SAPIENT VENTURES, LLC - SERIES ECOSHIELD

Offering a Maximum of 6,500 Membership Units for $6,500,000.00

Capitalized terms herein which are not otherwise defined shall have the same meaning as set forth in the Private Placement Memorandum of Sapient Ventures, LLC dated October 29, 2024 (the "PPM"), to which this document is an exhibit. Sapient Ventures, LLC – Series EcoShield (the "Series," "we," "us", or "our") is offering a maximum of 6,500 Class A series membership units ("Units"). Each Unit has an Offering price of $1,000.00, for potential total gross Offering proceeds of $6,500,000.00 (the "Maximum Offering Amount"). There is no minimum offering amount the Series must raise and Offering proceeds will be available immediately for the Series use. The minimum investment amount to acquire Class A Units is $100,000.00, unless such minimum is waived by the series manager, Sapient Property Group, LLC, a Texas limited liability company (the "Manager"), who shall manage all the Series' business, investments, and affairs.

THE BUSINESS

<u>The Series</u>

The Series was designated as a series of Sapient Ventures, LLC, a Texas series limited liability on October 8, 2024. It was formed to purchase the exclusive license to manufacture, distribute and utilize a patented SIP (Structurally Insulated Panel) panel system in the state of Texas. This panel system is appropriate for building single family homes, office building, hotels, retail, industrial and multi-family type projects. The panel utilizes galvanized steel and expanded poly styrene (with a similar look to Styrofoam).

Utilizing this method of construction costs less than conventional construction methods and utilizing this panel system has the following other significant benefits over conventional building methods:

- Much faster to erect. Using the panel technology construction time can be reduced by up to 50% saving labor costs and interim interest costs (which is significant given the rising interest rates).

- Stronger. Management believes that this product can even be engineered to resist tornadoes and hurricanes, which will be well received in areas which experience these type events.

- This product results in a building which is about 5 times more energy efficient, requiring smaller HVAC systems and saving utility costs.

- The panels are waterproof, fire-proof, bug-proof, mold and mildew-proof; all characteristics that regulating agencies are trending toward.

- This product has excellent sound proofing qualities which makes it ideal for multi-family and hospitality projects virtually eliminating sound pollution from neighboring units, hallways, elevators etc.

- The manufacture of the EcoShield building system creates zero pollution and all scrap materials are recycled.

- Labor savings - Depending upon the type of structure (certainly with one- or two-story projects) you do not need expensive framers to erect buildings the panel system. Builders can hire less expensive labor and easily train them to put up the panels.

- Competitive Market Advantage – Projects built with the licensed technology can enjoy a competitive edge due to lower utility cost and all of the other aforesaid advantages.

The Series anticipates purchasing land and an existing building for a manufacturing plant. The Series does not yet have a location or particular building identified but it has made estimates in the use of proceeds below on costs for such an acquisition based upon independent research and consultation with a real estate broker specializing in the type of property that will be needed.

The Series may sell its product offerings to other Series of the Company or affiliates of the Manager, from which the Manager and other Series will derive a benefit. We expect to price such contracts on terms similar to those given to unrelated third parties based upon the pricing of steel, foam, labor etc. at the time we price out the project.

License Agreement and IP

The Company has entered into agreements for the exclusive license in the state of Texas to manufacture, make, use, and sell structurally insulated panels embodied by the patents, trademarks, service mark, trade secrets, and know-how held by the licensor. The cost of the license is $100,000 with credit of $70,000 applied for previous payments made by the Manager and its affiliates. In addition, the Company must pay a monthly royalty fee to the licensor in an amount the greater of (i) $5,000 per month; or (ii) $0.10/linear foot of manufactured product. The license is perpetual at the Company's option so long as the royalty payments are timely made by the Company.

Market Opportunity

Initially, management plans to build a solid footprint financially with the initial location, expanding the existing facility as demand dictates. Once procedures and practices have reached a satisfactory level management envisions expanding within the state of Texas with two additional locations with one in the Austin area and one in the Houston area. Thereafter, the Series plans to purchase additional licenses in select states and may seek to expand overseas as well. Management sees opportunities in the eastern states which annually experience hurricanes, such as Florida as the EBS building system can be manufactured to resist Hurricane force winds. A similar opportunity exists in states like Oklahoma which routinely experience tornadoes as the EBS system should be able to be manufactured to resist tornado force winds. There may also be market opportunity in areas like California, which routinely experience forest fires, as the EBS system is fire-proof. By utilizing finishing products which are also fire-proof a home could be built as a fire-proof home which may be favored by homeowners in fire zones and by the insurance industry. In addition to expanding domestically, management sees the opportunity to expand into other countries, significantly expanding the company's footprint.

