

SERIES ___ PREFERRED STOCK PURCHASE AGREEMENT

THIS SERIES ___ PREFERRED STOCK PURCHASE AGREEMENT (“Agreement”) is made as of the ___ day of _____, 20___, by and among the key holders listed on Schedule I (collectively, the “Key Holders”), SC LAUNCH!, INC., a South Carolina nonprofit corporation (“SC Launch”) with an office at 1000 Catawba Street, Columbia, South Carolina 29201, and _____ (the “Company”), a corporation under the laws of the state indicated on Schedule II (the “State of Incorporation”), with an office at the address set forth on Schedule II.

WITNESSETH

WHEREAS, the Company is in the business described on Schedule II (the “Company Business”) and has need of capital financing to sustain and expand the Company Business; and

WHEREAS, SC Launch has been incorporated exclusively for scientific, educational, charitable and other public purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 and to support the mission of the South Carolina Research Authority under South Carolina Code § 13-17-87 to establish research innovation centers and provide financing to qualified companies; and

WHEREAS, the Company has been admitted as a qualified company to one of SC Launch’s centers and desires for SC Launch to provide capital financing to the Company in accordance with the terms and conditions of this Agreement, and SC Launch has approved the Company to receive such financing.

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and SC Launch agree as follows:

ARTICLE I PURCHASE AND SALE OF PREFERRED STOCK

1.1 Sale and Issuance of Preferred Stock. Subject to the terms and conditions of this Agreement, the SC Launch agrees to purchase at the closing and the Company agrees to sell and issue to SC Launch at the closing _____ shares of Series _____ Preferred Stock at a price of \$ _____ per share (the “Preferred Stock”) for a total purchase value of \$ _____. The shares of Preferred Stock issued to the SC Launch pursuant to this Agreement shall be referred to in this Agreement as the “Shares.” The Shares and any other stock or securities of the Company that SC Launch may hold from time to time are referred to hereafter as the “Securities.”

1.2 Closing; Delivery. The initial purchase and sale of the Shares shall take place remotely via the exchange of documents and signatures as directed by SC Launch on the date hereof, or at such other time and place as the Company and the SC Launch mutually agree, orally or in writing. At the closing, the Company shall deliver to SC Launch a certificate representing the

Shares being purchased by SC Launch against payment of the purchase price therefor by check payable to the Company, or by wire transfer to a bank account designated by the Company.

1.3 Use of Proceeds. The Company will use the proceeds from the sale of the Shares set forth on Schedule II.

ARTICLE II REPRESENTATIONS AND WARRANTIES OF THE COMPANY

2.1 Warranties. In order to induce SC Launch to enter into and execute this Agreement, the Company represents and warrants to SC Launch that the statements contained in this Article II are true and correct as of the date hereof.

A. Authorization of Series Preferred Stock. A certificate of designations in the form attached hereto as Exhibit A has been properly authorized and filed as an amendment to the Company's articles of incorporation with the Secretary of State as indicated on Schedule II.

B. Complete disclosure. No representation or warranty of the Company contained in this Agreement, and no statement contained in any certificate, schedule, list, financial statement or other instrument, document or communication furnished to SC Launch by or on behalf of the Company, taking into consideration the total mix of information made available, contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

2.2 Survival. All warranties and representations of the Company contained herein shall survive the execution of this Agreement.

ARTICLE III COVENANTS OF THE COMPANY

3.1 Affirmative covenants. The Company will at all times while any of the Securities are outstanding:

A. Financial and business information. Deliver the following to SC Launch:

(i) Financial Statements and Information. At least thirty (30) days prior to the beginning of each fiscal year, copies of its annual budget and business plan for the upcoming fiscal year. Within one hundred twenty (120) days following the end of each fiscal year, the Company will deliver financial reports commencing with the fiscal year ended December 31, 2019, prepared in accordance with U.S. Generally Accepted Accounting Principles. Prior to the Company exceeding \$5 million in total gross revenue from the date of this Agreement, the financial reports delivered following the end of each fiscal year will be reviewed. After the Company exceeds \$5 million in total gross revenue from the date of this Agreement, the financial reports delivered following the end of each fiscal year will be audited. During each fiscal year, the Company will submit unaudited quarterly financial reports no later than forty-five (45) days after the end of each of the first three (3) fiscal quarters. The Company will allow SC Launch reasonable

access, during normal business hours, to the Company's premises and records and reasonable opportunity to discuss the Company's affairs, finances and accounts with the Company's officers.

