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## MEMO

TO: Kinesics Members

FROM: Kinesics Board of Managers and CEO

DATE: July 21, 2021

SUBJECT: Purpose of Documents for Member Consent and Signature

It is the intention of the Board of Managers and Chief Executive Officer of Kinesics to receive the written consent of the Members for the following matters.

- 1. Common Shares for FMOL Health System.** Our relationship with FMOLHS has been more successful than imagined, and their team has dedicated resources beyond expected. To secure the 2020 contracts, Kinesics granted 6,388.89 Preferred Shares for an estimated \$500,000 contract value. FMOLHS spent just over \$1 MM on our operations and proof of concept over the term of the contracts. To express the value of FMOLHS' involvement in the success of Kinesics, we have agreed to grant 6,388.89 Common Shares to the health system. This transaction requires an issuance of new common shares and is dilutive to all share classes. To understand how this would affect your ownership, please see Exhibit F in the resolutions.
- 2. Preferred Shares for Applica Scientific.** Billy Davis has been instrumental for the growth of Kinesics. He has gifted Jerry, Matt, and the entire team his wisdom in strategic decisions for management, tech development, and financial success. Most recently, Billy has provided the time and expertise of his team at Applica Scientific, his company. To express the value of Billy's involvement in the success of Kinesics, we would like to grant 8,019.92 Preferred Shares to Applica Scientific for the work done over the past two and a half years. Jerry has agreed to relinquish his shares of the same value to Applica Scientific. This transaction would be non-dilutive to any share classes other than Jerry's personal Common Shares.
- 3. Definitions changed in the Operating Agreement.** It came to the attention of the Board of Managers that some language in the Operating Agreement did not match its intended purpose. Therefore, it is proposed to update the language to sections 3.5.2 and 4.3.3 and other related sections. The current language identified a maximum amount on payouts for the purchasers of Preferred Shares (i.e., a cap on the amount any owner would receive if the company were sold). We suggest a change in language so that our early angel investors may benefit from the future success of the company. Language would be changed such that any cap on distributions is made specifically to the dividends accrued by Preferred Shareholders, which the board believes is the original intent of the Operating Agreement. All suggested changes are identified in Exhibit B.
- 4. Performance Unit Plan.** Adopting a performance plan for employees, contractors, and advisors of Kinesics is well overdue. The Board of Managers intends to adopt the plan in Exhibit G and requests your consent to do so.
- 5. Amendments to FMOL Health System Contracts.** The health system has agreed to extend and amend its Service and Subscription agreements through Summer 2022. We negotiated the same cost for the service component and a 20% increase in the monthly subscription fee. Estimated revenue from those contracts nears \$1.2 MM in 12 months. The amendments to the contracts are attached as Exhibit H for your consent.



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## 6. Exhibits Defined:

- a. **Exhibit A:** Current cap table/ownership of Kinesics before any changes.
- b. **Exhibit B:** Suggested changes to the Operating Agreement.
- c. **Exhibit C:** Jerry's agreement to redeem his shares with the intent that Kinesics issues those shares to Applica Scientific (Billy Davis).
- d. **Exhibit D:** Agreement to issue Applica Scientific Preferred Shares.
- e. **Exhibit E:** Agreement to issue FMOLHS Common Shares.
- f. **Exhibit F:** Cap table/ownership of Kinesics after all changes are made.
- g. **Exhibit G:** Suggested Performance Unit Plan.
- h. **Exhibit H:** Amendments to FMOLHS contracts.