Management plans to hire a workforce to install its product as many potential customers have told us that this would be an attractive service for the company to provide. This workforce will, in itself be a profit center. The company's business plan also includes building hunting blinds to sell to companies which sell sporting goods such as Orvis, Cabela's and Dick's Sporting Goods. The installation workforce could be utilized to build the hunting blinds should they have down time between installation jobs. In this fashion the installation workforce would have no unproductive time and at the same time this arrangement provides an additional profit center for the company. Otherwise, the company will hire employees, as necessary, to manufacture this product. Building hunting blinds would utilize the scrap materials left over from manufacturing SIPs for builders and thus would require very little to no purchase of additional materials for this purpose.

Vertical Integration

The company envisions incorporating vertical integration into its business plan in the future. Among the opportunities management sees is producing its own Expanded Polystyrene and steel material rather than purchasing it from suppliers thus reducing the cost of the raw materials and bringing the savings to the company's bottom line.

Another possibility under consideration is forming a joint venture with an existing home builder to build single family homes. The advantages of the EBS building system incorporated into a home building division would provide a significant marketing advantage over other builders who use conventional building systems as well as add to the company's bottom line. The home building division would have significant expansion potential.

The solar industry is one that we see as a good fit for vertical integration; perhaps via becoming a distributor for solar panels and then using the solar panels for its own developments as well as selling it to the builder/developer customers of EBS. There may be other similar opportunities with other product manufactures such as those companies which we form co-marketing arrangements with.

ESTIMATED USE OF PROCEEDS

The following table illustrates the amount of proceeds to be received by the Series on the sale of Units and the intended uses of such proceeds.

Sources of Capital	**Maximum Offering Amount[1]**	**Percentage**
Total Gross Capitalization	**$6,500,000.00**	**100.00%**
Use of Proceeds[2]		
Building Costs	$4,500,000.00	69.23%
License	$100,000.00	1.54%
Legal	$40,000.00	0.62%
Patent Purchase Agreement	$120,000.00	1.85%
Equipment and IT	$200,000.00	3.08%
Organization Fee	$350,000.00	5.38%
Marketing	$250,000.00	3.85%
Other Operational Costs	$70,68500	1.09%
Contingency Reserves	$869,315.00	13.37%
Total Use of Proceeds	**$6,500,000.00**	**100.00%**

(1) The Maximum Offering Amount is based on the sale of 6,500 Class A Units pursuant to this Offering. The Series does not anticipate that the Maximum Offering Amount will be required to execute its business plan. The Series may sell less than the Maximum Offering Amount or amend or supplement this Memorandum and sell more Units.

(2) The Manager and/or its Affiliates have advanced approximately monies for due diligence, underwriting, and other expenses, which may be reimbursed pursuant to the Series Agreement and Series Designation or for which Units may be issued on the same terms as those offered to prospective investors for the equivalent dollar value received by the Series

The allocation of the use of proceeds among the categories of anticipated expenditures represents management's best estimates based on the current status of the Series' proposed operations, plans, investment objectives, capital requirements, and financial conditions. Future events, including changes in economic or competitive conditions of the Series' business plan or the completion of less than the total Offering, may cause the Series to modify the above-described allocation of proceeds. The Series' use of proceeds may vary significantly in the event any of the Series' assumptions prove inaccurate. The Series reserves the right to change the allocation of net proceeds from the Offering as unanticipated events or opportunities arise.

RISK FACTORS

PROSPECTIVE INVESTORS SHOULD BE AWARE THAT PURCHASING UNITS IS A SPECULATIVE INVESTMENT AND INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD CAREFULLY READ THIS MEMORANDUM AND ALL EXHIBITS PRIOR TO MAKING AN INVESTMENT AND SHOULD BE ABLE TO BEAR THE COMPLETE LOSS OF THEIR INVESTMENT.