(ii) Requested information. With reasonable promptness, the Company shall furnish SC Launch with such other data and information as from time to time may be reasonably requested.

B. Notices. Promptly give to SC Launch written notice of:

- (i) any default or event of default under any contractual obligation of the Company;
- (ii) any litigation or similar proceeding affecting the Company; or
- (iii) any event or circumstance which has had, or is reasonably likely to have, a material adverse effect on the Company or the Company Business.

C. Further assurances. Execute such documents and other papers and take such further actions as may be reasonably required or desirable to carry out the provisions of this Agreement and all of the transactions contemplated hereby.

3.2 Related Party Transactions. The Company will not for so long as SC Launch holds any Securities, without the prior written consent of SC Launch, engage in transactions in which any director, officer or promoter of the Company, or any shareholder who owns more than ten percent (10%) of any class of the Company's outstanding capital stock, or any relative or spouse of any of the foregoing, or any relative of such spouse, or any entity or organization that is affiliated with or controlled by any of the foregoing, has a direct or indirect interest (a "Related Interest"), except (i) transactions for which the material facts of the transaction and the Related Interest were disclosed or known to the board of directors, and a majority of the directors on the board of directors, who are not employees of the Company and who have no Related Interest, approved the transaction, but a transaction may not be approved by a single director; or (ii) reimbursements for properly documented, ordinary and customary business expenses. The term "transactions" for purposes of this provision includes, without limitation, any form of compensation, such as the grant of any option, warrant or right, or exercisable, exchangeable or convertible security, and any personal use of corporate assets or other perquisites.

3.3 Relocation.

A. Company relocation. The Company acknowledges that funds are made available to it under this Agreement in whole or in part for the purpose of economic development for the State of South Carolina and particularly for generating professional research and development jobs in South Carolina. SC Launch has limited funds to make available to applicants, thus, to the extent SC Launch makes funds available to the Company, SC Launch may lose the opportunity to make those funds available to other applicants or participants in the SC Launch program. In addition, SC Launch incurs considerable expenses providing support services for its client companies. If the Company relocates from South Carolina after receiving funds from SC

Launch, SC Launch and the State of South Carolina will suffer considerable harm, including potential lost jobs and wages for South Carolina citizens, lost tax revenue, wasted costs associated with providing support services, and lost opportunity costs had those funds and resources been made available to other companies. Accordingly, the Company agrees for a period of five (5) years from the date of this Agreement, that it shall not (a) move or relocate the Company's principal office or principal place of business outside the State of South Carolina, and (b) have more than one-half, based on payroll expenses, of the Company's total employees, or senior management employees, or employees engaged principally in professional research and development, employed at locations outside of the State of South Carolina (any of which shall be deemed a "Company Relocation"), unless the Company has paid SC Launch a Relocation Fee as set forth below. Before any Sale of the Company (as defined below), the Company, or its prospective successor or assignee, as applicable, will provide confirmation to SC Launch that the obligations of the Company to pay a Relocation Fee will continue or be assumed, as applicable, after the Sale of the Company, subject to any modifications of those obligations as may be agreed upon by SC Launch.

