



Confidential Private Placement Memorandum
Simple Agreements for Future Equity (SAFE)

Graze, Inc.





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¹ Regulation D is found under Title 17 of the Code of Federal Regulations, part 230, Sections 501 through 508. The legal citation is [17 C.F.R. §230.501 et seq.](#)



Private Placement Memorandum (“PPM” or “Memorandum”) for Graze, Inc.

Pre-money valuation cap: \$60,000,000

Allocation: \$5,000,000

Offering Price: \$1.00 per SAFE

Minimum Investment: \$1,000.00

Graze Inc., (the “**Company**”), a Delaware corporation, is offering (the “**Offering**”) a maximum of \$5,000,000 of Simple Agreements for Future Equity (“**SAFEs**”) (the “**Securities**”). The Securities are being offered and sold only to “accredited investors” as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the “**Securities Act**”). A purchaser of the Securities may be referred to herein individually as a “**Subscriber**” or “**Investor**” or collectively as the “**Subscribers**” or “**Investors.**” The minimum investment amount per Investor is \$1,000.00, which may be waived in the sole discretion of the company.

This Offering is being conducted on the platform found at <https://republic.com> (the “**Republic Platform**”), that is operated for the benefit of OpenDeal Broker LLC dba Capital R (“**OpenDeal Broker**”). OpenDeal Broker is a registered FINRA/SEC broker dealer. OpenDeal Broker is not purchasing the SAFE and is not required to sell any specific number or dollar amount of the SAFE in this Offering.

General Notices:

This opportunity is speculative and involves a high degree of risk. Only accredited investors who can bear the loss of their entire investment should invest in the SAFEs.

The shares with which investors will have a right to be offered hereby have not been registered under the Securities Act, the securities laws of the state of California, or under the securities laws of any other state or jurisdiction in reliance upon the exemptions from registration provided by the Securities Act and Rule 506 of Regulation D¹ promulgated thereunder, and the comparable exemptions from registration provided by other applicable securities laws.

This Offering is being conducted pursuant to Regulation D, 506(c) of the Securities Act.

The Date of this Memorandum is August 2, 2022

¹ Regulation D is found under Title 17 of the Code of Federal Regulations, part 230, Sections 501 through 508. The legal citation is [17 C.F.R. §230.501 et seq.](#)



- (1) The Company reserves the right to waive the minimum investment for any investor. The Offering is not underwritten. **This opportunity is offered on a “best efforts” basis by the Company.**
- (2) All funds received will be immediately available to the Company and the Company shall not be required to place any funds in escrow for any purpose or subject to any condition or occurrence. The Company reserves the right, in its sole discretion, to reject any proposed investment in part or in its entirety in the Company.
- (3) The Company reserves the right to pay expenses related to this Offering from the proceeds of the Offering (see Use of Proceeds section).
- (4) The memorandum is furnished on a confidential basis to a limited number of sophisticated investors.
- (5) The Offering Period (the **“Offering Period”**) will expire on the earliest of: (a) the date the Company, in its discretion, elects to terminate, or (b) the date upon which the Maximum Offering Amount has been subscribed for and accepted by the Company and a final closing is conducted, or (c) such date as may be extended from time to time by the Company, but not later than 180 days thereafter.

This Offering is not underwritten. The valuation cap has been arbitrarily set by the Management of the Company.

Neither the Securities and Exchange Commission nor any state regulatory authority has passed upon the accuracy or adequacy of this Memorandum or endorsed the merits of the Offering. Any representation to the contrary is unlawful.

Due to the fact that the securities with which investors will have rights to have not been registered under the Securities Act or other applicable securities laws and are being sold in reliance upon an exemption from registration afforded under the Securities Act, there are restrictions on their transferability or resale by an investor. Any transfer, sale or other disposition of the Shares requires the prior written consent of the Company and any transfer must comply with the Securities Act, including any available exemptions from registration under the Securities Act. While Rule 144 under the Securities Act provides an exemption from registration under the Securities Act in connection with the resale of limited amounts of Shares in certain circumstances, the exemption under Rule 144 may not be available to investors because the Company does not now, and does not intend in the future, to make available the public information required by Rule 144. Additionally, a trading market for the Shares may not develop sufficiently to satisfy the “broker’s transactions” requirement of Rule 144. In the absence of the availability of Rule 144, any disposition of the Shares will require registration or compliance with an exemption from the Securities Act and applicable state securities laws. The Company is not obligated to register for sale under either federal or state securities laws the Shares purchased pursuant hereto, and the issuance of the Shares is being undertaken pursuant to Rule 506 of Regulation D under the Securities Act. Each prospective investor should proceed on the assumption that they alone must bear the economic risks of the investment for an indefinite period.



There is no trading market for the Company's Shares and there can be no assurance that any market will develop in the future or that the Shares will be accepted for inclusion on the New York Stock Exchange, Nasdaq or any other trading exchange at any time in the future.

The minimum investment amount has been arbitrarily established by the Company and does not necessarily bear any specific relation to the assets or potential earnings of the Company or any other recognized criteria of value.

Information contained within this Memorandum

No person is authorized to give any information or make any representation not contained in the Memorandum and any information or representation not contained herein must not be relied upon. Nothing in this Memorandum should be construed as legal or tax advice. Each investor should consult its own personal counsel, accountant, financial planners, and other advisors as to the legal, tax, economic and related matters concerning the investment described herein and its suitability as an investor.

The Management of the Company has provided all of the information stated herein. The Company makes no express or implied representation or warranty as to the completeness of this information or, in the case of projections, estimates, future plans, or forward-looking assumptions or statements, as to their attainability or the accuracy and completeness of the assumptions from which they are derived, and it is expected that each prospective investor will pursue his, her, or its own independent investigation.

The estimates of the Company's performance in this Memorandum are necessarily subject to a high degree of uncertainty and may vary materially from actual results.

No general solicitation or advertising in whatever form will or may be employed in the Offering of the SAFE, except for this Memorandum (including any amendments and supplements hereto), the exhibits hereto and documents summarized herein, or as acceptable under Regulation D of the Securities Act.

Other than the Company's Management, no one has been authorized to give any information or to make any representation with respect to the Company or the Shares that is not contained in this Memorandum. Prospective investors should not rely on any information not contained in this Memorandum.

This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy to anyone in any jurisdiction in which such offer or solicitation would be unlawful or is not authorized or in which the person making such offer or solicitation is not qualified to do so. This Memorandum does not constitute an offer if the prospective investor is not qualified under the Securities Act or other applicable securities laws.

This Offering is made subject to withdrawal, cancellation, or modification by the Company without notice and solely at the Company's discretion. The Company reserves the right to reject



any subscription or to allot to any prospective investor less than the amount subscribed for by such prospective investor.

Distribution of this Memorandum

The information contained in this Memorandum is confidential and proprietary and has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Company strictly for such persons' confidential use solely to evaluate a potential investment in this Offering. Distribution of this Memorandum to any person other than the prospective investor to whom this Memorandum is delivered by the Company and those persons retained to advise them with respect thereto is unauthorized. Any reproduction of this Memorandum, in whole or in part, or the divulgence of any of the contents without the prior written consent of the Company is strictly prohibited.

Each prospective investor, by accepting delivery of this Memorandum, agrees to return it and all other documents received by them to the Company if the prospective investor's subscription is not accepted or if the Offering is terminated.

Investigation and due diligence

By acceptance of this Memorandum, prospective investors recognize and accept the need to conduct their own thorough investigation and due diligence before considering a purchase of the SAFE. The contents of this Memorandum should not be considered to be investment, tax, or legal advice and each prospective investor should consult with their own counsel and advisors as to all matters concerning an investment in this Offering. Each investor should consult its own personal counsel, accountant, financial planners, and other advisors as to the legal, tax, economic and related matters concerning the Offering described herein and its suitability as an investor.

During the course of the Offering and prior to any sale of the SAFE, each offeree of the SAFE and his or her professional advisor(s), if any, are invited to ask questions concerning the terms and conditions of the Offering and to obtain any additional information necessary to verify the accuracy of the information set forth herein.

Such information will be provided to the extent the Company possesses such information or can acquire it without unreasonable effort or expense.

Opportunity to ask questions:

Each prospective investor will be given an opportunity to ask questions of, and receive answers from, Management of the Company concerning the terms and conditions of this Offering and to obtain any additional information, to the extent the company possesses such information or can acquire it without unreasonable efforts or expense, necessary to verify the accuracy of the information contained in this Memorandum.



If you have any questions whatsoever regarding this Offering, or desire any additional information or documents to verify or supplement the information contained in this Memorandum, please write or call:

The Company telephone number is: (626) 243-2871. Email: invest@grazemowing.com



Graze Inc.

Section 1: Summary of Offering

The following material is intended to summarize information contained elsewhere in this Private Placement Memorandum (the “**Memorandum**”). This summary is qualified in its entirety by express reference to this Memorandum and the materials referred to and contained herein. Each prospective subscriber should carefully review the entire Memorandum and all materials referred to herein and conduct his or her own due diligence before subscribing to the SAFE.

The Company

Graze Company Overview

The Company is building an electric, fully autonomous commercial lawn mower for the commercial landscaping industry. In order to make the product safe and fully autonomous, the team integrated a robust sensors package that includes lidar, ultrasonic sensors, initial measurement units, stereo video cameras, GPS, and odometry sensors. When combined, these sensors allow our product to operate safely, mow consistently straight lines, plan paths, avoid obstacles, and collect data. The Graze mower will be electric, safe, and extremely smart:

Graze was incorporated on December 4, 2017 when the team saw the need for a robotic lawnmower solution for the commercial landscaping industry that is still being overlooked. At the time, the only robotic lawnmower solutions on the market were small, semi-autonomous mowers for small residential-sized lawns. Small, residential options are not suitable for commercial applications due to their reliance on above or below ground wires and/or beacons for the machine to move around safely. Put simply, the dynamic nature and unit economics of commercial job sites do not allow for small robotic solutions that require a planned infrastructure for navigation. In other words, commercial job site requirements preclude the use of a small mower that “bounces” back and forth in multiple directions inside of a virtual fenced-in lawn; instead, Graze customers require consistent, parallel lines mowed that promote the health of the lawn and desirable aesthetics.

Graze validated the problem, solution, and market fit when one of the largest commercial landscaping companies in the US signed a conditional Letter of Intent “**LOI**” (See Exhibit C for the LOI) and began working closely with the team on the development of the product. This LOI outlines interest in purchasing 200 units, for \$30,000 each plus a monthly recurring SaaS (Software as a Service) fee of \$1,000 per unit. Assuming five years of usable life per mower, this LOI represents up to \$18,000,000 in potential revenue. In addition to being the first customer for Graze, Mainscape, Inc. (Mainscape), a nationwide commercial landscaping company established in 1980, pledged to help Graze build the right product for their needs. This allows us to take the product to market with fewer iterations and a clear focus on the needs of the customer. In 2020 and 2021, the Company obtained additional LOIs from a number of leading landscaping companies in the US,



UK, and Australia. As of June 30, 2021, Graze had LOIs for a total of 335 Graze units collectively, which represents a \$30,150,000 revenue opportunity for Graze over 5 years.

Our Product

Graze is building an electric, fully autonomous commercial lawn mower for the commercial landscaping industry. In order to make the product safe and fully autonomous, the team integrated a robust sensors package that includes lidar, ultrasonic sensors, initial measurement units, stereo video cameras, GPS, and odometry sensors. When combined, these sensors allow our product to operate safely, mow consistently straight lines, plan paths, avoid obstacles, and collect data. The Graze mower will be electric, safe, and extremely smart:

Electric: Most existing commercial landscaping companies operate gasoline-powered motors that are environmentally unfriendly. By contrast, Graze's electric mower uses rechargeable batteries which have a much lower environmental impact as compared to gas. In fact, according to the California EPA, one gas mower emits the equivalent emissions as 40 cars on the road on an hourly basis.

Electric lawn mowers are not only better from an emissions standpoint but they also require less support and maintenance. No internal combustion engine means: no spark plugs to clean or change; no engine oil or filters to change; and, no hydraulics, no belts, no pulleys, no clutches and no air filters to manage. A 100% electric mower means Graze customers should simply have to sharpen blades and grease wheels to maintain a working fleet.

Graze mowers will be deployed to work sites via a trailer, which will be used for transportation and storage. Eventually, these trailers will be outfitted with solar panels to assist in charging the mowers' batteries. As a result, we expect Graze mowers to be able to operate 24/7, day and night. The absence of a combustion engine will also reduce noise pollution.

Product Roadmap

Our product will go to market as an autonomous, electric lawnmower with a 60" cutting deck. It is built specifically for the commercial landscaping industry. As a fully autonomous vehicle, the Graze mower will be able to mow panels of grass with consistent, parallel lines. Without human control, it will avoid obstacles including but not limited to sidewalks, trees, and debris. Arguably, the most important feature of the first iteration of the Graze mower is safety. We've assembled a robust package of sensors including LiDAR, computer vision, as well as bumpers, and emergency power-off buttons that will keep humans and animals out of harm's way. Additionally, we will be analyzing large data pools (e.g. grass type, topology) to advance our machine learning algorithms in order to optimize for desired mowing paths, frequency of visits, and job route planning.

While we previously planned to introduce Graze with a 48" mow deck, feedback for our early customers as well as our own field testing proved that the most efficient size for our first commercialize product was larger. A 60" mow deck matches the typical conventional mower currently used at the job sites at which our first customers are most likely to use Graze. Relatedly,



that deck size maximizes our current maximum mowing capacity per each charge. We plan to eventually offer multiple cutting deck sizes in our product line since additional mowing deck sizes will be required for differing job sites. A typical landscaping team on one job site has 2-3 different size mowers along with other devices e.g. edger, trimmer, blower, etc. We plan to produce additional Graze mow decks with a smaller 24-48” cutting widths that can service the harder to reach places such as a narrow patch of grass between bushes and sidewalks.

Additional mower features planned in the long-term include robotic attachments for edging, weeding, and precision spraying, and a charging base that also sharpens the blades underneath the mower during transport from job site to job site.

Market Opportunity

We believe that because this product brings so much value to commercial landscaping companies, it should fundamentally change the way landscaping businesses operate. Not only do we believe it will increase margins and profitability in the mowing segment via labor and fuel savings, but it will also eliminate one of the largest pain points in the industry — hiring and retaining a large staff of workers willing to do the most menial mowing tasks. With Graze, landscaping companies can focus on expanding their market share and increasing their margins instead of retaining excess talent. At the moment, companies in this industry operate their lawn mowing service at relatively low margins, and incorporate higher margin services e.g. edging, pruning, irrigation, fertilization, etc. to boost their overall profit margins. Graze allows companies to shift human resources to work on these higher margin services, while lowering the costs of bulk mowing. Landscaping workers can also focus more on quality control and Graze fleet management, depending on the size of the property or job site.

Our corporate partner, Mainscape has a combined fleet of hundreds of lawn mowers, a number that is expected to grow every year. Our conditional Letter of Intent with our partner details the potential purchase of 200 Graze lawn mowers.

The top 100 commercial landscaping companies in the US generate more than \$6.5bn in revenue per year. With our product, we believe they can increase productivity, decrease costs, and focus on growing their market share and more profitable services.

Arguably the biggest challenge to acquiring customers for any new company is the lack of previous customers. Committing to be the first customer of a new product is a difficult, and potentially risky, decision for an incumbent in any industry. Put simply, nobody wants to be the first to the party. In this instance, with partnership commitments from multiple industry leaders, Graze is well positioned to potentially leverage those relationships into substantial and profitable relationships with the top 100 companies in the industry as well as the numerous small and medium-sized landscaping companies that make up the majority of our addressable market.

The Offering

The Company is offering a maximum of \$5,000,000 via SAFEs.



Each purchaser must execute a SAFE making certain representations and warranties to the Company, including such purchaser's qualifications as an "accredited investor" as defined as defined in Rule 501(a) of Regulation D under the Securities Act.

Risk Factors

See Risk Factors (section 4) in this Memorandum for certain factors that could adversely affect any investment in the SAFE offered by the Company.

Selected Risks Associated With The Business

Our business is subject to a number of risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this summary. These risks include, but are not limited to, the following:

- We have a limited operating history upon which to evaluate our performance, and have not yet generated profits or revenue.
- Our technology is not yet fully developed, and there is no guarantee that we will be able to develop and produce a fully working production ready model of our core product.
- We will be required to raise additional capital in order to continue to develop our technology and commercial ready versions of our product.
- Although we have filed provisional patent applications, our company does not yet hold full patents on any products or technology.
- We rely on a small management team to execute our business plan.
- Our future revenue plans partially rely on non-binding letters of intent.
- We could be adversely affected by product liability, personal injury or other health and safety issues.
- Competitive technologies could limit our ability to successfully deploy our technologies.
- We plan to rely on third-party manufacturers when we scale production.
- We may need to raise additional capital, which might not be available or might be available only on terms unfavorable to us or our investors.
- There is no current market for any shares of the Company's stock.