In addition to the negative implications of all information and financial data included or referred to directly in this Memorandum, prospective investors should consider the following risk factors before making an investment in Units. This Memorandum and this exhibit contains forward-looking statements and information concerning the Series, its investment plans, and other future events. These statements should be read together with the discussion of risk factors set forth in the Memorandum and below because those risk factors could cause actual results to differ materially from such forward-looking statements. The cautionary statements set forth under this section and elsewhere in this Memorandum identify important factors with respect to forward-looking statements.

<u>Risks Related to the Series' Business and Industry</u>

The amount of capital the Series is attempting to raise in this offering may not be enough to sustain the Series' current business plan. In order to achieve the Series' near and long-term goals, the Series may need to procure funds in addition to the amount raised in the Offering. There is no guarantee the Series will be able to raise such funds on acceptable terms or at all. The terms on which we raise additional capital could be better than the terms offered in this Offering. 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 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 many factors, including the inherent business risks associated with our Series 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, it may materially harm our business, financial condition, and results of operations.

If our Series fails to attract and retain its key personnel, the Series may not be able to achieve its anticipated level of growth and its business could suffer. The Series' future depends, in part, on our ability to attract and retain key personnel. Our future also depends on the continued contributions of the executive officers and other key personnel, each of whom could be difficult to replace.

The Series has a lack of significant operating history for investors to evaluate. The Series was recently formed and has not significant revenues and has limited operating history upon which prospective investors may evaluate its performance. No guarantee can be given that the Series will achieve its investment objectives.

Possible changes in federal tax laws make it impossible to give certainty to the tax treatment of any Series Interest. The IRS code is subject to change by Congress, and interpretations of the code may be modified or affected by judicial decisions, by the Treasury Department through changes in regulations and by the Internal Revenue Service through its audit policy, announcements, and published and private rulings. Although significant changes to the tax laws historically have been given prospective application, no assurance can be given that any changes made in that law affecting an investment in the Issuer would be limited to prospective effect.

Actual or threatened epidemics, pandemics, outbreaks, or other public health crises may adversely affect the Series' business. The Series' business could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of novel coronavirus, or COVID-19. The risk, or public perception of the risk, of a pandemic or media coverage of infectious diseases could adversely affect the Series' business and financial condition. "Shelter-in-place" or other such orders by governmental entities would further negatively impact the Series' business and could also disrupt the Series' operations if employees, who cannot perform their responsibilities from home, are not able to report to work.

Our business could be negatively impacted by cyber security threats, attacks, and other disruptions. Businesses are more frequently facing advanced and persistent attacks on information infrastructure where various proprietary information and sensitive/confidential data relating to business operations are managed and stored. These attacks may include sophisticated malware (viruses, worms, and other malicious software programs) and phishing emails that attack our products or otherwise exploit any security vulnerabilities. These intrusions sometimes may be zero-day malware that are difficult to identify because they are not included in the signature set of commercially available antivirus scanning programs. Experienced computer programmers and hackers may be able to penetrate the portfolios' network security and misappropriate or compromise confidential information, create system disruptions, or cause shutdowns. Additionally, sophisticated software and applications that the portfolios produce or procure from third-parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the information infrastructure. A disruption, infiltration or failure of the Series or Series' information infrastructure systems as a result of software or hardware malfunctions, computer viruses, cyber-attacks, employee theft or misuse, power disruptions, natural disasters or accidents could cause breaches of data security, loss of critical data and performance delays, which in turn could adversely affect the Series' business.

There may be deficiencies with our internal controls that require improvements, and if we are unable to adequately evaluate internal controls, we may be subject to sanctions. We do not know whether our internal control procedures are effective and therefore there is a greater likelihood of undiscovered errors in our internal controls or reported financial statements.

Conflicts may exist between service providers, the Series, our management, and their affiliates. Our service providers may provide services to our officers and directors, the Series, and their affiliates. Because such providers may represent both the Series and such other parties, certain conflicts of interest exist and may arise. To the extent that an irreconcilable conflict develops between us and any of the other parties, providers may represent such other parties and not the Series. Providers may, in the future, render services to us or other related parties with respect to activities relating to the Series as well as other unrelated activities. Legal counsel is not representing any prospective investors in connection with this offering. The

The global economy, the financial markets and political conditions of various countries can adversely affect the supply of and demand for works of our products. Global political conditions and world events may affect our business through their effect on the economies of various countries, as well as on the willingness of potential buyers to purchase our products in the wake of economic uncertainty. Accordingly, weakness in those economies and financial markets can adversely affect the supply of and demand for our products. Furthermore, global political conditions may also influence the enactment of legislation that could adversely impact our business.