A "Sale of the Company" shall include and shall be deemed to have occurred upon a single transaction or a series of related transactions resulting in (a) a change of Control (as defined below) of the Company; or (b) a sale, lease, transfer or other disposition of all or substantially all of the assets of the Company. "Control" shall mean: (a) ownership, directly or indirectly, by a person, entity or group acting in concert of equity interests entitling it to exercise in the aggregate more than 50% of the voting power of the Company; or (b) the possession of a person, entity or group acting in concert of the power, directly or indirectly: (i) to elect a majority of the board of directors (or equivalent governing body) of the Company; or (ii) to direct or cause the direction of the management and policies of or with respect to the Company, whether through ownership of interests, by contract or otherwise.

B. Relocation fee. The "Relocation Fee" will be an amount equal to the aggregate purchase price for Shares paid by SC Launch to the Company. SC Launch will continue to retain any Securities or other interests it holds in the Company after payment of such fee and this Agreement will continue in full force and effect. The parties acknowledge that the adverse impact to SC Launch and the State of South Carolina, including potential lost jobs and wages for South Carolina citizens, lost tax revenue, wasted costs associated with providing support services, the lost opportunities had those funds and resources been made available to other companies, and other tangible and intangible harm, of a Company Relocation are not susceptible to precise measurement. The parties hereby agree that the Relocation Fee is not a penalty, but rather, a good faith estimate of the amount necessary to compensate SC Launch for the adverse impact and harm to it in connection with a Company Relocation. The Relocation Fee is payable whether any Securities are still held by SC Launch.

C. Costs and fees. Should SC Launch, at its sole option, elect to employ the services of any attorney at law to represent it in the enforcement of the Company's obligations under this Section 3.3, the Company will reimburse SC Launch the reasonable fees and expenses of said attorneys and any court costs.

3.4 Right of First Refusal and Co-Sale Right. SC Launch will have the right of first refusal to purchase any securities of the Company proposed to be transferred by any Key Holder on the same terms offered by the Key Holder to a third party. If SC Launch fails to exercise its

right within ninety (90) days after written notice of the proposed transfer from the Key Holder including all of the proposed terms of the transfer and the identity of the transferee, the Key Holder may, within a period of ninety (90) additional days, transfer the securities to the identified third party on the same terms offered to SC Launch, subject to the co-sale right described below. To the extent that SC Launch does not exercise its right of first refusal, SC Launch may, during the ninety (90) days after written notice of the proposed transfer from the Key Holder, give written notice to the Key Holder of SC Launch's desire to exercise its right of co-sale. SC Launch's right of co-sale will entitle SC Launch to substitute its shares of preferred stock for the shares of preferred stock to be transferred by the Key Holder, up to the total number of shares to be transferred by the Key Holder.

3.5 Participation Rights. SC Launch shall have a reasonable right, in the event the Company proposes to offer equity securities, or securities convertible into or carrying a right to subscribe for or acquire equity securities, to any person, to purchase up to SC Launch's pro rata portion of such securities (calculated based on the fully diluted outstanding shares of the Company) on uniform terms and conditions.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SC LAUNCH

4.1 General representations and warranties from SC Launch. SC Launch represents and warrants to the Company as follows:

A. Investment; no resale or distribution. It is acquiring or will acquire the Securities for its own account, for investment, and not with a view towards the resale, transfer, or distribution thereof, nor with any present intention of distributing the Securities.

B. Accredited investor; residence. It is an "Accredited Investor" within the meaning of Rule 501(a) under the Securities Act of 1933, as amended. Its principal office is located within the State of South Carolina.

ARTICLE V COVENANTS OF SC LAUNCH

5.1 Compliance with securities laws. SC Launch will not, directly or indirectly, sell any of the Securities, unless such sale is made pursuant to either (i) an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), and any applicable state securities laws or (ii) an available exemption from the registration requirements of the Securities Act and such laws and, prior to any such sale, SC Launch provides to the Company a written opinion of legal counsel reasonably satisfactory in form and substance to the Company to the effect that the proposed sale may be effected without registration under the Securities Act and any applicable state securities laws.