Use of Proceeds

The Company intends to use the net proceeds of this Offering for general corporate purposes, including product development, payroll, marketing of our products and services, repayment of outstanding loans, and general administrative needs.

See Use of Proceeds (section 5).

Maximum Offering Proceeds

The Company has set a maximum Offering proceeds figure of \$5,000,000.



Registrar

WAX, Inc. will serve as the Company's registrar and transfer agent with respect to its shares.

Subscription Period

The Offering Period (the "**Offering Period**") will expire on the earliest of: (a) the date the Company, in its discretion, elects to terminate, or (b) the date upon which the Maximum Offering Amount has been subscribed for and accepted by the Company and a final closing is conducted.

Engagement Agreement with OpenDeal Broker

The Company has entered into an offering Engagement Agreement, effective as of May 11, 2022 (the "**Engagement Agreement**"), with OpenDeal Broker, who has agreed to provide certain offering facilitation services, including executing and delivering evidence of the SAFEs sold in this Offering to each investor and the use of the Republic Platform. This Offering is being conducted on the platform found at the Republic Platform that is operated for the benefit of OpenDeal Broker a wholly owned subsidiary of OpenDeal Inc. dba Republic ("**Republic**"). OpenDeal Broker is a registered FINRA/SEC broker dealer. OpenDeal Broker is not purchasing the SAFEs and is not required to sell any specific number or dollar amount of the SAFEs in this Offering; however, OpenDeal Broker will arrange and manage this Offering on the Republic Platform and is being compensated in cash for its services. OpenDeal Broker has made no commitment to purchase all of any part of the SAFEs.

The term of the engagement agreement will continue until the later of the SAFEs are no longer being listed on the Republic Platform or all fees due to OpenDeal Broker are paid unless otherwise terminated by either party upon thirty (30) days' prior written notice or for cause pursuant to the Engagement Agreement.

Reimbursable expenses in the event of termination. In the event the Offering does not close, the Minimum Offering is not reached, or we decide not to pursue this Offering, we have agreed to reimburse OpenDeal Broker the greater of (a) \$25,000.00, (b) all costs incurred by OpenDeal Broker in enabling this Offering to be listed on the Republic platform or (c) the dollar amount equal to the processing fees for the Offering.

- (6) **Commission and Expenses.** The Company has agreed to pay a cash commission of seven and half percent (7.5%) of the amount raised in this Offering. Furthermore, the Company will pay a fee of approximately two percent (2%) of the amount raised in this Offering for payment processing fees. We will also incur other offering costs, which include legal, accounting, printing and other costs incurred in this offering.

OpenDeal Broker has agreed, with respect to the **SAFE** issued to it as part of its commission, not to: (a) sell, transfer, assign, pledge or hypothecate such shares for a period of 180 days following the date on which this Offering is qualified by the SEC to anyone other than: (i) its affiliates or any selected dealer that may participate in the offering, or (ii) a bona fide officer or partner of



OpenDeal Broker or of any such selected dealer, in each case in accordance with FINRA Conduct Rule 5110(e)(1), or (b) cause such shares to be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of such shares, except as provided for in FINRA Rule 5110(e)(2). On and after 180 days after the date on which this offering is qualified by the SEC, transfers to others may be made subject to compliance with or exemptions from applicable securities laws. There are no registration rights offered to OpenDeal Broker.

The Company may be required to indemnify OpenDeal Broker and possibly other parties with respect to disclosures made in this Memorandum. Any other fees that we may pay to OpenDeal Broker or other third parties will not be commissions or considered as underwriting compensation. OpenDeal Broker has reserved the right to enter into posting agreements with equity crowdfunding firms not associated with FINRA member firms in connection with this Offering, for which we may pay non-contingent fees as compensation.

While our management may promote the Company and this Offering, no other commissions will be paid to anyone in connection with facilitating this Offering.

Fees for Termination of the Engagement Agreement. Should we terminate the Engagement Agreement, other than for an uncured breach of the Engagement Agreement by OpenDeal Broker, we have agreed to pay OpenDeal Broker the greater of: (a) \$25,000.00, or (b) an amount equal to the number of investors in this Offering multiplied by \$25.00.

Potential Conflicts of Interest. This Memorandum does not purport to identify all conflicts of interest. OpenDeal Broker, from time to time, may enter into other transactions not specifically described in this Memorandum with affiliates, officers, managers, members, employees, agents and representatives.

Indemnification and Control

We have agreed to indemnify OpenDeal Broker against liabilities relating to any investigation, claim, or proceeding stemming from the Offering, liabilities arising from breaches of some or all of the representations and warranties contained in the Engagement Agreement, and to contribute to payments that OpenDeal Broker may be required to make for these liabilities.

OpenDeal Broker and their respective affiliates are engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. OpenDeal Broker and their respective affiliates may in the future perform various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.



Section 2: Risk Factors

Investing in the Securities involves a high degree of financial risk. An investment in the Securities is intended only for persons who have no need for immediate liquidity of or income from their investment and who can afford to lose all of their investment. In evaluating an investment in the Company, a prospective investor should carefully consider the risk factors described below, among other risk factors. In addition to the risks specified below, the Company is subject to the same risks that all companies in their business, and all companies in the economy, are exposed to. These include risks relating to economic downturns, political and economic events and technological developments. Potential investors are urged to consult with their financial, legal and tax advisors before deciding to invest.

Risks Related to Our Company

We have a limited operating history upon which to evaluate our performance, and have not yet generated profits or revenue.

We are a new company and have neither generated revenue, nor have we had any significant operating history. As such, it is difficult to determine how we will perform, as our core product has yet to come to market. There can be no assurance that we will ever operate profitably. The likelihood of our success should be considered in light of the problems, expenses, difficulties, complications and delays usually encountered by early stage companies. The Company may not be successful in attaining the objectives necessary for it to overcome these risks and uncertainties.

Global crises such as COVID-19 can have a significant effect on our business operations and revenue projections.

With shelter-in-place orders and non-essential business closings potentially happening throughout 2022 and into the future due to COVID-19, the Company's revenue has been adversely affected.

The amount of capital the Company is attempting to raise in this Offering may not be enough to sustain the Company's current business plan.

In order to achieve the Company's near and long-term goals, the Company may need to procure funds in addition to the amount raised in the Offering. There is no guarantee the Company will be able to raise such funds on acceptable terms or at all. If we are not able to raise sufficient capital in the future, we may not be able to execute our business plan, our continued operations will be in jeopardy and we may be forced to cease operations and sell or otherwise transfer all or substantially all of our remaining assets, which could cause an Investor to lose all or a portion of their investment.

We may face potential difficulties in obtaining capital.

We may have difficulty raising needed capital in the future as a result of, among other factors, our lack of revenues from sales, as well as the inherent business risks associated with our Company and present and future market conditions. We will require additional funds to execute our business strategy and conduct our operations. If adequate funds are unavailable, we may be required to delay, reduce the scope of or eliminate one or more of our research, development or



commercialization programs, product launches or marketing efforts, any of which may materially harm our business, financial condition and results of operations.

We rely on other companies to provide components and services for our products.

We depend on suppliers and contractors to meet our contractual obligations to our customers and conduct our operations. Our ability to meet our obligations to our customers may be adversely affected if suppliers or contractors do not provide the agreed-upon supplies or perform the agreed-upon services in compliance with customer requirements and in a timely and cost-effective manner. Likewise, the quality of our products may be adversely impacted if companies to whom we delegate manufacture of major components or subsystems for our products, or from whom we acquire such items, do not provide components which meet required specifications and perform to our and our customers' expectations. Our suppliers may be unable to quickly recover from natural disasters and other events beyond their control and may be subject to additional risks such as financial problems that limit their ability to conduct their operations. The risk of these adverse effects may be greater in circumstances where we rely on only one or two contractors or suppliers for a particular component. Our products may utilize custom components available from only one source. Continued availability of those components at acceptable prices, or at all, may be affected for any number of reasons, including if those suppliers decide to concentrate on the production of common components instead of components customized to meet our requirements. The supply of components for a new or existing product could be delayed or constrained, or a key manufacturing vendor could delay shipments of completed products to us adversely affecting our business and results of operations.

Our technology is not yet fully developed, and there is no guarantee that we will be able to develop and produce a version of our core product that is ready for mass production.

We still have significant engineering and development work to do before we are ready to deliver a commercially viable version of our product that can be mass produced. We may be unable to develop a version that can easily be replicated and put into mass production via contract manufacturing partners.

Our company does not yet hold any full patents on any products or technology.

While we have filed provisional patent applications, we do not yet hold any full patents on our product, and so cannot guarantee that our product or technology is proprietary nor that it may be copied by another competitor. Because of this, our technology is not currently proprietary and could be copied by other companies. The Company's intellectual property rights may not be sufficiently broad or otherwise may not provide us a significant competitive advantage. In addition, the steps that we have taken to maintain and protect our intellectual property may not prevent it from being challenged, invalidated, circumvented or designed-around, particularly in countries where intellectual property rights are not highly developed or protected. In some circumstances, enforcement may not be available to us because an infringer has a dominant intellectual property position or for other business reasons, or countries may require compulsory licensing of our intellectual property. Our failure to obtain or maintain intellectual property rights that convey competitive advantage, adequately protect our intellectual property or detect or prevent circumvention or unauthorized use of such property, could adversely impact our competitive



position and results of operations. We also rely on nondisclosure and noncompetition agreements with employees, consultants and other parties to protect, in part, trade secrets and other proprietary rights. There can be no assurance that these agreements will adequately protect our trade secrets and other proprietary rights and will not be breached, that we will have adequate remedies for any breach, that others will not independently develop substantially equivalent proprietary information or that third parties will not otherwise gain access to our trade secrets or other proprietary rights. As we expand our business, protecting our intellectual property will become increasingly important. The protective steps we have taken may be inadequate to deter our competitors from using our proprietary information. In order to protect or enforce our patent rights, we may be required to initiate litigation against third parties, such as infringement lawsuits. Also, these third parties may assert claims against us with or without provocation. These lawsuits could be expensive, take significant time and could divert management's attention from other business concerns. The law relating to the scope and validity of claims in the technology field in which we operate is still evolving and, consequently, intellectual property positions in our industry are generally uncertain. We cannot assure you that we will prevail in any of these potential suits or that the damages or other remedies awarded, if any, would be commercially valuable.

The Company is not subject to Sarbanes-Oxley regulations and may lack the financial controls and procedures of public companies.

The Company may not have the internal control infrastructure that would meet the standards of a public company, including the requirements of the Sarbanes Oxley Act of 2002. As a privately-held (non-public) Company, the Company is currently not subject to the Sarbanes Oxley Act of 2002, and its financial and disclosure controls and procedures reflect its status as a development stage, non-public company. There can be no guarantee that there are no significant deficiencies or material weaknesses in the quality of the Company's financial and disclosure controls and procedures. If it were necessary to implement such financial and disclosure controls and procedures, the cost to the Company of such compliance could be substantial and could have a material adverse effect on the Company's results of operations.

We rely on a small management team to execute our business plan.

Our management team is currently small and made up of only one individual, John Vlay, whom we rely on to help us raise funds and help grow our business. Our partnerships and our relationships with commercial landscaping companies is crucial for us to achieve our growth plan. As CEO, John Vlay brings a great deal of experience in this space, and without him, we would struggle to build relationships with commercial landscaping companies.

Although dependent on certain key personnel, the Company does not have any key person life insurance policies on any such people.

We are dependent on certain key personnel in order to conduct our operations and execute our business plan, however, we have not purchased any insurance policies with respect to those individuals in the event of their death or disability. Therefore, if any of these personnel die or become disabled, we will not receive any compensation to assist with such person's absence. The loss of such person could negatively affect us and our operations. We have no way to guarantee



key personnel will stay with us, as many states do not enforce non-competition agreements, and therefore acquiring key man insurance will not ameliorate all of the risk of relying on key personnel.

The Company has the right to limit individual Investor commitment amounts based on the Company's determination of an investor's sophistication.

We may prevent any investor from committing more than a certain amount in this Offering based on our determination of the investor's sophistication and ability to assume the risk of the investment. This means that your desired investment amount may be limited or lowered based solely on the Company's determination. This also means that other investors may receive larger allocations of the Offering based solely on the Company's determination.

Our future revenue plans rely on non-binding letters of intent.

Our corporate partner has signed a non-binding letter of intent and the order it plans to place are not guaranteed, nor has it placed any deposits for these orders. Without the letter of intent, we would have no interest from prospective customers, which may affect our revenue and growth projections.

We could be adversely affected by product liability, personal injury or other health and safety issues.

As with any commercial grade lawn mowing equipment, there are significant health and safety issues that could result from our product being used incorrectly in the market. This could subject our company to liability due to personal safety or property damage issues.

Competitive technologies could limit our ability to successfully deploy our technologies.

We are a new entrant into the commercial landscaping market that is already full of a number of incumbents that have more financing and more operating history than we do. Our success is based on our ability to raise capital in order to achieve a minimum viable product and move into production. Other companies in the space have more resources than we currently do, and may not need to rely on outside investment in order to compete with us.

Many of our competitors have more resources and greater market recognition than we do.

Because we are a new entrant to the commercial landscaping market, there are already a number of companies who have more resources and greater market recognition than we do. Because of this, we may face issues developing a product and technology that can compete with other players in the market. Additionally, many of our competitors have greater brand recognition and an existing set of customers that they will be able to leverage when launching competing technologies. We will be at a disadvantage as we are a new entrant with significantly less resources and minimal market recognition and penetration.

We plan to rely on third-party manufacturers for production at scale.

We will be leveraging contract manufacturers as we build up production scale. Because of this, we will have less control of our supply chain as we grow the business, which could affect our ability to meet customer demand. Additionally, we do not currently have any manufacturers in place, and will need to work to find these relationships before we can begin mass production.



We may need to raise additional capital, which might not be available or might be available only on terms unfavorable to us or our investors.

In order to continue to operate and grow the business, we will likely need to raise additional capital beyond this current financing round by offering shares of our Common or Preferred Stock and/or other classes of equity. All of these would result in dilution to our existing investors, plus they may include additional rights or terms that may be unfavorable to our existing investor base. We cannot assure you that the necessary funds will be available on a timely basis, on favorable terms, or at all, or that such funds, if raised, would be sufficient. The level and timing of future expenditure will depend on a number of factors, many of which are outside our control. If we are not able to obtain additional capital on acceptable terms, or at all, we may be forced to curtail or abandon our growth plans, which could adversely impact the Company, its business, development, financial condition, operating results or prospects.

Risks Related to the Securities in this Offering

Our Certificate of Incorporation include automatic conversion provisions covering the stock issued to our Founders.

Under the terms of our Certificate of Incorporation our Class F Stock will convert into a class of preferred stock subject to the availability of a securities law exemption for the conversion. See "Securities Being Offered" for more information on these conversion terms. These conversion terms may incentivize certain purchasers to purchase shares directly from our founders, or encourage our founders to provide advantageous terms to future investors, terms at which our founders will be able to participate in a limited capacity as well. As such, there may be instances where conflicts could arise between the interests of our holders of Class F Stock and the interests of investors in this offering.

The Bylaws of the Company include a forum selection clause, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our Amended and Restated Bylaws (the "Bylaws") require that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim for breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our Certificate of Incorporation or our Bylaws or (iv) any action asserting a claim governed by the internal affairs doctrine, in each case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein.

Our Bylaws provide that this exclusive forum provision will not apply to claims arising under the Securities Act. Further, this provision will not apply to claims arising under the Exchange Act, as Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. This forum selection provision in our Bylaws may limit our stockholders' ability to obtain a



favorable judicial forum for disputes with us or our directors, officers, employees or agents, which may discourage lawsuits against us and such persons. It is also possible that, notwithstanding the forum selection clause included in our Bylaws, a court could rule that such a provision is inapplicable or unenforceable.

The Company shall not be required to place any funds in escrow for any purpose. All funds received by the Company in this Offering will be immediately available to the Company. The Company shall not be required to place any funds in escrow for any purpose or subject to any condition or occurrence.



Section 3: Requirements for Purchasers

Only the Company is authorized to provide the information contained in this Memorandum or information relating to the Offering, and no one is authorized to communicate any information to you other than what is stated in this Memorandum.

This Offering is only offered on a private placement basis and potential investors are required to inform themselves of, and to observe, any legal restrictions on their involvement in the Offering. In making an investment decision, potential investors must rely on their own examination of the Company and a potential investment in the Company, including the merits and risks involved.

All investors should carefully review this confidential Memorandum and other Offering documents provided by the Company for the fund prior to making an investment decision.

Any investment decision with respect to this Offering must be made solely on this version of the Memorandum, supplementary documents to our Memorandum, and our SAFE.