Supply chain disruptions could be harmful to our operations. Supply chain disruption poses a significant risk to our Series, and could negatively impact our ability to innovate, manufacture, and deliver products to customers effectively. The production of our building materials relies on a global network of suppliers, making manufacturers vulnerable to supply chain disruptions. Events like natural disasters, geopolitical tensions, or transportation delays can affect the availability and pricing of raw materials, such as timber, metals, and chemicals. These disruptions can lead to production delays, increased costs, and an inability to meet client demands, harming business operations and reputations.

Inconsistent quality control during the manufacturing of home building materials can pose severe risks, both to safety and business reputation. Defective materials can compromise the durability and stability of structures. Even minor flaws, like cracks or uneven finishes, may worsen over time, leading to expensive repairs, safety concerns, or complete structural failure. If faulty materials are discovered post-construction, the Series could face legal liabilities and costly recalls, damaging customer trust and long-term business relationships.

Manufacturing home building materials involves various health and safety risks due to the use of heavy machinery, hazardous chemicals, and physically demanding tasks. Workers may face injuries from operating cutting tools, forklifts, and mixers or from lifting heavy materials. Inadequate training, poor maintenance of equipment, or lack of safety protocols can increase the likelihood of accidents, resulting in severe injuries such as fractures, amputations, or burns. Employers must comply with workplace safety regulations, provide personal protective equipment (PPE), and ensure that workers receive proper training to reduce the risk of accidents. Exposure to hazardous substances poses another significant risk. Inhaling these substances can lead to long-term health conditions, including respiratory diseases, chemical burns, or allergic reactions. Workers may also be exposed to high temperatures, noise pollution, or airborne particles, further endangering their well-being. To mitigate these risks, manufacturers need to implement safety measures such as ventilation systems, regular health monitoring, and strict handling protocols for chemicals. Ensuring a culture of safety not only protects workers but also minimizes downtime, legal liabilities, and production disruptions caused by workplace incidents.

Manufacturing our products may involve processes that can pose environmental risks. Improper handling or disposal of by-products can harm ecosystems and violate environmental laws. If we fail to manage our waste streams or emissions properly, we may face fines, sanctions, or shutdowns from regulatory agencies. Additionally, non-compliance can damage the Series' reputation, reducing customer trust and jeopardizing future contracts with environmentally conscious clients or developers. In recent years, governments and industry bodies have implemented stricter environmental regulations, pushing manufacturers to adopt greener practices. This includes reducing carbon footprints, using recycled or eco-friendly raw materials, and minimizing water and energy usage in production. However, meeting these evolving standards can be challenging and expensive, requiring significant investments in technology, equipment upgrades, and employee training. Non-compliance risks not only financial penalties but also disruptions to operations, especially if the Series needs to halt production to meet new regulatory requirements or address environmental violations.

Our Series is subject to legal risk if persons are injured due to product defects related to our products. Any defects in our products leading to property damage, injuries, or even loss of life could be detrimental to the Series. Determining responsibility in such cases can be difficult. The Series could be subject to litigation if our products are involved in any such cases. Ensuring comprehensive and robust insurance coverage, implementing stringent quality control measures, and staying abreast of evolving regulations are vital steps for our Series to mitigate these liability risks effectively.

The Series needs to increase brand awareness. Due to a variety of factors, our opportunity to achieve and maintain a significant market share may be limited. Developing and maintaining awareness of the Series' brand name, among other factors, is critical. Further, the importance of brand recognition will increase as competition in the Series' market increases. Successfully promoting and positioning our brand, products and services will depend largely on the effectiveness of our marketing efforts. Therefore, we may need to increase the Series' financial commitment to create and maintain brand awareness. If we fail to successfully promote our brand name or if the Series incurs significant expenses promoting and maintaining our brand name, it will have a material adverse effect on the Series' results of operations.

If we are not able to maintain and enhance our brand, our ability to expand our base of customers may be impaired. and our business and financial results may be harmed. We believe that our brand will eventually contribute to the success of our business. We also believe that maintaining and enhancing our brand will be critical to expanding our customer base. Maintaining and enhancing our brand will depend largely on our ability to continue to provide useful, reliable, trustworthy, and innovative products, which we may not do successfully. We may introduce new products that users do not like, which may negatively affect our brand and products. Maintaining and enhancing our brand will require us to make substantial investments and these investments may not be successful. If we fail to successfully promote and maintain our brand or if we incur excessive expenses in this effort, our business and financial results may be adversely affected.