5.2 Right of first offer. In addition to the sale restrictions set forth above, SC Launch will not, directly or indirectly, sell any of the Securities, without first offering to the Company the right to purchase all, but not less than all, of the securities proposed to be sold by written notice (the "Offer Notice"); provided, however, that notwithstanding anything herein to the contrary, in

no event shall the provisions of this Section apply to any transfer of securities to any affiliate (within the meaning of Rule 405 under the Securities Act) of SC Launch.

A. First offer notice. The Offer Notice shall specify (i) the securities proposed to be sold (the “Offer Securities”), (ii) the price at which they are offered, and (iii) any other material terms of the proposed offer.

B. First offer period. The Company may exercise its right to purchase by giving written notice to SC Launch within thirty (30) days following the delivery of the Offer Notice (the “First Offer Period”).

C. Acceptance of first offer. If the Company elects to purchase the Offer Securities, such election shall constitute the agreement by the Company to purchase such Offer Securities at the price and in accordance with the terms obtained in the relevant Offer Notice and the closing of such sale shall occur on a date agreed to by the Company and SC Launch; provided, that such date shall not be more than sixty (60) days after delivery of the Offer Notice. The closing of such sale shall take place at a location agreed to by the Company and SC Launch, and the tender of payment for the Offer Securities shall be made in immediately available funds against delivery of the certificates representing the Offer Securities, duly endorsed for transfer, together with such other documents as the Company may reasonably request. If the Company does not elect to purchase the Offer Securities, then SC Launch may sell all, but not less than all, of such Offer Securities on terms providing for a price equal to or higher than the amount set forth in the Offer Notice to a third party purchaser and on other terms at least as favorable to the holder as those set forth in the Offer Notice. If SC Launch shall fail to complete any such sale within one hundred fifty (150) days following the expiration of the time provided for the Company to elect to purchase the Offer Securities, SC Launch shall be required to submit another Offer Notice and comply with the procedures set forth herein in order to dispose of any such Offer Securities.

ARTICLE VI REGISTRATION OF SECURITIES

6.1 Registration Rights. If the Company proposes to register any shares of its common stock under the Securities Act, either for its own account or the account of security holders, other than a registration on Form S-8, or any registration on a form which does not permit secondary sales, the Company shall include in such registration (and all related qualifications under state securities laws), at the option of SC Launch, all shares of common stock held by SC Launch. If the registration involves any underwriting, SC Launch’s shares shall be included in the underwriting arrangements with underwriters (selected by the Company) on the same terms as the Company or any other person selling common stock to the underwriters, but without limitation on the number of shares that SC Launch can elect to include in the underwriting arrangements.

6.2 Registration. All expenses of registration and qualification incurred in connection with a registration under this Section shall be borne by the Company, except that SC Launch shall bear the fees and expenses of its own counsel, if any, and any underwriting commission or discount applicable to its shares being sold. The Company will keep SC Launch advised of the status of the registration and will furnish such number of preliminary and final prospectuses as SC Launch

may reasonably request; and SC Launch will furnish to the Company such information regarding SC Launch as may reasonably be required in connection with the registration.

