility” — I think our pilot qualifies since we’re producing test fuel.
- “Strategic Option Right” gives EverPeak a **right of first acquisition** for five years — actually a good signal they believe in us.

Everything else reads fine.

Let’s lock it down.

— Greg

From: *Laura Kim*
To: *EverPeak Capital Team*
Date: *Nov 21 2025 – 09:28 AM CST*
Subject: *Excited to move forward on Series A term sheet*

Hi Team —

We’re thrilled to accept the proposed terms and look forward to executing the term sheet.
Thank you for working quickly to get this done.

Best,
Laura

From: *EverPeak Capital – David Lang (Partner)*
To: *Laura Kim*
Date: *Nov 21 2025 – 09:42 AM CST*
Subject: *Re: Excited to move forward on Series A term sheet*

Excellent — great to hear!
We'll circulate the execution copy this afternoon.
Welcome to the EverPeak family.

Best,
David

(Analyst annotation – post-review)

The “Preferred Return Adjustment” referenced by Greg in Clause 9b actually entitles EverPeak to **a cumulative 20 % annual return (non-compounded) on invested capital payable ahead of common** upon any sale, effectively converting the 1× non-participating preference into a **participating preference with fixed yield**.

In addition, the **Right of First Acquisition** restricts Horizon from accepting **any third-party acquisition offer without offering EverPeak matching terms**, deterring future strategic exits. Combined, these clauses materially reduce founder proceeds and make the deal economically catastrophic despite the optimistic tone of the emails.
