

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM C/A**

**UNDER THE SECURITIES ACT OF 1933**

(Mark one.)

- Form C: Offering Statement
- Form C-U: Progress Update
- Form C/A: Amendment to Offering Statement
  - Check box if Amendment is material and investors must reconfirm within five business days.
- Form C-AR: Annual Report
- Form C-AR/A: Amendment to Annual Report
- Form C-TR: Termination of Reporting

***Name of issuer***

DirecTech Labs, Inc.

***Legal status of issuer***

***Form***

Corporation

***Jurisdiction of Incorporation/Organization***

Delaware

***Date of organization***

April 26, 2016

***Physical address of issuer***

2392 Dewey St., Santa Monica, CA, USA 90405

***Website of issuer***

<https://www.directechlabs.com/>

***Name of intermediary through which the offering will be conducted***

SI Securities, LLC

***CIK number of intermediary***

0001603038

***SEC file number of intermediary***

008-69440

***CRD number, if applicable, of intermediary***

170937

***Amount of compensation to be paid to the intermediary, whether as a dollar amount or a percentage of the offering amount, or a good faith estimate if the exact amount is not available at the time of the filing, for conducting the offering, including the amount of referral and any other fees associated with the offering***

7.5% of the amount raised

***Any other direct or indirect interest in the issuer held by the intermediary, or any arrangement for the intermediary to acquire such an interest***

SI Securities will receive equity compensation equal to 5% of the number of securities sold.

***Type of security offered***

Series Seed Preferred Stock

***Target number of Securities to be offered***

35,766 (determined with a price of \$0.7049 per share)

***Price (or method for determining price)***

\$0.5992 for subscriptions received no later than August 9, 2019; \$0.6697 per share for subscriptions received after August 9, 2019 but not later than August 23, 2019; and \$0.7049 per share for subscriptions received after August 23, 2019.

***Target offering amount***

\$25,000

***Oversubscriptions accepted:***

- Yes  
 No

***Oversubscriptions will be allocated:***

- Pro-rata basis  
 First-come, first-served basis  
 Other:

***Maximum offering amount (if different from target offering amount)***

\$1,070,000

***Deadline to reach the target offering amount***

September 27, 2019

**NOTE: If the sum of the investment commitments does not equal or exceed the target offering amount at the offering deadline, no Securities will be sold in the offering, investment commitments will be cancelled and committed funds will be returned.**

***Current number of employees***

16

	<b>Most recent fiscal year-end</b>	<b>Prior fiscal year-end</b>
<b>Total Assets</b>	\$765,278	\$1,226,311
<b>Cash &amp; Cash Equivalents</b>	\$322,449	\$1,155,066
<b>Accounts Receivable</b>	\$270,500	\$53,543
<b>Short-term Debt</b>	\$394,914	\$143,804
<b>Long-term Debt</b>	\$1,455,000	\$1,350,000
<b>Revenues/Sales</b>	\$770,000	\$169,145
<b>Cost of Goods Sold</b>	\$76,000	\$82,191
<b>Taxes Paid</b>	\$0	\$0
<b>Net Income</b>	\$(817,143)	\$(300,956)

The above reflects the consolidated financials of DirecTech Labs, Inc.

***The jurisdictions in which the issuer intends to offer the Securities:***

Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District Of Columbia, Florida, Georgia, Guam, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virgin Islands, U.S., Virginia, Washington, West Virginia, Wisconsin, Wyoming, American Samoa, and Northern Mariana Islands

**EXHIBIT A**  
**AMENDED AND RESTATED OFFERING MEMORANDUM PART II OF**  
**OFFERING STATEMENT**  
**(EXHIBIT A TO FORM C/A)**  
**August 2, 2019**

**DirecTech Labs, Inc.**



**Up to \$1,070,000 of Preferred Stock**

DirecTech Labs, Inc. ("DirecTech", the "Company," "we," "us", or "our"), is offering up to \$1,070,000 worth of Series Seed Preferred Stock of the Company (the "Securities"). Purchasers of Securities are sometimes referred to herein as "Purchasers". The minimum target offering is \$25,000 (the "Target Amount"). This Offering is being conducted on a best efforts basis and the Company must reach its Target Amount of \$25,000 by September 27, 2019. The Company is making concurrent offerings under both Regulation CF (the "Offering") and Regulation D and recently completed a private placement of convertible notes (collectively, the "Combined Offerings"). Unless the Company raises at least the Target Amount of \$25,000 under the Regulation CF Offering and a total of \$350,000 under the Combined Offerings (the "Closing Amount") by September 27, 2019, no Securities will be sold in this Offering, investment commitments will be cancelled, and committed funds will be returned. Investors who completed the subscription process by September 20, 2019 will be permitted to increase their subscription amount at any time on or before September 27, 2019 upon Company consent. For the avoidance of doubt, no initial subscriptions from new investors will be accepted after September 20, 2019. The Company will accept oversubscriptions in excess of the Target Amount for the Offering up to \$1,070,000 (the "Maximum Amount") on a first come, first served basis. If the Company reaches its Closing Amount prior to September 20, 2019, the Company may conduct the first of multiple closings, provided that the Offering has been posted for 21 days and that investors who have committed funds will be provided notice five business days prior to the close. The minimum amount of Securities that can be purchased is \$1,000 per Purchaser (which may be waived by the Company, in its sole and absolute discretion). The offer made hereby is subject to modification, prior sale and withdrawal at any time.