6.3 Indemnification. The following provisions shall apply to any registration effected pursuant to this Section:

A. The Company shall indemnify and hold harmless SC Launch and each person, if any, who controls SC Launch within the meaning of the Securities Act from and against any and all losses, claims, damages, expenses or liabilities, joint and several, to which they or any of them may become subject under the Securities Act or under any other statute or at common law or otherwise, and, except as hereinafter provided, will reimburse SC Launch and each such controlling person, if any, for any legal or other expenses reasonably incurred by any of them in connection with investigating or defending any actions, whether or not resulting in any liability, insofar as such losses, claims, damages, expenses, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the registration statement, any preliminary prospectus or the final prospectus (or the registration statement or prospectus as from time to time amended or supplemented by the Company) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, unless such untrue statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company in connection therewith by SC Launch expressly for use therein. Promptly after receipt by SC Launch or any person controlling SC Launch of the commencement of any action in respect of which indemnity may be sought against the Company, SC Launch will notify the Company in writing of the commencement thereof, and, subject to the provisions hereinafter stated, the Company shall assume the defense of such action (including the employment of counsel, who shall be counsel reasonably satisfactory to SC Launch or such person, as the case may be, and the payment of legal expenses) insofar as such action shall relate to any alleged liability in respect of which indemnity may be sought against the Company. SC Launch or any such controlling person shall have the right to employ separate counsel in any such action and to participate in the defense thereof but the fees and expenses of such counsel shall not be at the expense of the Company unless the employment of such counsel has been specifically authorized by the Company, which authorization shall be given whenever the party seeking indemnity has been advised by its counsel that one or more legal defenses may be available to it that are not available to the Company or that for other reasons separate representation may be necessary, to avoid a conflict. The Company shall not be liable to indemnify any person for any settlement of any such action effected without the consent of the Company.

B. SC Launch will indemnify and hold harmless the Company, each of its directors and each of its officers who have signed the registration statement and each person, if any, who controls the Company within the meaning of the Securities Act from and against any and all losses, claims, damages, expenses of liabilities, joint and several, to which they are or any of them may become subject under the Securities Act or under any other statute or at common law or otherwise, and, except as hereinafter provided, will reimburse the Company and each such director, officer or controlling person for any legal and other expenses reasonably incurred by any of them, insofar as such losses, claims, damages, expenses, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the registration statement, in any preliminary prospectus or in the final prospectus (or the registration

statement or prospectus as from time to time amended or supplemented) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, but only insofar as any such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company in connection therewith by SC Launch expressly for use therein. Promptly after receipt of notice of the commencement of any action in respect of which indemnity may be sought against SC Launch, the Company will notify SC Launch in writing of the commencement thereof, and SC Launch may, subject to the provisions hereinafter stated, assume the defense of such action (including the employment of counsel, who shall be counsel satisfactory to the Company, and the payment of legal expenses) insofar as such action shall relate to an alleged liability in respect of which indemnity may be sought against SC Launch. If SC Launch assumes the defense of an action, the Company and each such director, officer or controlling person shall have the right to employ separate counsel in any such action and to participate in the defense thereof but the fees and expenses of such counsel shall not be subject to reimbursement by SC Launch unless the employment of such counsel has been specifically authorized by SC Launch, which authorization shall be given whenever separate representation may be necessary to avoid a conflict. SC Launch shall not be liable to indemnify any person or any settlement of any such action effected without the consent of SC Launch. In no event shall the aggregate amounts payable by SC Launch by way of indemnity or reimbursement exceed the net proceeds from the offering received by SC Launch.

C. The indemnity provisions of this Section shall be in addition to any liability the indemnitor may otherwise have.

ARTICLE VII MISCELLANEOUS

7.1 Waiver. No waiver at any time of the provisions or conditions of this Agreement or of any of the other Financing Documents shall be construed as a waiver of any of the other provisions or conditions hereof or thereof, nor shall a waiver of any provision or condition be construed as a right to subsequent waiver of the same provision or condition.

7.2 Severability. Unenforceability for any reason of any provision of this Agreement or other agreements between the Company and SC Launch shall not limit the operation or validity of any other provisions of this Agreement or any other agreement.

7.3 Notices. Any notice, request, instruction or other document to be given hereunder by any party hereto to any other party hereto shall be in writing and (a) delivered personally or sent by registered or certified mail (return receipt requested), (b) by any overnight express mail service, postage or fees prepaid to the addresses set forth in the preamble to this Agreement, or (c) by facsimile or electronic email (e-mail). Either party may change the address to which notices, requests, demands, claims, or other communications hereunder are to be delivered by giving the other party notice in the manner herein set forth.