Prospective purchasers of the shares offered by this Memorandum should give careful consideration to:

- certain risk factors described under the “Risk Factors” section in this Memorandum;
- the speculative nature of this investment;
- the lack of a readily available market for the Series D Preferred shares; and
- the resulting long-term nature of any investment in the Company.

This Offering is available only to suitable “accredited investors” that:

- are allowed to purchase the SAFE;
- have adequate means to accept such risks as presented by this Memorandum; and
- can purchase the SAFE whilst providing for their current needs and contingencies.

Returning Materials for the Closing

We plan to market this Offering to potential investors through the Republic Platform. We will hold an Initial Closing on any number of SAFEs at any time during the Offering Period after we have received notification of approval when we and OpenDeal Broker determine, and thereafter may hold one or more additional closings until we determine to cease having any additional closings during the Offering Period. We will close on proceeds based upon the order in which they are received. We will consider various factors in determining the timing of any additional closings following the Initial Closing, including the amount of proceeds received at the Initial Closing and any prior additional closings.



The initial closing of this subscription shall take place at such date and time as the Company may determine. All subscription documents should be e-signed through the crowdfunding platform maintained by Republic.

OpenDeal Broker and the Company reserve the right at any time to accept or reject all or any portion of any subscription in its sole discretion.

If an investment is rejected in its entirety, all documents will be returned to the Investor. If an investment is accepted in whole or in part, the Subscriber will receive (i) a copy of the accepted SAFE and (ii) a copy of the executed Agreement.

General Suitability Standards

The availability of exemptions from applicable securities laws for any offer and sale of the SAFE depends in part on the qualifications and investment intent of the prospective purchaser.

The rights to certain shares offered will not be sold to any person unless such prospective purchaser or his or her duly authorized representative shall have represented in writing to the Company in a SAFE that:

- (1) The prospective purchaser has adequate means of providing for his or her current needs and personal contingencies and has no need for liquidity in the investment of the SAFE;
- (2) The prospective purchaser's overall commitment to investments which are not readily marketable is not disproportionate to his, her, or its net worth and the investment in the SAFE investment will not cause such overall commitment to become excessive; and
- (3) The prospective purchaser is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act and is suitable for purchase of the SAFE.

Each person acquiring certain rights to Shares will be required to represent that he, she, or it is purchasing the SAFE for his, her, or its own account for investment purposes and not with a view to resale or distribution.

Accredited Investors

The Company will conduct the Offering in such a manner that the SAFE may be sold only to "accredited investors" as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

Each investor should consult its own personal counsel, accountant, financial planners, and other advisors as to the legal, tax, economic and related matters concerning the investment described herein and its suitability as an investor, including whether it would qualify as an "accredited investor." Each investor will be required to provide the necessary documents to verify their status as an "accredited investor."



Other Requirements

No subscription for the SAFE will be accepted from any investor unless he or she is acquiring the SAFE for his or her own account (or accounts as to which he or she has sole investment discretion), for investment and without any view to sale, distribution, or disposition thereof.

The SAFE is NOT FREELY TRANSFERABLE as described in Section 5(d) of the SAFE.

Additionally, the Shares with which investors are purchasing rights to are NOT FREELY TRANSFERABLE because (1) the Shares have not been registered under the Securities Act and those laws prohibit a subsequent transfer without registration under such laws or the availability of an exemption from the registration requirements of such laws, (2) the prospective investor must adhere to additional restrictions on the transfer of the Shares in the Company's Articles of Association, and (3) the Shares will bear a restrictive legend, the language of which is included below.

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR

DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE

COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.

THE SHARES REPRESENTED BY THIS CERTIFICATE MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH

AND MAY BE OBTAINED FROM THE SECRETARY OF THE COMPANY AT NO CHARGE.

Therefore, in purchasing the SAFE in this Offering, the prospective investor must be able to bear the economic risk of the investment for an indefinite period of time and if such investor, as a result of some change in circumstances arising from an event not now in contemplation, wishes to transfer SAFE purchased in this Offering, it may not be able to do so.

Each prospective purchaser of the SAFE may be required to furnish such information as the Company may require, determining whether any person or entity purchasing the SAFE is an Accredited Investor who may purchase the SAFE.



Section 4: Forward Looking Information

THIS PRIVATE PLACEMENT MEMORANDUM MAY CONTAIN FORWARD-LOOKING STATEMENTS AND INFORMATION RELATING TO, AMONG OTHER THINGS, THE COMPANY, ITS BUSINESS PLAN AND STRATEGY, AND ITS INDUSTRY. THESE FORWARD-LOOKING STATEMENTS ARE BASED ON THE BELIEFS OF, ASSUMPTIONS MADE BY, AND INFORMATION CURRENTLY AVAILABLE TO THE COMPANY'S MANAGEMENT. WHEN USED IN THE OFFERING MATERIALS, THE WORDS "ESTIMATE," "PROJECT," "BELIEVE," "ANTICIPATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS, WHICH CONSTITUTE FORWARD LOOKING STATEMENTS. THESE STATEMENTS REFLECT MANAGEMENT'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE THE COMPANY'S ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTAINED IN THE FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE ON WHICH THEY ARE MADE. THE COMPANY DOES NOT UNDERTAKE ANY OBLIGATION TO REVISE OR UPDATE THESE FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER SUCH DATE OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.



Section 5: MD&A and Use of Proceeds

Operating Results – Fiscal Years Ended December 31, 2019 and 2020

On the expense side, in the fiscal year Jan 1, 2019 - Dec 31, 2019 we incurred large costs, with the primary drivers being research and development expenses of \$582,082, sales & marketing expenses of \$45,144, and general & administrative expenses of \$186,089. The total operating expenses for the fiscal year 2019 were \$813,315. In the fiscal year Jan 1, 2020 - Dec 31, 2020, we incurred significantly greater costs, with the primary drivers continuing to be research and development expenses of \$2,031,042, sales & marketing expenses of \$1,805,073, and general & administrative expenses of \$389,442.

Operating Results – Fiscal Periods Ended June 30, 2020 and 2021

In the six months ended June 30, 2020, we increased our expenses to \$1,461,860. This period reflected increased expenses in our legal and professional, research and development, marketing, and administrative expenses. Labor costs from full time and part time employees had also increased as we began to ramp up prototype development efforts.

In the six months ended June 30, 2021, we increased our expenses to \$3,783,868. This period reflects increased expenses in our legal and professional, research and development, marketing, advertising, and administrative expenses. Labor costs from full time and part time employees, contractors, and consultants has also increased as we continued to ramp up product development efforts to ensure a successful rollout of our pilot partner programs.

Since the end of the period covered by our audited financial statements, we expect similar monthly expenses aside from an increase in labor costs from additional full time and part time employees. The team will continue to grow as we push for the completion our mass production ready version, execute our commercial pilot programs, and grow our potential customer base.

Liquidity and Capital Resources – Fiscal Years Ended December 31, 2019 and 2020

As of December 31, 2019, the company's cash on hand was \$64,073. As of December 31, 2020, the company's cash on hand was \$1,181,196. Over the course of 2020, the Company closed on \$3,886,319 in gross proceeds from its Series A Regulation A+ financing round which was offered through SI Securities, LLC.

Liquidity and Capital Resources – For the Six Months Ending June 30, 2021

As of June 30th, 2020, the company's Cash and Cash Equivalents balance was \$1,107.

As of June 30th, 2021, the company's Cash and Cash Equivalents balance was \$107,775.47.

- In 2018, the Company loaned Wavemaker Partners V, L.P \$250,000 at a 6% interest rate. This loan was repaid in 2021.



- In 2019, the Company loaned Future Labs I, Inc. \$3,500 at a 3% interest rate. This loan is due to be repaid in 2022.
- In 2019, Future VC, LLC loaned the company \$14,000 at a 3% interest rate. This loan is due to be repaid in 2022.
- In 2020, Future Labs VII, Inc. loaned the company \$18,398.56 at a 3% interest rate. This loan is due to be repaid in 2022.
- In 2020, Future Labs VI, Inc. loaned the company \$9,500 at a 3% interest rate. This loan is due to be repaid in 2022.
- In 2020, Future VC, LLC loaned the company \$191,607.13 at a 3% interest rate. This loan was repaid in 2021.
- In 2021, the Company loaned Future Labs VII, Inc. \$534,258 at a 3% interest rate. This loan is due to be repaid in 2022.
- In 2021, Future Labs VI, Inc. loaned the Company \$40,000 at a 3% interest rate. This loan is due to be repaid in 2022.
- In 2021, Future Labs VII, Inc. loaned the Company \$8,000 at a 3% interest rate. This loan is due to be repaid in 2022.

As of June 30th, 2021, we have not finalized all closed capital from our Series A fundraising efforts. However, as of the date of this report, the Company had issued 1,300,364 shares of Series A Preferred Stock for gross proceeds of \$9,688,921, \$3,886,319 of which came from its Series A Regulation A+ financing round offered through SI Securities, LLC in 2019 and 2020, and \$5,802,602 of which was raised from the extension of its Series A Regulation A+ financing round offered through StartEngine Primary, LLC in 2021.

The company is not generating revenue and requires the continued infusion of new capital to continue business operations. The company plans to continue to try to raise additional capital through crowdfunding offerings, equity issuances, or any other method available to the company. Absent additional capital, the company may be forced to significantly reduce expenses and could become insolvent.

Plan of Operations

We have not yet generated any revenues and we currently have a small, but growing, team of full time and part time employees and consultants that have helped us build our current product version. Unexpected changes in the engineering labor market due to COVID-19, and related challenges in talent acquisition increased both the cost and time necessary to grow our team compared to the estimates we made in 2019 and 2020. These dynamics led us to decide to raise additional capital



through this offering. If we raise the minimum amount set out in our “Use of Proceeds”, we will begin hiring more engineers to help us complete our product version ready for commercialization, which would allow us to sell product to our early customers. Based on our projections, we estimate that within 12 months, we will have initiated low-volume, in-house production and sell our first commercially viable mowers to our first customers. Raising the minimum amount would likely result in us having to raise additional funds within 12 to 16 months.

We believe the minimum offering amount of proceeds will satisfy our cash requirements to implement our plan of operations, assuming no additional changes in labor market conditions affecting the cost of operations and time needed for talent acquisition. If we are able to raise more than the minimum amount, we will be able to speed up production and sell units to our corporate partners faster than 12 months. Additionally, raising more than the minimum offering will allow us to move faster to scaled manufacturing, which could result in our ability to scale revenue faster as we are able to deliver more units to customers and maintain cost leadership.

Use of Proceeds To The Company

The Company seeks to raise maximum Offering proceeds of \$5,000,000 from the sale of SAFE notes in this Offering. The Company intends to apply these proceeds substantially as set forth herein, subject only to reallocation by Management in the best interests of the Company. This Offering is being conducted to raise money for the Company’s general operations and working capital requirements which include:

- Product Development
- Payroll
- Business Development
- General & Administrative
- Marketing

Use of Proceeds may also include estimated legal and other fees and expenses related to the Offering, including the payment to OpenDeal Broker, a FINRA registered private placement broker-dealer, who will receive of a fee equal to seven and a half percent (7.5%) of the amount raised in this Offering. Furthermore, the Company will pay a fee of approximately two percent (2%) of the amount raised in this Offering for payment processing fees. The OpenDeal Broker commission does not encompass the entirety of the document. We will also incur other offering costs, which include legal, accounting, printing and other costs incurred in this offering.

This Offering is being sold by the Management of the Company. No compensatory sales fees or related commissions will be paid to the Management of the Company.

The Company does not intend to use any proceeds from this offering to pay back any outstanding promissory notes.

Because the offering is a “best efforts,” we may close the offering without sufficient funds for all the intended purposes set out above, or even to cover the costs of this offering.



This Offering is being conducted on a “best efforts” basis and we may not be able to raise enough funds to fully implement our business plan and our investors which may result in the loss of the entire investment of investors/with a minimum Offering amount of \$1,000, such amount must be received before any closing may occur].

The Company reserves the right to change the above use of proceeds if management believes it is in the best interests of the Company.



Section 6: Our Business

Company History

Graze was incorporated on December 4, 2017 when the team saw the need for a robotic lawnmower solution for the commercial landscaping industry that is still being overlooked. At the time, the only robotic lawnmower solutions on the market were small, semi-autonomous mowers for small residential-sized lawns. Small, residential options are not suitable for commercial applications due to their reliance on above or below ground wires and/or beacons for the machine to move around safely. Put simply, the dynamic nature and unit economics of commercial job sites do not allow for small robotic solutions that require a planned infrastructure for navigation. In other words, commercial job site requirements preclude the use of a small mower that “bounces” back and forth in multiple directions inside of a virtual fenced-in lawn; instead, Graze customers require consistent, parallel lines mowed that promote the health of the lawn and desirable aesthetics.

Graze validated the problem, solution, and market fit when one of the largest commercial landscaping companies in the US signed a conditional LOI and began working closely with the team on the development of the product. This LOI outlines interest in purchasing 200 units, for \$30,000 each plus a monthly recurring SaaS (Software as a Service) fee of \$1,000 per unit. Assuming five years of usable life per mower, this LOI represents up to \$18,000,000 in potential revenue. In addition to being the first customer for Graze, Mainscape pledged to help Graze build the right product for their needs. This allows us to take the product to market with fewer iterations and a clear focus on the needs of the customer. In 2020 and 2021, the Company obtained additional LOIs from a number of leading landscaping companies in the US, UK, and Australia. As of June 30, 2021, Graze had LOIs for a total of 335 Graze units collectively, which represents a \$30,150,000 revenue opportunity for Graze over 5 years.

Investors should note that these LOIs only represents potential revenue for the Company. Mainscape and other potential customers are under no obligation to purchase any products and we may never generate any revenue based on these LOIs.

Our CEO, John Vlay has over 35 years of experience in the land maintenance industry coupled with a penchant for technology such as automation. John oversees the strategic direction of the product development team, which is comprised of a number of mechanical, electrical, and systems engineers from Wavemaker Labs. With John Vlay leading the way, the Graze team has already built multiple prototypes and integrated a robust sensor package focused on safety and navigation. In September 2021, we initiated field testing with multiple commercial pilot programs across southern California, including with our first customer, Mainscape, and a private golf course, Sundale Country Club.

Product Overview

Graze is building an electric, fully autonomous commercial lawn mower for the commercial landscaping industry. In order to make the product safe and fully autonomous, the team integrated



a robust sensors package that includes lidar, ultrasonic sensors, initial measurement units, stereo video cameras, GPS, and odometry sensors. When combined, these sensors allow our product to operate safely, mow consistently straight lines, plan paths, avoid obstacles, and collect data. The Graze mower will be electric, safe, and extremely smart:

Electric: Most existing commercial landscaping companies operate gasoline-powered motors that are environmentally unfriendly. By contrast, Graze’s electric mower uses rechargeable batteries which have a much lower environmental impact as compared to gas. In fact, according to the California EPA, one gas mower emits the equivalent emissions as 40 cars on the road on an hourly basis.

Electric lawn mowers are not only better from an emissions standpoint but they also require less support and maintenance. No internal combustion engine means: no spark plugs to clean or change; no engine oil or filters to change; and, no hydraulics, no belts, no pulleys, no clutches and no air filters to manage. A 100% electric mower means Graze customers should simply have to sharpen blades and grease wheels to maintain a working fleet.

Graze mowers will be deployed to work sites via a trailer, which will be used for transportation and storage. Eventually, these trailers will be outfitted with solar panels to assist in charging the mowers’ batteries. As a result, we expect Graze mowers to be able to operate 24/7, day and night. The absence of a combustion engine will also reduce noise pollution.

With Graze electric, driverless machines, future customers will enjoy lower operational costs, a reduced carbon footprint, and ability to operate 24/7 quietly and seamless in densely populated environments. Finally, the Graze mowers return grass clippings back into the soil in a process called mulching, which leads to conservation of soil moisture, improved fertility and health of the soil, reduced weed growth, and enhanced visual appeal of the area.

Safe: There are hundreds of accidents per year in the commercial landscaping industry and unsafe mowing situations can result in bodily harm or worse. With built in sensors and computer vision, our mower will potentially be the safest on the market. Our engineers have designed and integrated a robust safety system into this product comprising both hardware and software solutions. We’ve built-in emergency cut-off buttons located on the product and on remote control devices held by the crew’s manager, and also have smart sensors integrated to detect and avoid obstacles. For example, by utilizing LIDAR and computer vision the mower will know if a human or animal comes within 5 feet of the mower so that it can immediately pause and turn off its blades. Additionally, we believe the most effective tools for safety are the ones that are intuitive - for good measure, we are working on adding an audio command emergency cut-off switch, so that a nearby human can turn off the product with minimal effort.

Smart: Artificial intelligence and machine learning are often misapplied terms. Not in this case. Graze software captures immense and continuous data that is stored, sorted, and fed back into our machine learning algorithms to ensure improved precision, efficiency, and safety. With our future commercialized version, we will be able to track and plan around weather data, detect and defend



against turf and plant diseases, plan and optimize cutting routes, and provide data and analytics to the landscaping industry.

