

SYMBIOSIS, INC.
“DRAFT”
TERM SHEET

THIS DRAFT TERM SHEET (the “Draft Term Sheet”) summarizes the preliminary terms of a Series A Preferred Stock offering (the “Offering”) of Symbiosis, Inc., a Delaware corporation (the “Company”). This Draft Term Sheet is a partial abstract of a “Private Placement Term Sheet” which along with other definitive documents and agreements (the “Definitive Offering Documents”) establish all of the terms and agreements related to the Offering by the Company. This document is non-binding; the Definitive Offering Documents will be provided upon execution of the Company’s Non-Disclosure Agreement (the “NDA”) and completion of its Investor Suitability Questionnaire (the “ISQ”). *This Draft Term Sheet is not an offering of securities.*

CAPITALIZATION

The Company’s current fully diluted capitalization table, as adjusted to reflect the sale of all of the Series A Preferred Stock is set forth in the table below:

Series A Round						
Pre-Money Valuation =	\$	1,570,833	Total Series A Shares =	1,336,870		
Series A Round =	\$	700,000	Post- Money Value =	\$	2,270,833	
Est. Date of Series A Close		1/1/2014				
Price per share =	\$	0.5236				
Shareholders	Common Stock	Series A	Series B	Series C	Common Equivalent	Fully Diluted % Owned
Founders	2,500,000				2,500,000	57.65%
0	-				-	0.00%
Consultant Warrants	-				-	0.00%
Stock Option Pool	500,000				500,000	11.53%
Series A Investors		1,336,870			1,336,870	30.83%
Post Series A Totals	3,000,000	1,336,870			4,336,870	100%

PROPOSED EXEMPT OFFERING OF SECURITIES

As part of the Offering, the Company intends to issue Series A Preferred Stock to a limited number of “Accredited Investors” pursuant to an exemption provided according to Rule 504 of Regulation D, promulgated as a part of subsection 4(2) of the U.S. Securities Act of 1933, on the following terms:

The Company: The Company is a Delaware corporation organized on July 1, 2013.

Description of Business: See the Company’s “Business Plan” which is provided upon request and execution of the Company’s NDA.



Investors: Accredited Investors as defined according to Rule 501 of Regulation D of the U.S. Securities Act of 1933, as well as other investors designated by and reasonably acceptable to the Company (collectively, the “Investors”).

Securities Offered: Series A Preferred Stock of a Delaware corporation, which is restricted as described in the Company’s Charter and Bylaws. The Stock is provided a preference in the event of certain Liquidation Events.

Capital Stock Offered: A maximum of 1,336,870 Series A Preferred Stock shares are offered for \$700,000. The minimum investment amount is \$25,000.

Price per Preferred Unit: \$0.5236 per share (the “Purchase Price”), and a par value of \$0.0001 per share. The Purchase Price represents a post-money valuation of \$2,270,833.

Total Capital Offering: \$700,000.

Use of Funds: The capital generated from the Offering will be used for: inventory, marketing expenses, and general operating expenses.

Financial Projections: See the Company’s “Financial Projections” which are part of the Business Plan.

Manner of Distributions: The holders of the Series A Preferred Stock shall be entitled to participate pro rata in any distributions paid to the Common Stock holders. Distributions are payable only when, as and if declared by the Board of Directors. The Series A Preferred Stock shall also have a preference in the event of a sale, liquidation or a deemed liquidation event.

Management; Board of Directors: The Board shall consist of seven (7) members comprised of (i) one (1) representative designated by Class A Investors, (ii) two (3) as the representative designated by the remaining stockholders, (iii) one (1) as the representative designated by the Founders, (iv) the person then serving as the Chief Executive Officer of the Company, and (v) one (1) person who is not employed by the Company and who are mutually acceptable to the Founders and Investors. The Investor’s Rights Agreement also contains restrictions



related to the activities and voting by the Board of Directors.

Investors' Rights Agreement:

The ownership rights and voting rights for the Series A Preferred Stockholders will be governed by an "Investor's Rights Agreement" that contains among other provisions: Registration Rights, Piggyback Registration Rights, Lock-up Restrictions, Drag-Along, Co-Sale and Take-Along Rights, Pay-to-Play provisions and Rights of First Refusal. The Investor's Rights Agreement also provides Anti-dilution provisions, Conversion to Common Stock rights.

