



MEMO

TO: Kinesics Members

FROM: Kinesics Board of Managers and CEO

DATE: November 29, 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. **Authorization of 2021 Preferred Units.** The Board of Managers would like to open a new “bridge” round of equity financing with a goal to raise \$1MM. To do so, Members must approve the authorization of this new class of units. The following are the answers to common questions regarding this bridge round.
 - a. **How much do you plan on raising?** min \$1,000,000 – max \$2,000,000
 - b. **What are the dilutive effects?**
 - i. If \$1MM is raised, the dilutive effect will be 7.76% ownership reduction spread among all shareholders. Fully diluted value will not change.
 - ii. If \$2MM is raised, the dilutive effect will be 14.41% ownership reduction spread among all shareholders. Fully diluted value will not change.
 - c. **What type of units will be issued?** Preferred Units
 - d. **Is there a difference between 2018 & 2021 Preferred Units?** Yes. The only difference is how dividends and distributions will be paid. Upon board approval for distributions, they will be paid out in the follow priority:
 - i. 2018 Preferred Unit holder dividends
 - ii. 2018 Preferred Unit holder pro-rata distributions
 - iii. 2021 Preferred Unit holder dividends
 - iv. 2021 Preferred Unit holder pro-rata distributions
 - v. Common Unit holder pro-rata distributions
 - e. **How do you plan to use the new funds?** Kinesics will invest in personnel to fill customer support, operations, and sales positions.
 - f. **Is there anything else changing in the Operating Agreement?** The only other notable change is the authorization of more Common Units so that all Preferred Units may convert to Common Units when needed. Other minor changes may exist to accommodate the new units



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- g. **Do I get to invest in this round?** Yes! Once majority consent is given to authorize the 2021 Preferred Units, all 2018 Preferred Unit holders have 10 days to invest their pro-rata share of ownership into the round.

2. Exhibits Defined.

- a. **Exhibit A:** Kinesics Ownership as of September 2021
- b. **Exhibit B:** Copy of the Revised Operating Agreement
- c. **Exhibit C:** Copy of the Investment Agreement for 2021 Preferred Units