The markets for our products may develop more slowly than we expect or may be negatively impacted by market conditions. The demand for home building materials is closely tied to economic cycles and fluctuations in the real estate and construction markets. Our success will depend on continued growth of these markets. During economic downturns or housing market slumps, construction activity often decreases, leading to reduced demand for materials. This can result in excess inventory, lower profit margins, and potential layoffs for the Series. We may struggle with cash flow issues if we overproduce during high-demand periods and are left with unsold stock when the market cools. Additionally, fluctuating interest rates and changes in government policies—such as reductions in housing incentives or construction grants—can further impact demand and disrupt business forecasts. On the other hand, rapid economic growth or housing booms can also pose risks, as we may find it challenging to keep up with sudden spikes in demand. Shortages of key raw materials and labor during these periods can drive up costs, reducing profitability despite increased sales. Supply chain constraints, price volatility for essential inputs like wood or metals, and longer delivery times can affect production timelines and customer satisfaction. In addition, we do not know how successful the adoption of our products will be. In part, this may depend on how well we compete with our competitors in this space who may have more resources and time in the industry than we do. We will incur substantial operating costs, particularly in sales and marketing and research and development, in attempting to develop market share. If the market for our products does not develop as we anticipate, or does not continue to grow, or grows more slowly than we expect, our operating results will be harmed.

Reliance on third-party service providers creates risks for the Series. Some of the Series' operations may rely on the Series' third-party service providers. Specifically, we are highly reliant on our product manufacturers to source components for our products. Our reliance on suppliers involves certain risks, including: shortages of components, or other materials, which could adversely affect our manufacturing efficiencies and ability to make timely delivery of our products, solutions, and services; changes in the cost of these purchases due to inflation, exchange rate fluctuations, taxes, tariffs, commodity market volatility, or other factors that affect our suppliers; poor quality or an insecure supply chain, which could adversely affect the reliability and reputation of our products, solutions, and services; embargoes, sanctions, and other trade restrictions that may affect our ability to purchase from various suppliers; and intellectual property risks such as challenges to ownership of rights or alleged infringement by suppliers. Any interruptions, delays, or disruptions in and to the delivery of such services could expose the Series to liability and harm the Series' business and reputation.

Although dependent on certain key personnel, the Series 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, the Series has 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, the Series will not receive any compensation to assist with such person's absence. The loss of such person could negatively affect the Series and our operations. We have no way to guarantee key personnel will stay with the Series, as many states do not enforce non-competition agreements, and therefore acquiring key man insurance will not ameliorate all the risk of relying on key personnel.

Failure to effectively manage our expected growth could place strains on our managerial, operational and financial resources and could adversely affect our business and operating results. Our expected growth could place a strain on our managerial, operational and financial resources. Any further growth by us, or any increase in the number of our strategic relationships, will increase the strain on our managerial, operational and financial resources. This strain may inhibit our ability to achieve the rapid execution necessary to implement our business plan and could have a material adverse effect on our financial condition, business prospects and operations and the value of an investment in our company.

We will need to achieve commercial acceptance of our products to continue to generate revenues and sustain profitability. We may not be able to successfully commercialize our products, and even if we do, we may not be able to do so on a timely basis. Superior competitive products may be introduced, or customer needs may change, which will diminish or extinguish the commercial uses for our products. We cannot predict when significant commercial market acceptance for our products will develop, if at all, and we cannot reliably estimate the projected size of any such potential market. If the markets fail to accept our products, then we may not be able to generate revenues. Our revenue growth and profitability will depend substantially on our ability to manufacture and deploy additional products.

Changes in employment laws or regulation could harm our performance. Various federal and state labor laws govern the Series' relationship with our employees and affect operating costs. These laws may include minimum wage requirements, overtime pay, healthcare reform and the implementation of various federal and state healthcare laws, unemployment tax rates, workers' compensation rates, citizenship requirements, union membership and sales taxes. A number of factors could adversely affect our operating results, including additional government-imposed increases in minimum wages, overtime pay, paid leaves of absence and mandated health benefits, mandated training for employees, changing regulations from the National Labor Relations Board and increased employee litigation including claims relating to the Fair Labor Standards Act.

Our business plan is speculative. Our present business and planned business are speculative and subject to numerous risks and uncertainties. There is no assurance that the Series will generate significant revenues or profits.