Market

Landscaping services in the United States alone has a market value of over \$114 billion with a trailing 5-year compound annual growth rate (CAGR) of over 5%, according to data between 2016 and 2021. Data from market research firm Statistics Market Research Consulting suggests the global landscaping and gardening market is poised to grow at a CAGR of 7% through at least 2024, indicating the industry could grow to \$140 billion domestically at that time. With a fairly even split in the industry between the commercial and residential segments, commercial landscaping, Graze's target industry, has the opportunity to reach \$70 billion. This is good news for Graze: as the commercial landscaping services industry grows, so does its core offering of lawn mowing.

Lawn mowing is a core component of almost all commercial landscaping businesses. Survey data shows that as much as 46% of gross revenue is derived from mowing services, making commercial lawn mowing a \$23 billion per year industry with the opportunity to grow to \$32 billion in the United States in 2024.

As the demand for mowing services increases, so too will the demand from those service providers for mowing equipment. Over the past five years the commercial lawn mower market has experienced steady growth and that trajectory is expected to continue. Today, the global commercial lawn mower market exceeds \$5 billion, with 40% of demand (\$2.1 billion) coming from the US market. These markets are expected to grow at a 5% CAGR approaching \$7 billion and \$3 billion, respectively, by 2024. More bullish projections suggest, due in large part to factors mentioned below, the domestic commercial lawn mower market could surpass \$4 billion by 2024.

The majority of these markets, both residential and commercial, are concentrated across a few major players, including John Deere, Honda Motor Company, Husqvarna, the Toro Company, and Kubota. Commercial mowers are one of the fastest growing categories of garden equipment and are growing in popularity outside of the United States, especially as urban landscaping and backyard beautification becomes more on trend.

Most of the growth in this market can be attributed to the following:

- Nature-scaping: The consumer demand for housing allows people and nature to coexist with landscaping.
- Demand for greenery in urban settings: The development of sustainable cities, which include introducing more greenery among traditionally urban settings, has increased the demand for mowers that are smaller, easier to operate, and quieter.
- Developing markets: growing demand from developing countries, particularly from governmental agencies in Asia Pacific, where the desire to be more sustainable has increased over the past few years.



- Growing do-it-for-me (DIFM) market: increasing income levels and an aging population have resulted in the DIFM market outpacing the do-it-yourself (DIY) market, increasing the demand for professional landscaping and mowing services.

The combination of increased demand for commercial landscaping and increasing emissions regulations on non-road vehicles (to include commercial lawn mowers) has led to an increased focus on developing more sustainable mowers. This includes producing equipment that is more efficient, less pollutive, and easier to operate, thereby reducing both operational cost and environmental impact. Many of the companies listed above have joined the electric revolution but have been focused on the residential market. Research suggests that commercial users will be quick to adopt new electric technology once products in the market have proven to be able to match the performance of gas-powered mowers while driving down operating costs.

By partnering with industry leaders to ensure our mowers meet performance and cost-cutting requirements, Graze is ready to take its cut of a commercial lawn mower market that is large, growing, and ripe for innovation.

Design and Development

We are currently developing a version of the Graze mower that is ready for commercial sale, which will focus on the features most important to our potential customers: safety, quality mowing, and self-navigation, as well as being ready for production in partnership with contract manufacturers. After we have refined our product via customer feedback during our commercial pilot programs, we will move to scale production and commercialization in 2022.

- **Hardware** – We’ve finalized the design of our zero-turn chassis and 60” mow-deck, including a low form factor to avoid overhead obstacles and maintenance-free, airless radial tires that eliminate the risk of flats.
- **Obstacle Detection and Safety** – After completing the software infrastructure development of our computer vision system, we’ve trained our machine learning algorithms in simulation and in real world field testing to meet our demanding safety standards. The system also successfully detects obstacles such as trees or rocks. Using the same sensors, our software is learning to guide Graze to mow within 12” to 24” around the obstacles. We anticipate significant progress in training our machine learning algorithms during our commercial pilot programs.
- **Navigation** – Our advanced sensor suite, including LiDAR, GPS, and stereo video, allows for precise localization of the Graze mower at the customer site, and exacting navigation for aesthetically pleasing straight mow lines. During our pilot program, we will continue to refine our navigation systems to optimize performance and safety.
- **Charging** – Our integrated rechargeable battery technology powers Graze for up to eight hours per charge, allowing for 20-30 acres mowed per charge, depending on variables such



as the terrain and vegetation type. We'll prove out our battery performance over weeks of mowing at customer sites during our pilot programs.

Manufacturing

The strategy for manufacturing will evolve with production volumes. We've focus on building our first commercially viable mowers in-house, and plan on leveraging contract manufacturers to meet medium-term and long-term demand as we scale. As we successfully deployed our first commercially viable units in 2022, we will shift more resources toward design for manufacture and cost optimization. At the same time, we will complete our selection of a contract manufacturing partner and refine that relationship with the goals of producing the best differentiated product for our customers, and maintaining our edge as a cost leader.

Initial pre-production volumes, roughly on the order of 10-50 units, will be produced in small batches internally. This will allow Graze to rapidly address any issues that may arise and help ensure the best early customer experience and smooth ramp-up for the contract manufacturing. Once released for production, demand will be met by a combination of the output from the contract manufacturer along with our own internal production lines. This will allow Graze to focus on automation and quality programs without restricting production volumes. Contract production will increase, and in time, be the sole source of Graze products.

Sales & Marketing

We believe our mower will resonate with existing commercial landscaping companies because of how it streamlines a number of operational complexities with existing commercial grade mowers, such as labor, retention, training, and safety. Mowing has largely become a commodity where jobs are often awarded based on price only. In fact, landscaping companies often underbid their mowing services and depend on winning the higher margin jobs such as pruning, hedging and pre-fertigation. Instead of a typical 5-10% margin on mowing, we believe our product can increase the margins of commercial lawn mowing to upwards of 40-50%. Furthermore, without the need for additional laborers, these companies will not have the built-in headaches brought on by the labor shortage in the US. If we can prove its value with our commercial pilot partners and additional early customers, we believe other commercial landscaping companies will follow suit.

Competition

We define the autonomous commercial lawn mowing space to be products with mow decks greater than 42", and autonomy systems that do not require physical wires or beacons to define the mowing perimeter. We face competition from large, well-known companies in the lawn mower manufacturing industry such as John Deere, Husqvarna, Toro, Wright, etc. who could potentially enter this market with their own autonomous commercial lawn mower, or by acquiring or partnering with autonomous commercial lawnmowing companies. We have seen two examples of this dynamic in the market so far: Wright Manufacturing's partnership with software company Greensie, and Toro's acquisition of Left Hand Robotics. Both of these are traditional gas-powered, large form factor mowers with limited commercial deployments that we are aware of.



In the first case, Greensie provides autonomy software and off-the-shelf sensors to retrofit Wright's traditional gas-powered ride-on mowers. We find this model to be limiting as Greensie is currently dependent on Wright's gas-powered hardware, while there is no public indication that Wright is building an electric mower, or a new hardware form factor to optimize the benefits of a fully autonomous lawn mower and sensor package. Wright/Greensie claims to have deployed a limited number of their mowers in small-fleet pilot programs. Greensie could pursue other partnerships with electric commercial mowing manufacturers, such as Meangreen, however we are not aware of any at the time of filing. In the second case, Left Hand Robotics, acquired by Toro, builds its own software and hardware, however their hardware was originally built as a snowblower, with modifications in 2020 to mow lawns. Their system is gas-powered and has the largest form factor that we are aware of in the market, which limits its ability to avoid obstacles, make tight turns, and is probably too large to fit on the trailers used by most landscaping companies. We are not aware of any current commercial or prototype deployments of the Toro/Left Hand Robotics system.

We also face competition from early-stage technology companies building electric autonomous commercial lawn mowers. For the size of the potential market, we are surprised that there are only two companies that we are aware of: Scythe Robotics and Renu Robotics. Scythe came out of stealth mode in 2021 with an electric autonomous lawn mower with a larger form factor, limiting its ability to avoid obstacles, make very tight turns, and probably precludes some potential use cases, such as mowing solar farms. Scythe claims to be running small scale pilot programs with a few landscaping companies. We believe Graze is at a similar stage of product development to Scythe, however Graze has publicly demonstrated market traction with over \$30m in potential revenue from LOIs, while Scythe is publicly accepting pre-orders without any announcement as to value of their potential revenue. Renu Robotics is an electric autonomous commercial lawn mower built specifically for vegetation management at solar farms and other energy facilities. Renu has a few unique technologies for their chosen use case, including an enclosed charging station designed to be installed at solar farms, and a very low form factor to navigate underneath solar panels. However, Renu's strategy limits their market to a niche space, and it's not clear that Renu's mower can tackle landscaping use cases requiring higher aesthetic standards, such as golf courses. We are not aware of any prototype or pilot deployments of the Renu mower, nor any commercial availability.

Lastly, Electric Sheep came out of stealth in 2021, providing retrofit hardware and software it claims can be attached to any commercial lawn mower to make it autonomous with minimal training or integration challenges. They also claim to be currently running their first pilot program. Given the challenges of retrofitting autonomy technology on existing vehicles, demonstrated by the Wright/Greensie partnership which uses a fully integrated approach, we are skeptical Electric Sheep will be successful without an existing lawnmowing industry leader partnership to integrate their technology.

Customers



At present, Graze has multiple customers via non-binding LOIs to purchase a total of 335 Graze mowers collectively over 5 years. We initiated commercial pilot programs with two of these customers in September 2021: Mainscape and a commercial golf course. We've demonstrating our market penetration and strategy across the landscaping industry with a diversity of customers:

1) **Large landscaping companies:** These customers require high touch and a long sales cycle but getting one on board could mean hundreds of mowers purchased every 4-6 years. We have proven our product/market fit with this segment by partnering with Mainscape a customer and commercial pilot partner, along with their non-binding interest in ordering 200 mowers via a LOI. We are also in talks with several more of these large landscaping companies. And, for the most part, they have reached out to us and not the other way around.

2) **Small to medium sized landscaping companies:** These customers may only purchase 5-20 Graze mowers at a time but the sales cycle is much shorter. We have proven our product/market fit for this segment by signing a LOI with a small landscaping company for 5 graze mowers. This company will also join us as an R&D partner. The value is clear for these companies as their number one goal is growing market share by outbidding their competition. With Graze they are able to lower their price point and win more job sites without needing a larger workforce and squeezing their own margins. We have received an influx of calls from these smaller companies throughout our campaign and many of them can't wait to get their hands on our Graze product.

3) **Golf courses:** Graze is already prepared to address the majority of golf course landscaping, including roughs and adjacent lawn areas, but we plan on adding reel blades to our mow deck in the future to address 100% of this segment's mowing requirements. We have partnered with a commercial golf course as a customer and commercial pilot partner. This customer pre-ordered 20 graze mowers via LOI, and we will expand our sales efforts to more golf courses. We believe this will be a very different sales process because the business model for a golf course is very different than commercial landscaping companies. The need is clear and our partner is going to help us prove our value to these customers.

4) **Global Landscapers:** This segment represents our long-term potential to deliver our products to various markets all over the world. While our first phase of commercialization will focus on customers in the United States, once we have initiated scaled production, addressing markets outside the US will provide an excellent opportunity for growth. Choosing the right partners in these markets is key, which is why we partnered with UK and Australian landscapers, who signed non-binding LOIs representing 120 mowers collectively. These firms are leaders in their respective markets, providing a wide variety of services for sectors where Graze is proven to be highly-effective, such as parklands and public spaces, hotel and resort complexes, and campuses. Both of these partners will also market the partnership in Australia and the UK, as well as help the company develop and design performance requirements for our Graze mower.

Wavemaker Labs



As a Wavemaker Labs (Future VC, LLC) company, Graze has access to several valuable resources. Wavemaker is both a venture capital (“VC”) firm and a corporate venture studio under one roof, which brings value to Graze in several ways:

Wavemaker Partners

Top-Decile Venture Capital Fund since 2003 with \$600mm+ assets under management

- **Capital** - Wavemaker is the lead investor of Graze and provides valuable insights from over 18 years in the venture ecosystem that will help Graze in current and future capital raises.
- **Customer Introductions** - With an extensive network, Wavemaker is able to provide Graze access to LPs, acquirers, international corporates and other business relationships. Furthermore, Wavemaker Partners is part of the Draper Venture Network, which has 800+ relationships in 550+ corporations around the world. Access to any one of these relationships is one email away.
- **Global Network** - Wavemaker is dual headquartered in LA and Singapore, with offices in New York, Santiago, and Manilla, which gives Graze the ability to scale globally with extensive connections across multiple continents.

Wavemaker Labs

Corporate Innovation Venture Studio

- **Connections** - Wavemaker Labs has internal teams spanning finance, marketing, human resources, and operations that can assist Graze in growing its business.
- **Resources** - Graze benefits from free office space, accounting, legal, and various other resources to keep the business lean during its early growth stages.
- **Product Acceleration** - In-house roboticists and engineers are devoting time and energy to evaluate and build the initial software and hardware packages for Graze.
- **Focus and Track Record** - Wavemaker Labs has a history of commercializing robotics in Food and Agriculture, which provides Graze with valuable expertise and insights at no cost.

Employees

The Company currently has one dedicated executive, CEO John Vlay. Graze also relies on part time contractors for a variety of functions, including marketing, business development, and finance. As a part of our capital raise, we plan to initially hire a number of engineers to assist in future research and development, with the main goal of finishing our minimum viable product and



preparing for production. Additional hires will include individuals in sales, marketing, and administrative roles.



Section 7: Management of the Company

Directors, Executive Officers, and Significant Employees

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Term in Office</u>
Executive Officers			
John Vlay	CEO	62	Indefinite, appointed May 2019
Kevin Morris	CFO	40	Indefinite, appointed September 2019
Directors			
James Jordan	Director	41	Indefinite, appointed December 2017

James Jordan, Chairman

James has been a Partner at Wavemaker Partners since 2018 and founded Wavemaker Labs, a corporate venture studio in 2016. Prior to that, James was Manager Partner at early-stage venture fund Canyon Creek Capital, a position he has held since 2010. James (“**Buck**”) is a technologist and early-stage venture investor with a successful track record of building businesses at the leading edge of technology and in transformative high growth markets, such as robotics, digital media, and consumer products. He has led investments in successful startups such as Relativity Space, Gyft, Winc, Miso Robotics, ChowNow, Jukin Media and others. His operating expertise was honed during his time as a management consultant, working on Capitol Hill in Senator Arlen Specter’s office, and as an Army Blackhawk Pilot.

John Vlay, CEO

John led Jensen Landscape as Chairman, CEO, and President for eleven of his 35 years with this award-winning landscape construction and maintenance company. He design-built the San Francisco Bay Area’s first green roof at the GAP headquarters and oversaw the iconic California Academy of Sciences two-and-a-half acre green roof in Golden Gate Park. Under John’s leadership, Jensen acquired a maintenance company in 2008 to extend Jensen’s geographic reach to Sacramento and the North Bay before selling Jensen Landscape to private equity backed Monarch Landscape in 2016. There John oversaw Safety for Monarch’s six rollup companies in five states and worked with the Monarch CEO on acquisition prospects. John left Jensen in 2018, after which he has engaged in a number of consulting roles. As a member of Vistage, a CEO advisory group, John has gained insights into many varied businesses and is currently involved with two other landscape related companies with unique patented products. John is a graduate of the University of California, Los Angeles (UCLA) in Business and Economics.

Kevin Morris, CFO

Kevin oversees operations, finance and strategy at Wavemaker Labs, a corporate venture studio founded in 2016. He also serves as the CFO of Miso Robotics, a robotic kitchen assistant company in Southern California. Prior to that, Kevin was a COO/CFO of Denim.LA, Inc. (dba “**DSTLD**”),



where he oversaw operations, finance, customer service and market strategy and analytics from 2014-2019. Before DSTLD, Kevin was the Vice President of Sales at Elegant Sports (Adidas Gymnastics) from 2013 to 2014 and worked at the International Revenue Management sector of American Airlines from 2012-2013. Kevin obtained an MBA from the UCLA Anderson School of Management in 2011.

Rob Anderson, Advisor

Rob is currently an advisor to Graze and brings years of experience in mechanical engineering to the team. Additionally, Rob Anderson is a Co-Founder and the Head of Mechanical Engineering at Miso Robotics. He leads the hardware development of Miso's autonomous cooking platform. Rob is driven to build teams around technology to elevate the way people eat and live their daily lives. Prior to founding Miso Robotics, Rob worked at Microsoft where he supported the international development of the Surface manufacturing lines. At SpaceX, Rob also helped develop internal tools to understand component lifetime after multiple rocket launches. He earned his degree in Mechanical Engineering from the California Institute of Technology where he founded an interdisciplinary program to evaluate the next generation of energy storage for vehicles.

