



MEMO

To: Kinesics Members

From: Kinesics Board of Managers and CEO

Date: November 1, 2023

Subject: Sales & Marketing Agreement, Expansion of Board of Managers, Revised Operating Agreement

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. Acknowledgement of the Sales and Marketing Agreement

- a. **Summary:** Howard Goldsmith, Kenneth Morency, and Gregory Holness of Florida have organized a Florida Limited Liability company called Kinesics Marketing, LLC, which will provide exclusive sales and marketing services for Kinesics under terms approved by the Board of Managers.
- b. **What is the goal?** Increase shareholder value by achieving revenues of \$10MM by year 3 and position Kinesics for a strategic exit.
- c. **How do we get there?** We focus our efforts in the South Florida market where Kinesics' high-value services can be targeted to high-earning entities. We intend to saturate the market by entering all lucrative verticals – First Responder, Healthcare, Fitness, PT/OT, Occupational, Athletics.
- d. **How does the Marketing Company get paid?** They earn 25% of all gross revenue brought to Kinesics. They will also receive a percentage of the transaction value at Kinesics' future exit based on certain markers. (25% if above \$5MM, additional 15% if \$75MM++ and they originate the deal)
- e. **Do they have sales minimums?** Yes. Year 1: \$1MM, Year 2: \$2MM, Year 3: \$5MM
- f. **Why do they get a Board seat?** Kinesics and the marketing company reciprocated 1 seat on each other's boards. We agreed to this because we are mutually working towards a strategic exit and require oversight into each other's management, financials, legal and other matters.
- g. **Does this dilute my ownership?** No. At this time, we are not making changes to ownership. Therefore, the current Kinesics Members retain the authority to approve new securities, adjust functions and composition of the board, and make decisions on an exit/acquisition.

2. Expansion of the Board of Managers

- a. **Summary:** To allow additional board seats, we must amend and revise our Operating Agreement.
- b. **What is the proposed board composition?**
 - i. 1 Founder Seat, Gerald Drefahl
 - ii. 1 Seed Investor Seat (current: Danny Brown)
 - iii. 1 FMOL Health System Seat (current: Richard Vath)
 - iv. 1 Kinesics Marketing Seat (proposed: Howard Goldsmith)
 - v. 3 additional seats by nomination and majority vote of common units



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3. Revised Operating Agreement

a. Where are the revisions?

- i. Page 1: Preamble
- ii. Page 17: Section 6.1.2

Message from the CEO

Dear Kinesics Members,

Over the past few months, Jerry and I spent substantial time getting to know our associates in Florida, vetting their ability to bring value to Kinesics, and weighing the risks and benefits of the terms of our arrangement. The board and I are keenly aware of the potential risks of a deal of this nature. We have taken measures to ensure Kinesics' interests are safeguarded.

These strategic moves put us in a strong position for future growth and a potentially lucrative exit. At our core, we have a strong belief in Kinesics and its potential. It has taken us some time, but I am proud to say that our foundation is solid, our vision is clear, and we have set a path to creating shareholder value. This arrangement is about acceleration and adding fuel to the fire that Kinesics has been slowly burning and keeping alive. In a competitive landscape, where seizing the moment is crucial, we should equip ourselves with the tools and resources we need to excel in sales, expand our market footprint, and ultimately create a legacy.

Inviting new managers onto our board was a carefully considered decision. As we look towards a future exit, it is time to diversify our way of thinking and open ourselves to new opportunities. I cannot thank our current managers enough, Danny and Richard, for their direction and backing over the past few years. We look forward to continuing to utilize their guidance as we expand our group.

I urge the members to carefully consider and support these proposals. Your insights, questions, and feedback will be invaluable as we navigate this pivotal moment for Kinesics.

Every decision we make and every pivot we consider is done with an awareness of our shared vision and the responsibility we have to each one of you. Thank you for your continued commitment and partnership.

Sincerely,

Matt Adler
Chief Executive Officer