Tax Considerations:

Each recipient of the company's Term sheet will be urged and expected to consult its own tax advisors prior to acquiring any interest in the Company and to discuss its own tax and financial situation, including the application and effect of state, local and other tax laws and any possible changes in the tax laws after the offering date.

Pursuant to U.S. treasury department circular 230, each investor will be informed that (i) the disclosure discussion is not intended and was not written to be used by any taxpayer for the purpose of avoiding penalties under the U.S. federal tax laws that may be imposed on the taxpayer, (ii) the discussion will have been written in connection with the promotion or marketing of the stock, and (iii) each investor will be encouraged to seek advice based on its particular circumstances from an independent tax adviser.

Securities Considerations:

The Company's offering and sale of stock will not be registered with the securities and exchange commission or the securities commission of any state in reliance upon an exemption from registration under the securities act of 1933, as amended ("Securities Act"), and, accordingly, cannot not be offered or resold except pursuant to an effective registration statement under the Securities Act or pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws.

The matters discussed in the Company's Offering Documents will contain "forward-looking statements" (as such term is defined by the Private Securities Litigation Reform Act of



1995). The safe harbor provisions of Section 21e of the Securities Exchange Act, as amended, and Section 27a of the Securities Act of 1933, as amended, may apply to forward-looking statements made by the Company. Investors will be instructed not place undue reliance on forward-looking statements.

Legal Matters; Conflicts:

There are no outstanding judgments against the Company or its Officers. None of the Officers have been convicted of a felony or misdemeanor relating to securities laws or performance in corporate office. The Company has not engaged legal counsel to advise it in connection with and the sale of the Stock and to issue an opinion on certain tax aspects of the offering. Counsel for the Company has not prepared or independently verified the information concerning the proposed business of the Company contained in the Definitive Offering documents, the financial statements of the Company have been created by Officers of the Company. Counsel for the Company has not acted on behalf of prospective investors or conducted a review or investigation on their behalf. Officers of the Company own or control a substantial a substantial percentage of the company and control the operation of the business of the Company.

Risk Factors:

See the Company’s “Risk Factor Statement” which is one of the Definitive Offering documents.

COMPLETING THE INVESTMENT; OTHER

Documentation:

The Recipient and the Company will complete the investment in this Offering with the execution and delivery of the following documents which include the provisions described above and consisting of the following:

- Investor Suitability Questionnaire;
- Private Placement Term Sheet;
- Risk Factor Statement;
- Stock Purchase Agreement;
- Investor Rights Agreement;
- Declaration of Non-Solicitation;
- Pro forma Financial Statements;
- Delaware Certificate of Incorporation; and



- The Company will also provide the prospective investor other documentation, including:
 - Copy of its current Business Plan describing the business of the Company;
 - Pro forma estimated financial statement of Cash Flows; and
 - Proposed “Use of Funds” Statement.

Representations & Warranties: The legal documentation described above will contain customary representations from the Company including, without limitation: organization and qualification, execution and delivery, validity and enforceability of agreements, issuance of the Stock, no litigation and compliance with laws. Customary representations from the Investor would include without limitation: suitability to invest, restrictions on the securities that will be issued in the event of conversion, “lock-up” provisions related to a potential public offering.

Confidentiality: Neither party signing this Draft Term Sheet shall not disclose the terms of this Draft Term Sheet to any person or entity except for their respective employees, consultants, accountants and attorneys without the written consent of the other party.

Expenses: The Company and the Recipient will each bear their own legal and other expenses with respect to this document and any subsequent transactions contemplated herein.

Closing: Closing of the Company’s Offering will be subject to the Private Placement Term Sheet, and the preparation and execution of the Definitive Offering Documents as described above.



IN WITNESS WHEREOF, the undersigned hereby agree that this Draft Term Sheet is non-binding but for the “Confidentiality” and “Expense” provisions set forth above, as of the date set forth on the first page of this document.