Sander Pruijs, Advisor

Sander Pruijs is currently an advisor to Graze and a member of the Wholesale, Rural & Retail Management Team for Rabobank Group. In his capacity as Global Head, he is responsible for the rural banking businesses in Australia, New Zealand, Brazil, Chile, and North America, as well as for Rabobank N.A. in California (RNA) and Rabobank Indonesia. Mr. Pruijs holds a number of leadership roles including: Chairman of the Board for RNA; President Commissioner of the Board of Commissioners for Rabobank Indonesia; Member of the Board for Rabobank Australia; Member of the Board for Rabobank New Zealand. A global-banking executive, Mr. Pruijs joined Rabobank in 2008, and has overseen a number of operations in Asia, Australia, New Zealand, Poland, Ireland and the Netherlands. Prior to joining Rabobank, he held progressive leadership roles for ABN AMRO Bank, where he began his career in 1984. Mr. Pruijs holds a Master's Degree in Business Law from Leiden University, the Netherlands. In 2013, he attended the Advanced Management Program (AMP 184) at Harvard Business School.

Compensation of Directors and Executive Officers

Through December 31, 2021 we compensated our highest paid directors and executive officers as follows:

Name	Capacity in which compensation was received	Cash Compensation	Other Compensation	Total Compensation
John Vlay	CEO	\$150,000	\$0	\$150,000
James Jordan	Chairman	\$0	\$0	\$0
Kevin Morris	CFO	\$0	\$0	\$0

Section 8: Dilution

Dilution

Dilution means a reduction in value, control or earnings of the shares the investor owns.

The value of an investor's shares in the Company will be subject to dilution from future issuances of shares. The Company intends to issue additional equity to employees and third-party financing sources in amounts that are uncertain at this time, and consequently holders of Series D Preferred will be subject to dilution in an unpredictable amount. Such dilution may reduce investor control and economic interests in the Company.

Additional financing will be needed by the Company as the Company's business progresses. Generally financing (whether in the form of loans or the issuance of other Shares) is intended to provide the Company with enough capital to reach the next major corporate milestone. In certain circumstances the Company may have to resort to raising additional capital at a price lower than the current Offering price. The availability of capital is at least partially a function of capital market conditions that are beyond the control of the Company. There can be no assurance that the Company will always be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. Failure to obtain financing on favorable terms could erode the value of the Series D Preferred Shares.

Section 9: Controlling Interests

Security Ownership of Management and Certain Security Holders

<u>Title of Class</u>	<u>Name and address of beneficial owner</u>	<u>Amount and nature of beneficial ownership</u>	<u>Amount and nature of beneficial ownership acquirable</u>	<u>Percent of class</u>
Class F Stock	James Jordan	9,375 shares held directly, and 830,190 shares held through Future VC, LLC.	N/A	37.31%
Class F Stock	Future VC, LLC	1,779,996 shares held directly	N/A	79.11%
Series A-1	James Jordan	3,125 shares held directly and 276,730 shares held through Future VC, LLC	N/A	37.32%
Series A-1	Future VC, LLC	593,331 shares held directly	N/A	79.11%
Series A	John Vlay	13,793 shares held directly	N/A	0.295%
Common Stock	John Vlay	0 shares held directly	382,170	100.00%
Common Stock	Kevin Morris	0 shares held directly	32,967	100.00%

Amounts are as of September 1, 2021. The final column (Percent of Class) includes a calculation of the amount the person owns now, plus the amount that person is entitled to acquire. That amount is then shown as a percentage of the outstanding amount of securities in that class if no other people exercised their rights to acquire those securities. The result is a calculation of the maximum amount that person could ever own based on their current and acquirable ownership, which is why the amounts in this column will not add up to 100%.

All shares of Common Stock were converted into Class F Stock as of October 2019. 25% of the Class F stock was converted to Series A-1 stock as of July 2020.

James Jordan owns 46.64% of Future VC, LLC and therefore 1,106,920 shares of Future Labs V, Inc., which is split into 276,730 shares of Series A-1 stock and 830,190 shares of Class F.

Section 10: Litigation

There is no pending action, suit, proceeding, arbitration, mediation, complaint, claim, charge or investigation before any court, arbitrator, mediator or governmental body, or to the Company's knowledge, currently threatened in writing (a) against the Company or (b) against any consultant, officer, manager, director or key employee of the Company arising out of his or her consulting, employment or board relationship with the Company or that could otherwise materially impact the Company.



Section 11: Description of the SAFE

The Company is offering a maximum allocation of \$5,000,000. The SAFE is being offered and sold only to “accredited investors” as defined in Rule 501(a) of Regulation D under the Securities Act.

The Investor is not entitled, as a holder of this Safe, to vote or be deemed a holder of Capital Stock for any purpose other than tax purposes, nor will anything in this Safe be construed to confer on the Investor, as such, any rights of a Company stockholder or rights to vote for the election of directors or on any matter submitted to Company stockholders, or to give or withhold consent to any corporate action or to receive notice of meetings, until shares have been issued.

Investors are only entitled to profit distributions proportionate to their shares of ownership when and if declared by the Management of the Company out of funds legally available as described in Section 5(c) of the SAFE.

The Company to date has not given any such profit distributions. Future profit distribution policies are subject to the discretion of Management of the Company and will depend upon a number of factors, including among other things, the capital requirements and the financial condition of the Company.



Section 12: Transfer Agent and Registrar

WAX, Inc. will act as the transfer agent and registrar with respect to the shares offered.



Section 13: Plan of Placement

The SAFE is offered directly by the Managing Members of the Company on the terms and conditions set forth in this Memorandum.

The Company is offering the SAFE on a “best efforts” basis. The Company will use its best efforts to sell the SAFE to investors. There can be no assurance that all or any of the offering will be sold.

Flow of Funds

Cash received in connection with purchases related to the Offering will be immediately available to the Company. The Company shall not be required to place any funds in escrow for any purpose or subject to any condition or occurrence.

Our Subscription Process

Our subscription process for all SAFE investments offered in the Offering will include, among other things, a link to this Memorandum (or a future, supplemented version of this Memorandum, as appropriate at such time), with the assistance of OpenDeal Broker, with which we have entered into the Engagement Agreement, prompts to provide KYC, AML, accreditation and other required information (or to update such information if we already have such information on file for such person) and a subscription agreement to complete electronically. The subscription agreement will contain payment instructions. Prospective purchasers will be able to access our subscription process on the Republic Platform made available to us from OpenDeal Broker at <https://www.republic.com/> that is operated for the benefit of OpenDeal Broker, a wholly owned subsidiary of Republic. All potential investors must consent to the receipt of all offering documents electronically and to the validity of all offering agreements and other instruments completed electronically.

Once you submit the subscription agreement, you may not revoke or change your subscription or request a return of your subscription consideration. However, we reserve the right to reject any investor’s subscription in whole or in part, for any reason or no reason, in our sole discretion. Reasons we may reject a subscription include, without limitation, failure to be an “accredited investor” under Regulation D, failure to meet KYC or AML standards, and rejections (including partial rejections) due to oversubscription. Investors in the Offering will not have the right to revoke their subscription before the Offering is complete. Cash received in the Offering will be placed into the same bank account established by Prime Trust, LLC for the benefit of the Offering.

OpenDeal Broker is a registered broker dealer CRD#: 297797/SEC#: 8-70188 located at 1345 Avenue of the Americas, 15th Fl, New York, NY 10105.



OPENDEAL BROKER HAS NOT INVESTIGATED (NOR HAVE ANY OF ITS AFFILIATES INVESTIGATED) THE DESIRABILITY OR ADVISABILITY OF AN INVESTMENT IN THIS OFFERING OR THE SECURITIES OFFERED HEREIN. OPENDEAL BROKER AND ITS AFFILIATES MAKE NO REPRESENTATIONS, WARRANTIES, ENDORSEMENTS, OR JUDGMENT ON THE MERITS OF THE OFFERING OR THE SECURITIES OFFERED HEREIN. OPENDEAL BROKER'S CONNECTION TO THE OFFERING IS SOLELY FOR THE LIMITED PURPOSES OF ACTING AS A SERVICE PROVIDER.

Section 14: Closing Requirements

In order to complete the closing process in this Offering, each Purchaser will be required to complete such documentation as may be requested by ODB on behalf of the Company, which may include, without limitation: (1) the execution and delivery of a token purchase agreement; (2) completion of purchaser qualification requirements (status as an Accredited Investor under Regulation D and KYC/AML or KYB (if applicable) screening requirements; (3) clearance from ODB's regulation best interest requirements, and (4) confirmation by ODB of BitPay's receipt of funds (collectively, the "Closing Requirements").

The proceeds of this Offering will be disbursed to the Company intermittently throughout the closing process, provided that all applicable Closing Requirements associated with such proceeds must be satisfied prior to disbursement.



Section 15: Additional information

Please be assured that as a prospective investor you may ask the Company questions and receive answers concerning the terms and conditions of this Offering and obtain any additional information which the Company possesses, or can acquire without unreasonable effort or expense, to verify the accuracy of the information provided in this PPM.

The telephone number for the Company is (626) 243-2871.

Dedicated email for the Company for this Offering is invest@grazemowing.com

The website for the Company is <https://www.grazemowing.com/>

The address of the Company is 1661 E Franklin Ave, El Segundo, CA 90245



EXHIBIT A

Simple Agreement for Future Equity (SAFE)



EXHIBIT B

Financial Statements



EXHIBIT C

Letter of Intent

PRE-MONEY VALUATION CAP

THIS INSTRUMENT AND ANY SECURITIES ISSUABLE PURSUANT HERETO HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED IN THIS SAFE AND UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM.

GRAZE, INC.**SAFE
(Simple Agreement for Future Equity)**

THIS CERTIFIES THAT in exchange for the payment by [Investor Name] (the “Investor”) of \$[_____] (the “Purchase Amount”) on or about August 2, 2022, Graze, Inc., a Delaware corporation (the “Company”), issues to the Investor the right to certain shares of the Company’s Capital Stock, subject to the terms described below.

The “Pre-Money Valuation Cap” is \$60,000,000. See **Section 2** for certain additional defined terms.

1. Events

(a) **Equity Financing.** If there is an Equity Financing before the termination of this Safe, on the initial closing of such Equity Financing, this Safe will automatically convert into the greater of: (1) the number of shares of Standard Preferred Stock equal to the Purchase Amount divided by the lowest price per share of the Standard Preferred Stock; or (2) the number of shares of Safe Preferred Stock equal to the Purchase Amount divided by the Safe Price.

In connection with the automatic conversion of this Safe into shares of Standard Preferred Stock or Safe Preferred Stock, the Investor will execute and deliver to the Company all of the transaction documents related to the Equity Financing; *provided*, that such documents (i) are the same documents to be entered into with the purchasers of Standard Preferred Stock, with appropriate variations for the Safe Preferred Stock if applicable, and (ii) have customary exceptions to any drag-along applicable to the Investor, including (without limitation) limited representations, warranties, liability and indemnification obligations for the Investor.

(b) **Liquidity Event.** If there is a Liquidity Event before the termination of this Safe, this Safe will automatically be entitled (subject to the liquidation priority set forth in Section 1(d) below) to receive a portion of Proceeds, due and payable to the Investor immediately prior to, or concurrent with, the consummation of such Liquidity Event, equal to the greater of (i) the Purchase Amount (the “Cash-Out Amount”) or (ii) the amount payable on the number of shares of Common Stock equal to the Purchase Amount divided by the Liquidity Price (the “Conversion Amount”). If any of the Company’s securityholders are given a choice as to the form and amount of Proceeds to be received in a Liquidity Event, the Investor will be given the same choice, *provided* that the Investor may not choose to receive a form of consideration that the Investor would be ineligible to receive as a result of the Investor’s failure to satisfy any requirement or limitation generally applicable to the Company’s securityholders, or under any applicable laws.

Notwithstanding the foregoing, in connection with a Change of Control intended to qualify as a tax-free reorganization, the Company may reduce the cash portion of Proceeds payable to the Investor by the amount determined by its board of directors in good faith for such Change of Control to qualify as a tax-free reorganization for U.S. federal income tax purposes, provided that such reduction (A) does not reduce the total Proceeds payable to such Investor and (B) is applied in the same manner and on a pro rata basis to all securityholders who have equal priority to the Investor under Section 1(d).

(c) **Dissolution Event.** If there is a Dissolution Event before the termination of this Safe, the Investor will automatically be entitled (subject to the liquidation priority set forth in Section 1(d) below) to receive a portion of Proceeds equal to the Cash-Out Amount, due and payable to the Investor immediately prior to the consummation of the Dissolution Event.

(d) **Liquidation Priority.** In a Liquidity Event or Dissolution Event, this Safe is intended to operate like standard non-participating Preferred Stock. The Investor’s right to receive its Cash-Out Amount is:

PRE-MONEY VALUATION CAP

(i) Junior to payment of outstanding indebtedness and creditor claims, including contractual claims for payment and convertible promissory notes (to the extent such convertible promissory notes are not actually or notionally converted into Capital Stock);

(ii) On par with payments for other Safes and/or Preferred Stock, and if the applicable Proceeds are insufficient to permit full payments to the Investor and such other Safes and/or Preferred Stock, the applicable Proceeds will be distributed pro rata to the Investor and such other Safes and/or Preferred Stock in proportion to the full payments that would otherwise be due; and

(iii) Senior to payments for Common Stock.

The Investor's right to receive its Conversion Amount is (A) on par with payments for Common Stock and other Safes and/or Preferred Stock who are also receiving Conversion Amounts or Proceeds on a similar as-converted to Common Stock basis, and (B) junior to payments described in clauses (i) and (ii) above (in the latter case, to the extent such payments are Cash-Out Amounts or similar liquidation preferences).

(e) **Termination.** This Safe will automatically terminate (without relieving the Company of any obligations arising from a prior breach of or non-compliance with this Safe) immediately following the earliest to occur of: (i) the issuance of Capital Stock to the Investor pursuant to the automatic conversion of this Safe under Section 1(a); or (ii) the payment, or setting aside for payment, of amounts due the Investor pursuant to Section 1(b) or Section 1(c).

2. Definitions

“**Capital Stock**” means the capital stock of the Company, including, without limitation, the “**Common Stock**” and the “**Preferred Stock**.”

“**Change of Control**” means (i) a transaction or series of related transactions in which any “person” or “group” (within the meaning of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the outstanding voting securities of the Company having the right to vote for the election of members of the Company's board of directors, (ii) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company.

“**Company Capitalization**” is calculated as of immediately prior to the Equity Financing and (without double-counting, in each case calculated on an as-converted to Common Stock basis):

- Includes all shares of Capital Stock issued and outstanding;
- Includes all Converting Securities;
- Includes all (i) issued and outstanding Options and (ii) Promised Options; and
- Includes the Unissued Option Pool, except that any increase to the Unissued Option Pool in connection with the Equity Financing shall only be included to the extent that the number of Promised Options exceeds the Unissued Option Pool prior to such increase.

“**Converting Securities**” includes this Safe and other convertible securities issued by the Company, including but not limited to: (i) other Safes; (ii) convertible promissory notes and other convertible debt instruments; and (iii) convertible securities that have the right to convert into shares of Capital Stock.

“**Direct Listing**” means the Company's initial listing of its Common Stock (other than shares of Common Stock not eligible for resale under Rule 144 under the Securities Act) on a national securities exchange by means of an effective registration statement on Form S-1 filed by the Company with the SEC that registers shares of existing capital stock of the Company for resale, as approved by the Company's board of directors. For the avoidance of doubt, a Direct Listing shall not be deemed to be an underwritten offering and shall not involve any underwriting services.

PRE-MONEY VALUATION CAP

“**Dissolution Event**” means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Company’s creditors or (iii) any other liquidation, dissolution or winding up of the Company (**excluding** a Liquidity Event), whether voluntary or involuntary.

“**Dividend Amount**” means, with respect to any date on which the Company pays a dividend on its outstanding Common Stock, the amount of such dividend that is paid per share of Common Stock multiplied by (x) the Purchase Amount divided by (y) the Liquidity Price (treating the dividend date as a Liquidity Event solely for purposes of calculating such Liquidity Price).

“**Equity Financing**” means a bona fide transaction or series of transactions with the principal purpose of raising capital, pursuant to which the Company issues and sells Preferred Stock at a fixed valuation, including but not limited to, a pre-money or post-money valuation.

“**Initial Public Offering**” means the closing of the Company’s first firm commitment underwritten initial public offering of Common Stock pursuant to a registration statement filed under the Securities Act.