Any notice which is delivered personally in the manner provided herein is deemed to have been duly given to the party to whom it is directed upon actual receipt by such party or its agent. Any notice which is addressed and mailed by registered or certified mail in the manner

herein provided is conclusively presumed to have been duly given to the party to which it is addressed at the close of business, local time of the recipient, on the fourth business day after the day it is so placed in the mail or, if earlier, at the time of actual receipt. Any notice which is addressed and mailed by overnight express mail service in the manner herein provided is conclusively presumed to have been duly given to the party to which it is addressed at the close of business, local time of the recipient, on the next business day following delivery of such notice to such overnight express mail service prior to such service's deadline for next day delivery. Any notice which is sent by electronic mail or facsimile is deemed to have been duly given to the party to whom it is directed upon the earliest of actual receipt or upon being sent, during normal business hours of the recipient, if not, then on the next business day.

7.4 Time of the Essence. The parties hereto agree that time is of the essence to this Agreement.

7.5 Binding Effect; Assignment. Except as otherwise expressly provided in this Agreement, every covenant, term, and provision of this Agreement shall be binding upon and inure to the benefit of SC Launch and the Company, and their respective successors, transferees and assigns. The Company will assign this Agreement to any successor to the Company, or any transferee or assignee of all or substantially all of its assets, and cause any such successor, transferee or assignee to assume the obligations of the Company hereunder.

7.6 Governing law; Forum. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina without reference to the conflicts or choice of law principles thereof. Any civil action arising out of or in connection with this Agreement will be instituted and maintained exclusively in the state or federal courts located within the State of South Carolina and each of the parties hereto consents to the personal jurisdiction of such courts.

7.7 Titles and Captions. Titles and captions of Articles, Sections and subsections in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

7.8 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and shall be binding upon all parties, their successors and assigns, and all of which taken together shall constitute one and the same agreement.

7.9 Conflicts. In the event of any conflict between the terms and provisions contained in this Agreement and any other agreement, this Agreement shall control.

7.10 Termination of Agreement. Except as otherwise specifically provided herein, the provisions hereof, including all covenants, shall continue in full force and effect until the repurchase or redemption by the Company of all Securities of the Company held by SC Launch or its successors or assigns, and payment of fees, including the Sale of Company Fee and Relocation Fee to the extent applicable, and performance of all other obligations owed SC Launch hereunder.

7.11 Limitation of liability. SC Launch will not under any event in connection with this Agreement be liable for any consequential, incidental, special, punitive or other indirect damages of the Company or any other person.

7.12 Disclaimer of agency and fiduciary duty. The Company acknowledges and agrees that SC Launch exercising its rights under this Agreement as a holder of securities of the Company will not have any obligation, or be liable, to the Company or any other person, or be obligated to consider the interests of the Company or any other person, in exercising such rights.

7.13 Publicity. The Company will not, without first receiving prior written permission from SC Launch, use or distribute the name or marks, refer to, or identify SC Launch or its affiliates in publicity releases, interviews, promotional or marketing materials, announcements, customer listings or advertising (the foregoing include, but are not limited to, websites, social media, and any and all written marketing or promotional materials).

7.14 Entire agreement. This Agreement is intended to supersede all prior agreements, representations and understandings between or among any of the parties hereto relating to the subject matter hereof.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above written.

WITNESSES

SC LAUNCH!, INC.

By: _____

Its: _____

[NAME OF ISSUER]

By: _____

Its: _____

SAMPLE

Schedule I
Key Holders

The undersigned Key Holders join in the execution of the foregoing Preferred Stock Purchase Agreement and agree to be bound individually by the terms thereof.

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

SAMPLE

Schedule II to Preferred Stock Purchase Agreement

Name of Company:

State of Incorporation:

Street Address:

Description of Business:

Uses of Proceeds:

Existing written compensation agreements with related parties and amounts of compensation to be paid to such parties:

SAMPLE

Exhibit A

**Certificate of Designations
Series ____ Preferred Stock**

[to be inserted]

SAMPLE