Our expenses could increase without a corresponding increase in revenues. Our operating and other expenses could increase without a corresponding increase in revenues, which could have a material adverse effect on our financial results and on your investment. Factors which could increase operating and other expenses include but are not limited to (1) increases in the rate of inflation, (2) increases in taxes and other statutory charges, (3) changes in laws, regulations or government policies which increase the costs of compliance with such laws, regulations or policies, (4) significant increases in insurance premiums, and (5) increases in borrowing costs.

Our bank accounts will not be fully insured. The Series' regular bank accounts and the escrow account for this Offering each have federal insurance that is limited to a certain amount of coverage. It is anticipated that the account balances in each account may exceed those limits at times. In the event that any of the Series' banks should fail, we may not be able to recover all amounts deposited in these bank accounts.

Our operations may not be profitable. The Series may not be able to generate significant revenues in the future. In addition, we expect to incur substantial operating expenses in order to fund the expansion of our business. As a result, we may experience substantial negative cash flow for at least the foreseeable future and cannot predict when, or even if, the Series might become profitable.

Our business model is evolving. Our business model is unproven and is likely to continue to evolve. Accordingly, our initial business model may not be successful and may need to be changed. Our ability to generate significant revenues will depend, in large part, on our ability to successfully market our products to potential customers who may not be convinced of the need for our products and services or who may be reluctant to rely upon third parties to develop and provide these products. We intend to continue to develop our business model as the Series' market continues to evolve.

Our employees may engage in misconduct or improper activities. The Series, like any business, is exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with laws or regulations, provide accurate information to regulators, comply with applicable standards, report financial information or data accurately or disclose unauthorized activities to the Series. In particular, sales, marketing and business arrangements are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve improper or illegal activities which could result in regulatory sanctions and serious harm to our reputation.

We may expend our limited resources to pursue a particular product and may fail to capitalize on products that may be more profitable or for which there is a greater likelihood of success. Because we have limited financial and managerial resources, we have focused our efforts on particular products. As a result, we may forego or delay pursuit of opportunities with other products that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Any failure to improperly assess potential products could result in missed opportunities and/or our focus on products with low market potential, which would harm our business and financial condition.

If we fail to comply with government laws and regulations it could have a materially adverse effect on our business. Our industry is subject to federal, state and local laws and regulations that are complex and for which, in many instances, the industry does not have the benefit of significant regulatory or judicial interpretation. We exercise care in structuring our operations to comply in all material respects with applicable laws to the extent possible. We will also take such laws into account when planning future operations and acquisitions. The laws, rules and regulations described above are complex and subject to interpretation. In the event of a determination that we are in violation of such laws, rules or regulations, or if further changes in the regulatory framework occur, any such determination or changes could have a material adverse effect on our business. There can be no assurance however that we will not be found in noncompliance in any particular situation.

We may not maintain sufficient insurance coverage for the risks associated with our business operations. Risks associated with our business and operations include, but are not limited to, claims for wrongful acts committed by our officers, directors, and other representatives, the loss of intellectual property rights, the loss of key personnel, risks posed by natural disasters and risks of lawsuits from customers who are dissatisfied with our products. Any of these risks may result in significant losses. We cannot provide any assurance that our insurance coverage is sufficient to cover any losses that we may sustain, or that we will be able to successfully claim our losses under our insurance policies on a timely basis or at all. If we incur any loss not covered by our insurance policies, or the compensated amount is significantly less than our actual loss or is not timely paid, our business, financial condition and results of operations could be materially and adversely affected.

Our business plan relies on licensed technology. Businesses that rely on licensed technology face legal risks, particularly around intellectual property (IP) rights. A misinterpretation of the scope of the license—such as using the technology in unintended ways—can lead to costly litigation or termination of the agreement. In addition, if the Company fails to meet the terms of the license, it could be terminated and the Company could lose the right to use the licensed technology, patents, and trademarks. There is also the danger of third-party infringement claims if the technology infringes on someone else's IP, exposing both the licensor and the licensee to lawsuits. Clear contracts are essential, but even with precise terms, differing interpretations can result in disputes over usage, renewal, or ownership rights.