“**Liquidity Capitalization**” is calculated as of immediately prior to the Liquidity Event, and (without double-counting, in each case calculated on an as-converted to Common Stock basis):

- Includes all shares of Capital Stock issued and outstanding;
- Includes all (i) issued and outstanding Options and (ii) to the extent receiving Proceeds, Promised Options;
- Includes all Converting Securities, **other than** any Safes and other convertible securities (including without limitation shares of Preferred Stock) where the holders of such securities are receiving Cash-Out Amounts or similar liquidation preference payments in lieu of Conversion Amounts or similar “as-converted” payments; and
- Excludes the Unissued Option Pool.

“**Liquidity Event**” means a Change of Control, a Direct Listing or an Initial Public Offering.

“**Liquidity Price**” means the price per share equal to the Pre-Money Valuation Cap divided by the Liquidity Capitalization.

“**Options**” includes options, restricted stock awards or purchases, RSUs, SARs, warrants or similar securities, vested or unvested.

“**Proceeds**” means cash and other assets (including without limitation stock consideration) that are proceeds from the Liquidity Event or the Dissolution Event, as applicable, and legally available for distribution.

“**Promised Options**” means promised but ungranted Options that are the greater of those (i) promised pursuant to agreements or understandings made prior to the execution of, or in connection with, the term sheet or letter of intent for the Equity Financing or Liquidity Event, as applicable (or the initial closing of the Equity Financing or consummation of the Liquidity Event, if there is no term sheet or letter of intent), (ii) in the case of an Equity Financing, treated as outstanding Options in the calculation of the Standard Preferred Stock’s price per share, or (iii) in the case of a Liquidity Event, treated as outstanding Options in the calculation of the distribution of the Proceeds.

“**Safe**” means an instrument containing a future right to shares of Capital Stock, similar in form and content to this instrument, purchased by investors for the purpose of funding the Company’s business operations. References to “this Safe” mean this specific instrument.

“**Safe Preferred Stock**” means the shares of the series of Preferred Stock issued to the Investor in an Equity Financing, having the identical rights, privileges, preferences and restrictions as the shares of Standard Preferred Stock, other than with respect to: (i) the per share liquidation preference and the initial conversion price for purposes of price-based anti-dilution protection, which will equal the Safe Price; and (ii) the basis for any dividend rights, which will be based on the Safe Price.

PRE-MONEY VALUATION CAP

“**Safe Price**” means the price per share equal to the Pre-Money Valuation Cap divided by the Company Capitalization.

“**Standard Preferred Stock**” means the shares of the series of Preferred Stock issued to the investors investing new money in the Company in connection with the initial closing of the Equity Financing.

“**Unissued Option Pool**” means all shares of Capital Stock that are reserved, available for future grant and not subject to any outstanding Options or Promised Options (but in the case of a Liquidity Event, only to the extent Proceeds are payable on such Promised Options) under any equity incentive or similar Company plan.

3. Company Representations

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.

(b) The execution, delivery and performance by the Company of this Safe is within the power of the Company and has been duly authorized by all necessary actions on the part of the Company (subject to section 3(d)). This Safe constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity. To its knowledge, the Company is not in violation of (i) its current certificate of incorporation or bylaws, (ii) any material statute, rule or regulation applicable to the Company or (iii) any material debt or contract to which the Company is a party or by which it is bound, where, in each case, such violation or default, individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on the Company.

(c) The performance and consummation of the transactions contemplated by this Safe do not and will not (i) violate any material judgment, statute, rule or regulation applicable to the Company; (ii) result in the acceleration of any material debt or contract to which the Company is a party or by which it is bound; or (iii) result in the creation or imposition of any lien on any property, asset or revenue of the Company or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to the Company, its business or operations.

(d) No consents or approvals are required in connection with the performance of this Safe, other than: (i) the Company’s corporate approvals; (ii) any qualifications or filings under applicable securities laws; and (iii) necessary corporate approvals for the authorization of Capital Stock issuable pursuant to Section 1.

(e) To its knowledge, the Company owns or possesses (or can obtain on commercially reasonable terms) sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, processes and other intellectual property rights necessary for its business as now conducted and as currently proposed to be conducted, without any conflict with, or infringement of the rights of, others.

4. Investor Representations

(a) The Investor has full legal capacity, power and authority to execute and deliver this Safe and to perform its obligations hereunder. This Safe constitutes valid and binding obligation of the Investor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity.

(b) The Investor is an accredited investor as such term is defined in Rule 501 of Regulation D under the Securities Act, and acknowledges and agrees that if not an accredited investor at the time of an Equity Financing, the Company may void this Safe and return the Purchase Amount. The Investor has been advised that this Safe and the underlying securities have not been registered under the Securities Act, or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. The Investor is purchasing this Safe and the securities to be acquired by the Investor hereunder for its own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and the Investor has no present intention of selling, granting any participation in,

PRE-MONEY VALUATION CAP

or otherwise distributing the same. The Investor has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing the Investor's financial condition and is able to bear the economic risk of such investment for an indefinite period of time.

5. Miscellaneous

(a) Any provision of this Safe may be amended, waived or modified by written consent of the Company and either (i) the Investor or (ii) the majority-in-interest of all then-outstanding Safes with the same "Pre-Money Valuation Cap" and "Discount Rate" as this Safe (and Safes lacking one or both of such terms will be considered to be the same with respect to such term(s)), *provided that* with respect to clause (ii): (A) the Purchase Amount may not be amended, waived or modified in this manner, (B) the consent of the Investor and each holder of such Safes must be solicited (even if not obtained), and (C) such amendment, waiver or modification treats all such holders in the same manner. "Majority-in-interest" refers to the holders of the applicable group of Safes whose Safes have a total Purchase Amount greater than 50% of the total Purchase Amount of all of such applicable group of Safes.

(b) Any notice required or permitted by this Safe will be deemed sufficient when delivered personally or by overnight courier or sent by email to the relevant address listed on the signature page, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address listed on the signature page, as subsequently modified by written notice.

(c) The Investor is not entitled, as a holder of this Safe, to vote or be deemed a holder of Capital Stock for any purpose other than tax purposes, nor will anything in this Safe be construed to confer on the Investor, as such, any rights of a Company stockholder or rights to vote for the election of directors or on any matter submitted to Company stockholders, or to give or withhold consent to any corporate action or to receive notice of meetings, until shares have been issued on the terms described in Section 1. However, if the Company pays a dividend on outstanding shares of Common Stock (that is not payable in shares of Common Stock) while this Safe is outstanding, the Company will pay the Dividend Amount to the Investor at the same time.

(d) Neither this Safe nor the rights in this Safe are transferable or assignable, by operation of law or otherwise, by either party without the prior written consent of the other; *provided, however*, that this Safe and/or its rights may be assigned without the Company's consent by the Investor (i) to the Investor's estate, heirs, executors, administrators, guardians and/or successors in the event of Investor's death or disability, or (ii) to any other entity who directly or indirectly, controls, is controlled by or is under common control with the Investor, including, without limitation, any general partner, managing member, officer or director of the Investor, or any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or shares the same management company with, the Investor; and *provided, further*, that the Company may assign this Safe in whole, without the consent of the Investor, in connection with a reincorporation to change the Company's domicile.

(e) In the event any one or more of the provisions of this Safe is for any reason held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this Safe operate or would prospectively operate to invalidate this Safe, then and in any such event, such provision(s) only will be deemed null and void and will not affect any other provision of this Safe and the remaining provisions of this Safe will remain operative and in full force and effect and will not be affected, prejudiced, or disturbed thereby.

(f) All rights and obligations hereunder will be governed by the laws of the State of [Governing Law Jurisdiction], without regard to the conflicts of law provisions of such jurisdiction.

(g) The parties acknowledge and agree that for United States federal and state income tax purposes this Safe is, and at all times has been, intended to be characterized as stock, and more particularly as common stock for purposes of Sections 304, 305, 306, 354, 368, 1036 and 1202 of the Internal Revenue Code of 1986, as amended. Accordingly, the parties agree to treat this Safe consistent with the foregoing intent for all United States federal and state income tax purposes (including, without limitation, on their respective tax returns or other informational statements).

(Signature page follows)

IN WITNESS WHEREOF, the undersigned have caused this Safe to be duly executed and delivered.

[COMPANY]

By: _____

Graze, Inc.
Kevin Morris, CFO

Address: 1661 E. Franklin Ave.

El Segundo, CA 90245

Email: _____

INVESTOR:

By: _____

Name: _____

Title: _____

Address: _____

Email: _____

GRAZE, INC.
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2021 AND 2020



To the Board of Directors of
Graze, Inc.
Santa Monica, CA

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Graze, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in stockholders' equity/(deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 2 to the financial statements, the Company has not generated profits since inception, has sustained net losses of \$8,179,791 and \$4,222,632 for the years ended December 31, 2021 and 2020, respectively, and has incurred negative cash flows from operations for years ended December 31, 2021 and 2020. As of December 31, 2021, the Company had an accumulated deficit of \$13,218,306, limited liquid assets with \$31,045 of cash, and a working capital deficit of \$371,712. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Artesian CPA, LLC

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

/s/ **Artesian CPA, LLC**
Denver, Colorado
May 1, 2022

Artesian CPA, LLC

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GRAZE, INC.
BALANCE SHEETS

	December 31,	
	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 31,045	\$ 1,181,196
Due from related party	15,450	-
Loan receivable, related party	342,056	678,753
Interest receivable, related party	41,874	53,937
Subscription receivable	113,448	-
Deferred offering costs	-	15,000
Total assets	\$ 543,873	\$ 1,928,886
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable, related party	\$ 517,764	\$ 1,700,012
Accounts payable	64,063	137,938
Accrued expenses, related party	-	5,000
Deferred revenue	500	-
Loan payable, related party	315,607	495,727
Interest payable, related party	17,651	15,455
Total liabilities	915,585	2,354,132
Commitments and contingencies (Note 11)		
Stockholders' equity (deficit):		
Series A Preferred stock, \$0.0001 par value, 2,830,278 shares authorized, 1,888,487 and 950,295 shares issued and outstanding as of December 31, 2021 and 2020, respectively; liquidation preference of \$10,953,226 as of December 31, 2021	189	95
Series A-1 Preferred stock, \$0.0001 par value, 750,000 shares authorized, 736,993 and 749,977 shares issued and outstanding as of December 31, 2021 and 2020, respectively; liquidation preference of \$368,497 as of December 31, 2021	74	75
Class F stock, \$0.0001 par value, 3,000,000 shares authorized, 2,211,070 and 2,250,023 shares issued and outstanding as of December 31, 2021 and 2020, respectively	221	225
Common stock, \$0.0001 par value, 10,000,000 shares authorized, 0 shares issued and outstanding as of both December 31, 2021 and 2020	-	-
Additional paid-in capital	13,147,339	4,612,874
Treasury stock	(301,229)	-
Accumulated deficit	(13,218,306)	(5,038,515)
Total stockholders' equity (deficit)	(371,712)	(425,246)
Total liabilities and stockholders' equity (deficit)	\$ 543,873	\$ 1,928,886

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

GRAZE, INC.

STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2021	2020
Net revenue	\$ -	\$ -
Operating expenses:		
Research and development	6,981,267	2,031,042
Sales and marketing	694,885	1,805,073
General and administrative	545,969	389,442
Total operating expenses	8,222,121	4,225,557
Loss from operations	(8,222,121)	(4,225,557)
Other income (expense):		
Interest income	52,054	27,788
Other income	-	9,000
Interest expense	(9,724)	(33,863)
Total other income (expense), net	42,330	2,925
Provision for income taxes	-	-
Net loss	\$ (8,179,791)	\$ (4,222,632)
Weighted average common shares outstanding - basic and diluted	-	-
Net loss per common share - basic and diluted	\$ -	\$ -

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

GRAZE, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

	Preferred Stock				Class F Stock		Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Series A		Series A-1		Shares	Amount	Shares	Amount				
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balances at December 31, 2019	-	\$ -	-	\$ -	3,000,000	\$ 300	-	\$ -	\$ 360,648	\$ -	\$ (815,883)	\$ (454,935)
Issuance of Series A preferred stock, net of issuance costs	670,055	67	-	-	-	-	-	-	3,440,494	-	-	3,440,561
Issuance of Series A preferred stock for services	50,000	5	-	-	-	-	-	-	289,995	-	-	290,000
Conversion of notes payable for shares of Series A preferred stock	230,240	23	-	-	-	-	-	-	494,814	-	-	494,838
Conversion of Class F stock to Series A-1 preferred stock	-	-	749,977	75	(749,977)	(75)	-	-	-	-	-	-
Stock compensation expense	-	-	-	-	-	-	-	-	26,923	-	-	26,923
Net loss	-	-	-	-	-	-	-	-	-	-	(4,222,632)	(4,222,632)
Balances at December 31, 2020	950,295	95	749,977	75	2,250,023	225	-	-	4,612,874	-	(5,038,515)	(425,246)
Issuance of Series A preferred stock	891,640	89	-	-	-	-	-	-	5,077,549	-	-	5,077,638
Offering costs	-	-	-	-	-	-	-	-	(1,161,000)	-	-	(1,161,000)
Issuance of Series A preferred stock for services	46,552	5	-	-	-	-	-	-	269,997	-	-	270,002
Repurchase of shares in settlement of notes receivable and accrued in	-	-	(12,984)	(1)	(38,953)	(4)	-	-	5	(301,229)	-	(301,229)
Warrants issued from settlement of accounts payable, related party	-	-	-	-	-	-	-	-	4,309,597	-	-	4,309,597
Stock compensation expense	-	-	-	-	-	-	-	-	38,316	-	-	38,316
Net loss	-	-	-	-	-	-	-	-	-	-	(8,179,791)	(8,179,791)
Balances at December 31, 2021	1,888,487	\$ 189	736,993	\$ 74	2,211,070	\$ 221	-	\$ -	\$ 13,147,339	\$ (301,229)	\$ (13,218,306)	\$ (371,712)

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

GRAZE, INC.

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net loss	\$ (8,179,791)	\$ (4,222,632)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	38,316	26,923
Shares issued for services	270,002	290,000
Non-cash advertising expenses	-	14,400
Changes in operating assets and liabilities:		
Interest receivable, related party	(51,870)	(27,788)
Accounts payable, related party	6,818,785	1,160,471
Accounts payable	(73,875)	121,480
Accrued expenses, related party	(5,000)	(60,000)
Deferred revenue	500	-
Interest payable, related party	9,660	33,862
Net cash used in operating activities	(1,173,273)	(2,663,284)
Cash flows from investing activities:		
Advance to related party	(15,450)	-
Issuance of loans to related parties	(4,447,500)	(103,600)
Repayments of loans from related parties	3,500	72,000
Net cash used in investing activities	(4,459,450)	(31,600)
Cash flows from financing activities:		
Proceeds from related party loans	673,000	275,967
Repayments of related party loans	(8,620)	(20,000)
Proceeds from issuance of preferred stock	4,964,190	3,556,040
Offering costs	(1,145,999)	-
Net cash provided by financing activities	4,482,571	3,812,007
Net change in cash and cash equivalents	(1,150,151)	1,117,123
Cash and cash equivalents at beginning of year	1,181,196	64,073
Cash and cash equivalents at end of year	\$ 31,045	\$ 1,181,196
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ -	\$ -
Supplemental disclosure of non-cash financing activities:		
Warrants issued from settlement of accounts payable, related party	\$ 4,309,597	\$ -
Loans and interest receivable offset to accounts payable, related party	\$ 3,691,437	\$ -
Loans and interest receivable offset to notes and interest payable, related party	\$ 851,964	\$ -
Repurchase of shares in settlement of notes receivable and accrued interest receivable	\$ 301,229	\$ -
Issuance of related party loan payable for advertising costs incurred	\$ -	\$ 14,400
Offering costs included in accounts payable	\$ -	\$ 15,000
Conversion of notes payable and accrued interest into preferred stock	\$ -	\$ 494,838

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

GRAZE, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Graze, Inc. (the "Company") is a corporation formed on December 4, 2017 under the laws of Delaware as Future Labs III, Inc. On March 25, 2021, the Company changed its name to Graze, Inc. The Company was formed to sell autonomous farming robots. The Company is headquartered in Santa Monica, California.

As of December 31, 2021, the Company has not commenced planned principal operations nor generated revenue. The Company's activities since inception have consisted of formation activities, product development efforts, and preparations to raise capital. Once the Company commences its planned principal operations, it will incur significant additional expenses. The Company is dependent upon additional capital resources for the commencement of its planned principal operations and is subject to significant risks and uncertainties; including failing to secure funding to operationalize the Company's planned operations or failing to profitably operate the business.

2. GOING CONCERN

The Company has evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has not generated profits since inception, has sustained net losses of \$8,179,791 and \$4,222,632 for the years ended December 31, 2021 and 2020, respectively, and has incurred negative cash flows from operations for the years ended December 31, 2021 and 2020. As of December 31, 2021, the Company had an accumulated deficit of \$13,218,306, limited liquid assets with \$31,045 of cash, and a working capital deficit of \$371,712. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern for the next twelve months is dependent upon its ability to generate sufficient cash flows from operations to meet its obligations, which it has not been able to accomplish to date, and/or to obtain additional capital financing. No assurance can be given that the Company will be successful in these efforts. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP"). The Company's fiscal year is December 31.