RECIPIENT:

By: _____
John Doe

THE COMPANY: SYMBIOSIS, LLC, a Delaware limited liability company

By: _____
Bill Johnson, CEO



CAPITAL FORMATION PACKAGE MEMO

Important Note: *The purpose of this document is to support and educate TSG's Issuer Client regarding the issues related to capital formation and provide working illustrations and tools to as part of its business planning process. This document has been prepared with information provided by TSG's Issuer Client and is a Report which is part of a Capital Strategy service provided by MCG to TSG. Nothing in this Report or the attached Exhibit may be construed to be legal, tax, accounting or financial advice. The Issuer Client has acknowledged that neither MCG nor TSG have been engaged to provide legal, taxation, accounting or financial services or advice regarding the matters provided herein, and has confirmed that this Report and the attached Exhibit will be used only for business consulting purposes. Issuer Client has represented that it will not rely upon the information provided in this Report in or for its business without securing appropriate counsel and advice from qualified and licensed professionals. Issuer Client has also acknowledged that reliance upon this information without engaging qualified and licensed legal, tax, accounting and financial advisors chosen by it may result in damages, losses, penalties, claims and actions from private and governmental parties.*

Date: July 1, 201x

To: The Startup Garage ("TSG")

From: Meyerdirk Consulting Group, Inc. ("MCG") & The Startup Garage LLC

Re: Capital Strategy Report; Series A Preferred Equity Round

Issuer Client: Symbiosis, LLC (the "Company").

MCG provides this Capital Strategy Report (the "Report"), and the attached Exhibit No. 1: Illustration, Symbiosis, Inc. "Draft" Term Sheet, and Exhibit No. 2: Symbiosis Valuation Model and Capitalization Table, all as part of its capital formation services.

The Report is based upon information provided by the Company to TSG to create the STG "Business Plan and Financial Model." All of these documents are also incorporated herein by reference. These documents are illustrations only and should not be relied upon or used without being reviewed by the Company's attorney, tax advisor, accountant and financial advisor.

1. **Overview.** The Company intends to offer investors two series of securities in a Delaware corporation. The first offerings will be made to secure up to \$700,000, in a Series A Round of Preferred Stock immediately following its organization. The Series A Round will be followed by Series B Round offering for \$5,000,000 beginning with the second year of operations. The proposed "Use of Funds" for the Series A Round is defined on



pages 41 of the Business Plan. The Company intends to secure the Series A Round from friends and family. The Series A Preferred Stock will contain a preference only as regards liquidation and will be issued according to an exemption under Rule 504 of Regulation D of the 1933 Securities Act. The Series B Round will be preferred only with liquidation rights prior to the common Units. The Series B Round is modeled to be a “Flat Round” with the same valuation of the Company based upon performance illustrated in the Business Plan Financial Model, and will be issued according to an exemption under Rule 506 of Regulation D of the 1933 Securities Act.

2. **Round A “Draft Term Sheet.”** Exhibit No. 1 contains an illustration of a Draft Term Sheet which defines the probable Terms of the Series A Round offering of \$700,000. The Definitive Offering Documents for this offering are also described in the Draft Term Sheet. A final “Private Placement Term Sheet” will be part of the Definitive Offering Documents.
3. **Estimated Business Valuation and Return on Investment.** Exhibit No. 2 contains an illustration of the Capitalization Table for the Company and the Valuation Model of the business with each round of investment and the returns realized at the time of sale or liquidation.
 - a. **Pre Money Valuation.** The Pre Money Valuation of the business is \$1,570,883 for the Series A Round offering if the \$700,000 is subscribed for. The process for arriving at this valuation has been to assemble representative group of accepted business valuation methodologies and using the Business Plan assumptions, to apply common inputs to each method and match the outputs to reach a logical valuation conclusion. Using this process, we have designed the capital structure to sell Series A Stock of the corporation for \$0.5236 per share, and a par value of \$0.0001 per share, for a total of 1,336,870 shares constituting 30.83% of the Company’s equity.
 - b. **Terminal Valuation.** Using a multiple of earnings calculation and an average revenue multiplier for the Company’s industry, and applying those calculations to the Business Plan Financials Model for a 5 year speculated sale (i.e. 2018), we calculate the Business Valuation (without market validation) to be approximately \$278,368,596.
 - c. **Return on Investment.** In the event of a sale for the valuation described in subsection 3.b., the investors for a fully subscribed \$700,000 investment in the Series A Preferred Stock offering would receive, \$47,844,029 equal to a 68 times cash on cash return and 133% internal rate of return (the “IRR”) on their investment.