The reliance on licensed technology introduces significant financial risks, especially when agreements involve fixed fees or royalty obligations that must be met regardless of performance. If the licensed technology fails to generate the expected returns, the business may suffer cash flow issues. Furthermore, the technology may require additional investments in integration, training, or customization, adding unforeseen costs. Currency fluctuations can also impact businesses with international licensing agreements, leading to unpredictable expenses.

Operational risks are another concern, as businesses become dependent on the licensor for updates, maintenance, and technical support. If the licensor fails to provide timely updates or ceases operations, the licensee may face disruptions or security vulnerabilities. Similarly, if the technology is discontinued or no longer compatible with other systems, the business may struggle to maintain continuity. This dependency makes it essential for businesses to have contingency plans in case the licensor cannot meet its obligations.

The rapid pace of technological change introduces obsolescence risks. A business may find that the licensed technology becomes outdated or irrelevant in a short period, forcing it to renegotiate terms or seek new solutions. Meanwhile, competitors who adopt more advanced technologies could gain a market advantage. Being locked into long-term agreements without flexibility can limit the business's ability to pivot to better or newer technologies, causing it to fall behind in innovation.

Lastly, businesses face reputational risks if the technology they license performs poorly or causes harm. Bugs, glitches, or security vulnerabilities can result in product malfunctions or data breaches, eroding customer trust. In industries like healthcare or finance, technology failures can have severe legal and reputational consequences. Even if the business was not directly responsible for the problem, it could suffer significant damage if customers or partners associate the failure with their brand.

DISTRIBUTIONS AND ALLOCATIONS

Timing of Distributions

Distributions will be made in accordance with the terms of the Series Designation. The Series estimates that distributions will begin six months after completion of the project.

Cash Distributions

Any Free Cash Flows of each Series after (i) repayment of any amounts outstanding under Operating Expenses Reimbursement Obligations including any accrued interest as there may be and (ii) the creation of such reserves as the Manager deems necessary, in its sole discretion, to meet future Operating Expenses including the further development of and reinvestment in the Series Assets, shall be applied and distributed as follows:

- First, the Class A Members shall ratably receive a cumulative, non-compounding preferred return of thirty percent (30%) per annum, calculated on their unreturned Capital Contributions (the "Preferred Return").
- Second, the Class A Members shall ratably receive all remaining Free Cash Flows until they have received their unreturned Capital Contributions.
- Thereafter, the Class B Members shall receive all remaining Free Cash Flows, ratably apportioned according to their Class B Interests.

Once Class A Members have received a return of all their Unreturned Capital Contributions and their Preferred Return, their Class A Series Interests shall automatically terminate and they shall no longer be Members of the Company or Series. It is uncertain at this point when the Series will be able to return investors' capital contributions and pay the annualized 30% return in full and, thus, it is uncertain when investors' interests in the Series will be terminated. Investors should be prepared to hold this investment indefinitely or to be bought out within a year or less.

Please review the foregoing distribution terms in the Series Designation, attached as an exhibit to the PPM, before purchasing any Units.

Allocations

During the Series term and upon its liquidation, the Series shall allocate all profits and losses as though there had been a deemed liquidation of the Series. Prospective investors should read the Operating Agreement for a more detailed description of how Profits and Losses will be allocated to the Members.

MANAGEMENT COMPENSATION AND FEES

The Manager and other members of the Series' management, along with their Affiliates, may receive substantial fees and compensation in connection with the management of the Series, the Series' assets, investments, and operations, and reimbursement for expenses incurred on behalf of the Series as further described below. The Manager reserves the right to assign any fee, income, or compensation due. The maximum amount of fees the Manager, the other members of the Series' management, or their Affiliates may receive cannot be determined at this time. The compensation arrangements described herein have been established by the Manager and are not the result of arm's-length negotiations. The following fees may be paid from capital contributions, revenues, or reserves.

The Manager, its designated Affiliates, and/or third parties will receive the following fees, in addition to distributions of Distributable Cash, as set forth herein:

Organization Fee: For efforts in conducting due diligence and making this investment opportunity available to the Series and its Members, the Manager, its Affiliates, or designated assigns shall earn an organization fee of $350,000.00.

Reimbursement of Expenses; Fees for Professional Services: The Series will reimburse the Manager or its Affiliates reasonable expenses paid or incurred in connection with the Series' operations. Such reimbursements may be paid from Capital Contributions, operating revenue, or reserves. In addition, the Manager or its Affiliates will be reimbursed the fair value for provision of additional services to the Series at reasonable commercial rates on either an hourly or per-service basis.