Use of Estimates

The preparation of the Company's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions reflected in these financial statements include, but are not limited to, the valuations of common stock, warrants and stock options. The Company bases its estimates on historical experience, known trends and other market-specific or other relevant factors that it believes to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates when there are changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company generally maintains balances in various operating accounts at financial institutions that management believes to be of high credit quality, in amounts that may exceed federally insured limits. The Company has not experienced any losses related to its cash and cash equivalents and does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships. At December 31, 2021 and 2020, all of the Company's cash and cash equivalents were held at one accredited financial institution.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

Fair Value Measurements

Certain assets and liabilities of the Company are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The carrying values of the Company's assets and liabilities approximate their fair values.

Subscription Receivable

The Company records stock issuances at the effective date. If the contribution is not funded upon issuance, the Company records a subscription receivable as an asset on a balance sheet. When subscription receivables are not received prior to the issuance of financial statements at a reporting date in satisfaction of the requirements under FASB ASC 505-10-45-2, the contributed capital is reclassified as a contra account to stockholders' equity (deficit) on the balance sheet.

Revenue Recognition

ASC Topic 606, "Revenue from Contracts with Customers" establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers.

Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements: 1) identify the contract with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the

transaction price to performance obligations in the contract; and 5) recognize revenue as the performance obligation is satisfied. To date, no revenue has been recognized. As of December 31, 2021, the Company had \$500 in deferred revenue pertaining to a customer deposit.

Advertising and Promotion

Advertising and promotional costs are expensed as incurred.

Research and Development Costs

Costs incurred in the research and development of the Company's products are expensed as incurred.

Concentrations

The Company is dependent on third-party vendors to supply inventory and products for research and development activities and parts for building products. In particular, the Company relies and expects to continue to rely on a small number of vendors. The loss of one of these vendors may have a negative short-term impact on the Company's operations; however, the Company believes there are acceptable substitute vendors that can be utilized longer-term.

Convertible Instruments

U.S. GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free-standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the host instrument is deemed to be conventional as that term is described under applicable U.S. GAAP.

When the Company has determined that the embedded conversion options should not be bifurcated from their host instruments, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption. The Company also records, when necessary, deemed dividends for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value of the underlying common stock at the commitment date of the transaction and the effective conversion price embedded in the preferred shares.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with ASC 718, *Compensation - Stock Compensation*. The Company measures all stock-based awards granted to employees, directors and non-employee consultants based on the fair value on the date of the grant and recognizes compensation expense for those awards, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award. For awards with service-based vesting conditions, the Company records the expense for using the straight-line method. For awards with performance-based vesting conditions, the Company records the expense if and when the Company concludes that it is probable that the performance condition will be achieved.

The Company classifies stock-based compensation expense in its statement of operations in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company historically has been a private company and lacks company-specific historical and implied volatility information for its stock. Therefore, it estimates its expected stock price volatility based on the historical volatility of publicly traded peer companies and expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded stock price. The expected term of the Company's stock options has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends on common stock and does not expect to pay any cash dividends in the foreseeable future. Determining the appropriate fair value of stock-based awards requires the input of subjective assumptions. The assumptions used in calculating the fair value of stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment. As a result, if factors change and management uses different assumptions, stock-based compensation expense could be materially different for future awards.

Deferred Offering Costs

The Company complies with the requirements of FASB ASC 340-10-S99-1 with regards to offering costs. Prior to the completion of an offering, offering costs are capitalized. The deferred offering costs are charged to additional paid-in capital or as a discount to debt, as applicable, upon the completion of an offering or to expense if the offering is not completed. As of December 31, 2020, the Company had capitalized deferred offering costs of \$15,000, which was charged to additional paid-in capital in 2021.

Income Taxes

The Company uses the liability method of accounting for income taxes as set forth in ASC 740, *Income Taxes*. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance is recorded when it is unlikely that the deferred tax assets will not be realized. We assess our income tax positions and record tax benefits for all years subject to examination based upon our evaluation of the facts, circumstances and information available at the reporting date. In accordance with ASC 740-10, for those tax positions where there is a greater than 50% likelihood that a tax benefit will be sustained, our policy will be to record the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where there is less than 50% likelihood that a tax benefit will be sustained, no tax benefit will be recognized in the financial statements.

Net Loss per Share

Net earnings or loss per share is computed by dividing net income or loss by the weighted-average number of common shares outstanding during the period, excluding shares subject to redemption or forfeiture. The Company presents basic and diluted net earnings or loss per share. Diluted net earnings or loss per share reflect the actual weighted average of common shares issued and outstanding during the period, adjusted for potentially dilutive securities outstanding. Potentially dilutive securities are excluded from the computation of the diluted net loss per share if their inclusion would be anti-dilutive. As all potentially dilutive securities are anti-dilutive as of December 31, 2021 and 2020, diluted net loss per share is the same as basic net loss per share for each year. Potentially dilutive items outstanding as of December 31, 2021 and 2020 are as follows:

	Year Ended	
	December 31,	
	2021	2020
Series A preferred stock	1,888,487	950,295
Series A-1 preferred stock	736,993	749,977
Class F stock	2,211,070	2,250,023
Options to purchase common stock	723,840	656,140
Warrants	916,545	173,511
Total potentially dilutive shares	<u>6,476,935</u>	<u>4,779,946</u>

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. The ASU is effective for annual and interim periods beginning after December 15, 2021. Early adoption is permitted. The Company is continuing to evaluate the impact of this new standard on our financial reporting and disclosures.

In August 2020, FASB issued ASU 2020-06, Accounting for Convertible Instruments and Contracts in an Entity; Own Equity (“ASU 2020-06”), as part of its overall simplification initiative to reduce costs and complexity of applying accounting standards while maintaining or improving the usefulness of the information provided to users of financial statements. Among other changes, the new guidance removes from GAAP separation models for convertible debt that require the convertible debt to be separated into a debt and equity component, unless the conversion feature is required to be bifurcated and accounted for as a derivative or the debt is issued at a substantial premium. As a result, after adopting the guidance, entities will no longer separately present such embedded conversion features in equity, and will instead account for the convertible debt wholly as debt. The new guidance also requires use of the “if-converted” method when calculating the dilutive impact of convertible debt on earnings per share, which is consistent with the Company’s current accounting treatment under the current guidance. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years, with early adoption permitted, but only at the beginning of the fiscal year. The Company is currently evaluating the impact the adoption of ASU 2020-06 will have on the Company’s financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting standards could have a material effect on the accompanying financial statements. As new accounting pronouncements are issued, the Company will adopt those that are applicable under the circumstances.

4. LOAN RECEIVABLE, RELATED PARTY

The following is a summary of related party loan receivables as of December 31, 2021 and 2020:

Name	Outstanding Balance as of	
	December 31,	
	2021	2020
Future Labs I, Inc.	\$ -	\$ 3,500
Future Labs III, Inc.	-	33,000
Future Labs VI, Inc.	20,500	-
Future Labs VII, Inc.	321,556	278,253
Future VC, Inc.	-	114,000
Wavemaker Partners V, LP	-	250,000
	<u>\$ 342,056</u>	<u>\$ 678,753</u>

During 2021, the Company netted certain loan and interest receivables totaling \$4,543,402 against related party accounts payables, related party notes payable and related accrued interest payable with the corresponding related party entities.

In 2021, the Company extended all maturities on outstanding loans to varying dates in 2022. All loans bear interest at 3% per annum, except for the Wavemaker Partners V, LP note which bore interest at 6%. All outstanding loans above are unsecured.

Effective June 30, 2021, the Company forgave the outstanding note for \$250,000 with Wavemaker Partners V, LP, including accrued interest of \$51,229. In exchange for the note's forgiveness, the shareholders of Wavemaker Partners V contributed 12,984 shares of Series A-1 preferred stock and 38,953 shares of Class F stock to the Company's treasury. Accordingly, \$301,229 was recorded to treasury stock.

In 2021, the Company issued a loan for \$40,000 to Piestro, Inc. and loans for \$4,407,500 to Future Labs VII, Inc., which were offset as discussed above. In 2020, the Company loaned an aggregate of \$103,600 to Future Labs VII, Inc., and received repayments of \$72,000.

During the years ended December 31, 2021 and 2020, the Company recognized interest income of \$52,054 and \$27,788, respectively. Accrued interest receivable outstanding as of December 31, 2021 and 2020 was \$41,874 and \$53,937, respectively.

5. LOAN PAYABLE, RELATED PARTY

The following is a summary of related party loan payables as of December 31, 2021 and 2020:

Name	Outstanding Balance as of	
	December 31,	
	2021	2020
Future Labs III, Inc.	\$ -	\$ 41,620
Future Labs VI, Inc.	-	9,500
Future VC, Inc.	315,607	444,607
	<u>\$ 315,607</u>	<u>\$ 495,727</u>

During 2021, the Company netted certain loan and interest receivables against related party notes payable and related accrued interest payable totaling \$851,964 with the corresponding related party entities.

During the year ended December 31, 2020, the Company issued a promissory note of \$14,400 in exchange for marketing expenses incurred by a related party on behalf of the Company. These amounts are included in sales and marketing expense in the statements of operations.

During the years ended December 31, 2021 and 2020, the Company incurred interest expense of \$9,724 and \$33,863, respectively. Accrued interest payable outstanding as of December 31, 2021 and 2020 was \$17,651 and \$15,455, respectively. All notes bear interest at 3% per annum and mature in 2022 after extensions of the original 2020 maturities.

During 2021, the Company received loans for \$673,000 from Future Labs VII, Inc., which were offset as discussed above.

For all notes, upon the occurrence of a change in control of the noteholder, all outstanding indebtedness under these notes will become immediately due and payable upon the closing of the acquisition.

6. CONVERTIBLE PROMISSORY NOTE, RELATED PARTY

In August 2019, the Company issued two convertible promissory notes (the “Notes”) to two related parties, Wavemaker Partners V, LP and Wavemaker Global Select, LLC, for an aggregate principal amount of \$465,000. The Notes are subject to automatic conversion upon a qualified preferred stock financing in excess of \$3,300,000. Upon a qualified financing, the outstanding principal and any unpaid accrued interest shall automatically convert at a conversion price equal to the lesser of (i) 80% of the price paid per share for such shares, or (ii) the price (the “valuation cap”) equal to the quotient of \$8,000,000 divided by the dilutive common shares outstanding (assuming full conversion and/or exercise of all convertible and/or exercisable securities then outstanding including the Company’s shares reserved for future issuance under the Company’s equity incentive plans). In the event that a financing that is not a qualified financing occurs prior to the notes’ respective maturity dates or earlier conversion of the Notes, the noteholders have the option to convert the Notes into shares of the Company’s common stock by dividing the outstanding principal and unpaid interest by a conversion price equal to the lesser of i) 80% of the price paid per share for such shares or ii) \$8,000,000 divided by the dilutive common shares outstanding. If the Notes remain outstanding on or after the maturity date, the outstanding principal and accrued interest shall be convertible, at the noteholders’ option, into shares of a newly created class of Series Seed Preferred Stock at price equal to \$8,000,000 divided by the dilutive common shares outstanding. Upon a sale of the Company, the holder will have the option to a) be repaid the outstanding principal and accrued interest or b) convert the Notes into shares of common stock at a price equal to the lesser of i) 80% of the price paid per share in the sale of the Company or ii) a price equal to the quotient of \$8,000,000 divided by the dilutive common shares outstanding.

In December 2020, upon completion of the Company’s Regulation A+ financing (see Note 7), an aggregate of \$494,838, consisting of the outstanding Notes’ principal of \$465,000 and accrued interest of \$29,838, were automatically converted into 230,240 shares of Series A preferred stock. As of December 31, 2020, the Notes were no longer outstanding.

Interest expense these notes was \$21,770 for the year ended December 31, 2020.

7. STOCKHOLDERS’ EQUITY (DEFICIT)

As of December 31, 2021, the Company's certificate of incorporation, as amended and restated, authorized the Company to issue three classes of stock: Preferred Stock, Class F Stock and Common Stock. The Company is authorized to issue 5,000,000 shares of Preferred Stock, of which 2,830,278 shares are designated as Series A Preferred Stock and 750,000 shares are designated as Series A-1 Preferred Stock. The Company is authorized to issue 3,000,000 shares of Class F Stock and 10,000,000 shares of common stock. All classes of stock have a par value of \$0.0001 per share. The Preferred Stock and Class F Stock are convertible into shares of common stock.

The holders of each class of stock shall have the following rights and preferences:

Voting

The holders of Preferred and Class F Stock are entitled to vote, together with the holders of common stock as a single class, on all matters submitted to stockholders for a vote and have the right to vote the number of shares equal to the number of shares of common stock into which each share of Preferred and Class F Stock could convert on the record date for determination of stockholders entitled to vote. The holders of Series A Preferred Stock and Series A-1 Preferred Stock shall vote together as a single class.

For so long as at least 25% of the initially issued shares of Series A Preferred remain issued and outstanding, (i) the holders of record of the shares of Series A Preferred Stock and Series A-1 Preferred Stock, voting together as a single class on an as-converted basis, shall be entitled to elect one director of the Company; the holders of record of the shares of Common Stock and Class F Stock, voting together as a single class on an as-converted basis, shall be entitled to elect two directors of the Company; and (iii) any additional directors shall be elected by the affirmative vote of a majority of the Series A Preferred, Class F Stock and Common Stock, voting together as a single class on an as-converted basis.

Dividends

The holders of the Series A Preferred Stock, Series A-1 Preferred Stock, Class F Stock and common stock shall be entitled to receive, on a pari passu basis, when and as declared by the Board of Directors, out of any assets of the Company legally available therefor, such dividends as may be declared from time to time by the Board of Directors.

Liquidation

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company or deemed liquidation event, the Series A stockholders shall be entitled to a liquidation preference equal to the greater of (i) the Series A Original Issue Price (defined below), plus any dividends declared but unpaid, or (ii) such amount per share as would have been payable had all shares of Series A Preferred Stock been converted into common stock. Upon this completion, the remaining assets available for distribution shall be distributed among Class F and common stockholders on a pro-rata basis (assuming conversion of Class F stock into common stock).

The Series A Original Issue Price is (i) \$5.80 per share in the case of the Series A Preferred Stock and (ii) \$0.50 per share in the case of the Series A-1 Preferred Stock, in each case, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to each series of Series A Preferred.

As of December 31, 2021, the liquidation preference of Series A and Series A-1 Preferred Stock was \$10,953,226 and \$368,497, respectively. As of December 31, 2020, the liquidation preference of Series A and Series A-1 Preferred Stock was \$5,511,711 and \$374,989, respectively.

Redemption

No class of stock shall have any redemption rights.

Conversion

Each share of Class F Stock shall automatically be converted into one share of common stock immediately upon the date specified by written consent or agreement of the holders of a majority of the then outstanding shares of Class F Stock. Each share of Class F Stock is convertible, at the option of the holder thereof, at any time, and without the payment of additional consideration by the holder thereof, into an equal number of shares of common stock.

Upon each applicable equity financing, 25% of the shares of Class F Stock held by each holder of Class F Stock shall automatically convert into a shadow series of shares of the series of Preferred Stock of the Company that is issued in such equity financing. Shadow series of equity financing preferred stock shall mean capital stock with identical rights, privileges, preferences, and restrictions as the equity financing preferred stock, except a 50% reduction in liquidation preference and exclusion from the stock's voting rights. Any share of Class F Stock that is sold in connection with an equity financing shall automatically convert into shares of the equity financing preferred stock at the applicable Class F Conversion Ratio, which is the inverse of the ratio at which a share of equity financing preferred stock issued in such financing is convertible into shares of common stock.

Each share of Series A Preferred Stock is convertible, at the option of the holder thereof, at any time, and without the payment of additional consideration by the holder thereof, into such number shares of common stock by dividing the Original Issue Price for the series of Series A Preferred by the Series A Conversion Price. The Series A Conversion price shall initially equal the Original Issue Price. In addition, each share of Preferred Stock will be automatically converted into shares of common stock at the applicable conversion ratio then in effect (i) upon the closing of a firm-commitment public offering or (ii) upon the written consent of the holders of a majority of the then-outstanding shares of Preferred Stock (excluding shadow series of Preferred Stock), voting together as a single class.

Stock Transactions

In 2021, the Company completed a Regulation A offering with StartEngine and initiated another Regulation A offering. Under these offerings, the Company issued an aggregate of 859,250 shares of Series A preferred stock for gross proceeds of \$4,987,638, or \$5.80 per share. The Company incurred \$1,161,000 in offering costs pertaining to these offerings. The Company issued 16,873 shares to StartEngine as broker compensation. As of December 31, 2021, the Company had a subscription receivable of \$113,448 pertaining to these offerings.

