

Nyad Creative, Inc.
Preferred Equity Term Sheet

The intent of this term sheet (“Term Sheet”) is to describe certain key terms of an equity investment in Nyad Creative, Inc., a Montana corporation (“Company”).
This Term Sheet is not intended to be a binding agreement between the potential investor and the Company.

Securities Offered:	Preferred Stock
Purchase Price:	\$1 per share (“ Original Issue Price ”); based on a \$1.4 million pre-money valuation.
Preferred Dividends:	<p>Preferred Shareholders shall receive annual non-cumulative dividends, when, as, and if declared by the Board, out of any funds and assets of the Company legally available therefor.</p> <p>Following the end of each fiscal year, the Board shall determine whether it is advisable to pay a Preferred Dividend.</p> <p>To the extent a Preferred Dividend is paid, it shall be calculated with reference to the Original Issue Price (as adjusted for any future stock dividends, combinations, splits, recapitalizations, and the like).</p> <p>For each fiscal year, the target Preferred Dividend (“Target Dividend”) shall be five percent (5%) of the Original Issue Price.</p> <p>For each fiscal year, unless each Preferred Shareholder receives the Target Dividend, no dividend shall be paid or declared on any Common Stock.</p> <p>In any year in which the Preferred Shareholders receive the Target Dividend and the Common Shareholders receive a per share dividend equal to that received by the Preferred Shareholders, Preferred Shareholders shall fully participate in any additional dividends paid to the Common Shareholders on a per share basis.</p>
Redemption Rights:	<p>Following the fifth anniversary of the issuance of any share of Preferred Stock, the holder of such share may request redemption of such share at a per share price equal to the Original Issue Price.</p> <p>If the Board determines that a requested redemption may violate applicable law or impair the Company’s ability to operate effectively, the Board may limit, postpone, or refuse the redemption. Redemptions may be paid in the form of cash or promissory notes.</p> <p>A redemption may not be made unless, immediately following such redemption, the Company shall have an outstanding class of Common Stock that is not subject to redemption.</p>
Liquidation preference (in the	After repayment of indebtedness and allowance for any reserves which are reasonably necessary for contingent or unforeseen liabilities or

<p>case of dissolution or sale):</p>	<p>obligations of the Company, liquidation proceeds shall be paid as follows:</p> <ul style="list-style-type: none"> • first, to the holders of Preferred Stock, in an amount per share equal to the Original Issue Price (subject to adjustment for any stock split or combination or other similar event) plus the amount of any declared but unpaid dividends thereon; • second, to the holders of Common Stock, in an amount per share equal to the most recent Original Issue Price for the Preferred Stock (subject to adjustment for any stock split or combination or other similar event) plus the amount of any declared but unpaid dividends thereon; and • third, to the holders of Preferred Stock and Common Stock, pro rata on an as-converted to Common Stock basis. <p>Any merger or consolidation involving the Company (unless stockholders of the Company own a majority of the voting power of the surviving or acquiring entity) or any sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company will be considered a liquidation triggering payment of the foregoing amounts.</p>
<p>Conversion:</p>	<p>The holders of the Preferred Stock shall have the right to convert the Preferred Stock into shares of Common Stock at any time. The conversion ratio shall initially be 1:1. The conversion ratio shall be appropriately adjusted in the case of any stock split or combination or other similar event.</p>
<p>Voting rights:</p>	<p>The Preferred Shareholders shall have no voting rights.</p>
<p>Information rights:</p>	<p>The Company will deliver to the Preferred Shareholders un-audited annual financial statements no later than 90 days following the close of the fiscal year.</p>