In 2021, the Company issued 15,517 shares of shares of Series A preferred stock for gross proceeds of \$90,000.

In 2021, the Company issued 46,552 shares of Series A preferred stock pursuant to an agreement for services. The fair value of \$270,002 was included in sales and marketing expenses in the statements of operations.

Effective June 30, 2021, the Company forgave the outstanding note for \$250,000 with Wavemaker Partners V, LP, including accrued interest of \$51,229. In exchange for the note's forgiveness, the shareholders of Wavemaker Partners V contributed 12,984 shares of Series A-1 preferred stock and 38,953 shares of Class F stock to the Company's treasury. Accordingly, \$301,229 was recorded to treasury stock.

In 2020, the Company completed a Regulation A+ offering and issued an aggregate of 670,055 shares of Series A preferred stock for gross proceeds of \$3,886,319, or \$5.80 per share, which is presented net of \$445,758 of offering costs. In connection with the offering, the Company's existing notes converted into 230,240 shares of Series A preferred stock (see Note 6). Furthermore, 749,977 shares of Class F stock converted into shares of Series A-1 preferred stock (i.e. Shadow Series).

In December 2020, the Company issued 50,000 shares of Series A Preferred stock pursuant to an agreement for services. The fair value of \$290,000 was included in sales and marketing expenses in the statements of operations.

8. STOCK-BASED COMPENSATION

Future Labs V, Inc 2019 Stock Plan

The Company has adopted the Future Labs V, Inc 2019 Stock Plan ("2019 Plan"), as amended and restated, which provides for the grant of shares of stock options and stock appreciation rights ("SARs") and restricted common shares to employees, non-employee directors, and non-employee consultants. The number of shares authorized by the 2019 Plan was 723,840 shares as of December 31, 2021. The option exercise price generally may not be less than the underlying stock's fair market value at the date of the grant and generally have a term of ten years. The amounts granted each calendar year to an employee or non-employee is limited depending on the type of award. Stock options comprise all of the awards granted since the 2019 Plan's inception. As of December 31, 2021, there were no shares available for grant under the 2019 Plan. Stock options granted under the 2019 Plan typically vest over a four-year period, with a 1-year cliff.

A summary of information related to stock options for the years ended December 31, 2021 and 2020 is as follows:

	Options	Weighted Average Exercise Price	Intrinsic Value
Outstanding as of December 31, 2019	362,637	\$ 0.50	\$ -
Granted	326,470	0.54	
Exercised	-	-	
Forfeited	(32,967)	0.50	
Outstanding as of December 31, 2020	656,140	\$ 0.52	\$ 13,507
Granted	67,700	0.54	
Exercised	-	-	
Forfeited	-	-	
Outstanding as of December 31, 2021	<u>723,840</u>	\$ 0.52	\$ 35,222
Exercisable as of December 31, 2021	435,429	\$ 0.51	\$ 24,858

The fair value of common stock for options granted during the years ended December 31, 2021 and 2020 was \$0.57 per share. As of December 31, 2021, the weighted average duration to expiration of outstanding options was 7.6 years.

Stock-based compensation expense for stock options of \$37,063 and \$26,923 were recognized under FASB ASC 718 for the years ended December 31, 2021 and 2020, respectively. Total unrecognized compensation cost related to non-vested stock option awards amounted to \$79,180 as of December 31, 2021, which will be recognized over a weighted average period of 2.86 years.

The following table presents, on a weighted average basis, the assumptions used in the Black-Scholes option-pricing model to determine the grant-date fair value of stock options granted:

	Year Ended December 31,	
	2021	2020
Risk-free interest rate	0.99% - 1.32%	0.55%
Expected term (in years)	6.19	6.08
Expected volatility	60%	32.28%
Expected dividend yield	0%	0%
Fair value per stock option	\$0.33	\$0.17

Warrants

In October 2019, the Company granted 173,511 warrants with an exercise price of \$0.50 per share to a consultant as consideration for services. The grant-date fair value was \$0.13 per share, or an aggregate fair value of \$22,556. One-third of the warrants each exercise in monthly installments over a period of two years commencing on the completion of three separate milestones. In 2019, it was determined that one milestone had been achieved, and therefore stock-based compensation expense of \$7,519 was recognized under ASC 718 for the year ended December 31, 2019. No additional milestones were achieved in 2020. In 2021, a second milestone had been achieved and stock-based compensation expense of \$1,253 was recognized. As of December 31, 2021, 100,010 warrants were exercisable.

Refer to Note 10 for warrants issued to a related party in settlement of accounts payable.

A summary of information related to warrants for the years ended December 31, 2021 and 2020 is as follows:

	Warrants	Weighted Average Exercise Price	Intrinsic Value
Outstanding as of December 31, 2019	173,511	\$ 0.50	\$ 12,146
Granted	-	-	
Exercised	-	-	
Forfeited	-	-	
Outstanding as of December 31, 2020	173,511	\$ 0.50	\$ 12,146
Granted	743,034	0.54	
Exercised	-	-	
Forfeited	-	-	
Outstanding as of December 31, 2021	<u>916,545</u>	\$ 0.54	\$ 30,887
Exercisable as of December 31, 2021	843,044	\$ 0.54	\$ 25,741

As of December 31, 2021, the weighted average duration to expiration of outstanding warrants was 9 years.

Classification

Stock-based compensation expense for stock options and warrants was classified in the statements of operations as follows:

	Year Ended December 31,	
	2021	2020
General and administrative expenses	\$ 36,177	\$ 24,980
Research and development expenses	2,139	1,943
	<u>\$ 38,316</u>	<u>\$ 26,923</u>

9. INCOME TAXES

Deferred taxes are recognized for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to cash to accrual differences and net operating loss carryforwards. As of December 31, 2021 and 2020, the Company had net deferred tax assets before valuation allowance of \$2,348,678 and \$1,350,258, respectively. The following table presents the deferred tax assets and liabilities by source:

	December 31,	
	2021	2020
Deferred tax assets:		
Net operating loss carryforwards	\$ 2,191,795	\$ 824,291
Cash to accrual differences	156,883	525,967
Valuation allowance	<u>(2,348,678)</u>	<u>(1,350,258)</u>
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. The Company assessed the need for a valuation allowance against its net deferred tax assets and determined a full valuation allowance is required due to taxable losses for the years ended 2021 and 2020, cumulative losses through December 31, 2021, and no history of generating taxable income. Therefore, valuation allowances of \$2,348,678 and \$1,350,258 were recorded as of December 31, 2021 and 2020, respectively. Valuation allowance increased by \$998,420 and \$1,099,791 during the years ended December 31, 2021 and 2020, respectively. Deferred tax assets were calculated using the Company's combined effective tax rate, which it estimated to be 28.0%. The effective rate is reduced to 0% for 2021 and 2020 due to the full valuation allowance on its net deferred tax assets.

The Company's ability to utilize net operating loss carryforwards will depend on its ability to generate adequate future taxable income. At December 31, 2021 and 2020, the Company had net operating loss carryforwards available to offset future taxable income in the amounts of \$7,797,207 and \$2,932,376, respectively.

The Company has evaluated its income tax positions and has determined that it does not have any uncertain tax positions. The Company will recognize interest and penalties related to any uncertain tax positions through its income tax expense.

The Company may in the future become subject to federal, state and local income taxation though it has not been since its inception, other than minimum state tax. The Company is not presently subject to any income tax audit in any taxing jurisdiction, though its 2018-2020 tax years remain open to examination.

10. RELATED PARTY TRANSACTIONS

Refer to Notes 4 and 5 for detail on the Company's loan receivables and loan payables with related parties, and related interest income and expense.

As of December 31, 2021 and 2020, the Company had \$517,764 and \$1,700,012, respectively, in accounts payable with related parties under common control.

The Company entered into agreements with Wavemaker Labs, a related party under common control, for consulting, technology, general support activities, and product development services. During 2021, the Company incurred \$6,783,898 of fees under these agreements, including \$894,639 remaining for which the Company intends to satisfy through the issuance of warrants in 2022. During 2020, the Company has incurred \$2,301,869 in costs with Wavemaker Labs. The services incurred represent total labor costs incurred by the Company at a commercial rate less the actual labor costs of the related entity plus a 10% mark-up on materials costs. Total charges to the Company in excess of cost incurred by Wavemaker Labs was \$4,982,550 in 2021, due to the markup on labor and material costs.

In 2021, the Company issued 743,034 warrants to purchase common stock to Wavemaker Labs pursuant to the agreement as noted above. The warrants have exercise prices of \$0.54 - \$0.57 per share and were valued using the Black-Scholes option-pricing model with the following inputs:

Risk-free interest rate	0.98% - 1.26
Expected term (in years)	5.00
Expected volatility	60.00%
Expected dividend yield	0%
Fair value per warrant	\$0.29 - \$0.30

The fair value of the warrants was \$220,832 as determined by the Black-Scholes option pricing model. The Company recorded accounts payable totaling \$4,309,597 pertaining to the fair value of the services incurred, including an excess of \$4,088,765 of the fair value of the warrants. Accordingly, \$4,309,597 was recognized to additional paid-in capital as settlement of the related party accounts payable owed to Wavemaker Labs. The warrants are immediately exercisable and have a term of ten years.

In 2021, The Company entered into agreements with Wax Inc., a related party under common control, for consulting, technology, general support activities, and product development services. During 2021, the Company incurred fees from Wax Inc. amounting to \$50,000, which was included in accounts payable, related party as of December 31, 2021.

The following is a summary of operating expense transactions incurred with related parties during the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
Research and development	\$ 6,742,298	\$ 2,029,085
Sales and marketing	23,600	14,400
General and administrative	50,000	258,383
	<u>\$ 6,815,898</u>	<u>\$ 2,301,869</u>

11. COMMITMENTS AND CONTINGENCIES

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matters will have a material adverse effect on its business, financial condition or results of operations.

12. SUBSEQUENT EVENTS

Through the issuance date, the Company has issued 839,955 shares of Series A preferred stock for gross proceeds of \$4,871,739 pursuant to its current Regulation A offering.

Management has evaluated subsequent events through May 1, 2022, the date the financial statements were available to be issued. Based on this evaluation, no additional material events were identified which require adjustment or disclosure in these financial statements.



Wavemaker Labs
1438 9th Street
Santa Monica, CA 90401

By
Wavemaker Labs,
Future Labs V, Inc.,
And
Mainscape, Inc.

This Letter of Intent (LOI) articulates the mutual understandings between Wavemaker Labs (“WM”), Future Labs V, Inc. DBA MowCo (“MowCo”), and Mainscape, Inc. (“Mainscape”) (collectively, the “Parties”) regarding the potential mutual development of autonomous commercial lawnmower (“the Project”). This letter is a non-binding expression of present intent and preparedness to commit to further development. As the Project progresses, the Parties may execute subsequent binding agreements committing to the principles articulated in this LOI upon achievement of certain funding, design, production, and performance milestones, all of which are subject to further discussion and agreement between the Parties. However, Mainscape is under no obligation to enter into any subsequent binding agreements.

In furtherance of this shared purpose:

WM is prepared to:

1. Invest up to \$1,000,000 into MowCo, at WM’s discretion;
2. Raise additional capital into MowCo at an \$8,000,000 pre-money valuation over the next 6-9 months.

MowCo is prepared to:

1. Offer to Mainscape a grant of common stock amounting to a 5% ownership interest in MowCo, in consideration of Mainscape materially aiding in design and development of the project, and executing a subsequent, non-exclusive purchase agreement for a commercially significant number of MowCo units to be specified at a later date. Mainscape shall be awarded its 5% ownership in three equal tranches of stock with each tranche carrying a 2-year vesting period. The first tranche of stock shall be awarded at the signing of this LOI. The second tranche of stock shall be awarded at the consummation of field testing of the product at a Mainscape client site. The third tranche of stock shall be awarded at the acceptance of the first commercially deployable unit. Mainscape’s ownership interest will be assignable to individuals in leadership roles within Mainscape, its owners, or other affiliated entities and individuals at Mainscape’s discretion;
2. Offer to Mainscape, for a period of 3 months following execution of this letter, the opportunity to purchase an additional ownership interest in MowCo of up to \$500,000 of common stock at a \$3,000,000 pre-money valuation (~14% fully diluted);



3. Dedicate sufficient time and expertise to producing a commercially viable autonomous mower, intended to function as a platform upon which additional capabilities will be subsequently developed, including but not limited to edging and trimming, and to be marketed as MowCo;

4. Offer to Mainscape an agreement to produce MowCo units which meet or exceed Mainscape's minimum design and performance requirements at an expected purchase price of \$30,000 per unit plus a monthly service fee of \$1,000 per unit for updates, upgrades, and A.I. cloud connected learning and controls;

5. Offer to Mainscape, for a period of 24 months, equipment at cost basis plus 10% to help defray overhead costs. Note that final pricing of the product cannot be accurately defined today, and retail cost to the general market will likely be much higher;

6. Offer to Mainscape, for a period of 24 months, the right of first refusal on purchasing all production ready MowCo equipment, giving Mainscape de facto exclusivity. This right of first refusal shall be shared equally with LandCare USA, LLC.

7. In order to provide Mainscape and LandCare with the expected benefits of participation in the Development Project, MowCo and Wavemaker Labs, LLC will not include other organizations engaged in the landscape services business in the Development Project without the prior written consent of Mainscape.

8. Jointly and openly market this partnership.

9. Prior to commencement of Development Program, MowCo will provide Mainscape with Definitive Agreements for the Project, including, but not limited to:

- (a) Subscription Agreement for Mainscape ownership in MowCo;
- (b) Corporate organization documents for MowCo;
- (c) Joint Development Agreement for the Project;
- (d) Indemnification Agreement for Mainscape's participation in the Project, including indemnification from Wavemaker and MowCo for intellectual property claims.

Mainscape is prepared to:

1. Dedicate appropriate personnel to research, development, testing, and evaluation of the Project. At a minimum, Mainscape will commit one appropriate employee to 1-2 hours per week for the duration of the development phase of the Project;

2. Provide reasonable access to field environments in which MowCo is expected to operate in order to facilitate meaningful test and evaluation;

3. Jointly, with MowCo, develop minimum design and performance requirements for an autonomous mower which will meet Mainscape's immediate needs;

4. Consider executing a purchase agreement for a commercially significant number of MowCo units, contingent upon the finished product meeting or exceeding Mainscape's minimum design and



performance requirements, with the understanding that the present need which Mainscape seeks to address is somewhat variable, but could reasonably result in a requirement of up to 200 MowCo units over four years. Any purchase agreement shall include sufficient indemnification clauses which are aggregable to all parties;

5. Jointly and openly market this partnership, including by allowing reasonable access to Mainscape property for the purpose of observation/demonstration of MowCo operations to potential customers.

6. Further explore MowCo's offer to invest up to \$500,000 at a \$3,000,000 pre-money valuation.

Expenses:

Each Party will be responsible for its own costs and expenses associated with the negotiation and execution of this LOI as well as any further contemplated agreements. Except for expenses, costs and damages incurred for intellectual property claims (which are the responsibility, jointly and severally, of Wavemaker and MowCo), each Party will be responsible for its own costs and expenses associated with the research, development, testing, evaluation and production of the Project.

Termination:

This LOI will automatically terminate upon the earliest of:

1. The execution of further binding agreements as contemplated above;
2. The mutual written agreement of the Parties; or
3. December 31, 2019 (which date can be modified by the mutual written agreement of the Parties).

Governing Law:

This LOI and all matters thereto shall be governed by and construed in accordance with the laws of the State of Indiana, without giving effect to the conflict of laws principles. The Parties agree that venue for any action to enforce the terms of this LOI shall be solely in the United States District Court for the Southern District of Indiana, Indianapolis Division, or Indiana State Court located in Hamilton Country Indiana.

Non-Exclusive:

Nothing in this LOI shall be deemed to grant any Party any form of exclusivity. WM, MowCo and Mainscape are free to discuss and entered into agreements with other parties regarding the potential mutual development of autonomous commercial lawnmower.

Non-Binding:

This LOI is intended only as a reflection of the intention of the Parties and supersedes all previous agreements, whether written or verbal. Neither this LOI nor its acceptance shall constitute or create any legally binding or enforceable obligation on any Party, except with regards to Equity, Optional Investment, Expenses, Termination and Governing Law. No agreement or obligation regarding the Project shall be deemed to exist between the Parties unless and until further binding agreements, as set



forth above, have been executed and delivered, and only then in accordance with the terms and conditions of such agreements.

DocuSigned by:

James Buckley Jordan

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James Buck Jordan

CEO

Future Labs V, Inc., DBA MowCo

DocuSigned by:

Mark Forsythe

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Mark W. Forsythe

CEO

Mainscape, Inc.

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