**A crowdfunding investment involves risk. You should not invest any funds in this Offering unless you can afford to lose your entire investment.**

**In making an investment decision, investors must rely on their own examination of the issuer and the terms of the Offering, including the merits and risks involved. These Securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document.**

**The U.S. Securities and Exchange Commission (the "SEC") does not pass upon the merits of any Securities offered or the terms of the Offering, nor does it pass upon the accuracy or completeness of any Offering document or literature.**

**These Securities are offered under an exemption from registration; however, the SEC has not made an independent determination that these Securities are exempt from registration.**

**This disclosure document contains 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 this disclosure document and the Company Offering materials, the words "estimate", "project", "believe", "anticipate", "intend", "expect", and similar expressions are intended to identify 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 action 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 to reflect events or circumstances after such state or to reflect the occurrence of unanticipated events.**

The Company has certified that all of the following statements are TRUE for the Company in connection with this Offering:

- (1) Is organized under, and subject to, the laws of a State or territory of the United States or the District of Columbia;
- (2) Is not subject to the requirement to file reports pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") (15 U.S.C. 78m or 78o(d));
- (3) Is not an investment company, as defined in section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a-3), or excluded from the definition of investment company by section 3(b) or section 3(c) of that Act (15 U.S.C. 80a-3(b) or 80a-3(c));
- (4) Is not ineligible to offer or sell securities in reliance on section 4(a)(6) of the Securities Act of 1933 (the "1933 Act") (15 U.S.C. 77d(a)(6)) as a result of a disqualification as specified in § 227.503(a);
- (5) Has filed with the SEC and provided to investors, to the extent required, any ongoing annual reports required by law during the two years immediately preceding the filing of this Form C/A; and
- (6) Has a specific business plan, which is not to engage in a merger or acquisition with an unidentified company or companies.

### **Ongoing Reporting**

The Company will file a report electronically with the SEC annually and post the report on its website, no later than April 29, 2020.

Once posted, the annual report may be found on the Company's website at <https://www.directechlabs.com/investors>.

The Company must continue to comply with the ongoing reporting requirements until:

- (1) the Company is required to file reports under Section 13(a) or Section 15(d) of the Exchange Act;
- (2) the Company has filed at least three annual reports pursuant to Regulation CF and has total assets that do not exceed \$10,000,000;
- (3) the Company has filed at least one annual report pursuant to Regulation CF and has fewer than 300 holders of record;
- (4) the Company or another party repurchases all of the Securities issued in reliance on Section 4(a)(6) of the 1933 Act, including any payment in full of debt securities or any complete redemption of redeemable securities; or
- (5) the Company liquidates or dissolves its business in accordance with state law.

Neither the Company nor any of its predecessors (if any) previously failed to comply with the ongoing reporting requirement of Regulation CF.

### **Updates**

Updates on the status of this Offering may be found at: [www.seedinvest.com/directech](http://www.seedinvest.com/directech).

### **About this Form C/A**

You should rely only on the information contained in this Form C/A. We have not authorized anyone to provide you with information different from that contained in this Form C/A. We are offering to sell, and seeking offers to buy the Securities only in jurisdictions where offers and sales are permitted. You should assume that the information contained in this Form C/A is accurate only as of the date of this Form C/A, regardless of the time of delivery of this Form C/A or of any sale of Securities. Our business, financial condition, results of operations, and prospects may have changed since that date.

Statements contained herein as to the content of any agreements or other documents are summaries and, therefore, are necessarily selective and incomplete and are qualified in their entirety by the actual agreements or other documents. The Company will provide the opportunity to ask questions and receive answers from the Company's management

concerning terms and conditions of the Offering, the Company or any other relevant matters and any additional reasonable information to any prospective Purchaser prior to the consummation of the sale of the Securities.

This Form C/A does not purport to contain all of the information that may be required to evaluate the Offering and any recipient hereof should conduct its own independent analysis. The statements of the Company contained herein are based on information believed to be reliable. No warranty can be made as to the accuracy of such information or that circumstances have not changed since the date of this Form C/A. The Company does not expect to update or otherwise revise this Form C/A or other materials supplied herewith. The delivery of this Form C/A at any time does not imply that the information contained herein is correct as of any time subsequent to the date of this Form C/A. This Form C/A is submitted in connection with the Offering described herein and may not be reproduced or used for any other purpose.

## SUMMARY

### The Business

The following summary is qualified in its entirety by the more detailed information that may appear elsewhere in this Form C/A and the Exhibits hereto. Each prospective Purchaser is urged to read this Form C/A and the Exhibits hereto in their entirety.

DirecTech Labs, Inc. is a Delaware Corporation, formed on April 26, 2016.

The Company is located at 2392 Dewey St., Santa Monica, CA, USA 90405

The Company's website is <https://www.directechlabs.com/>.

A description of our products as well as our services, process, and business plan can be found on the Company's profile page on the SI Securities, LLC ("SeedInvest") website under [www.seedinvest.com/directech](http://www.seedinvest.com/directech) and is attached as Exhibit C to the Form C/A of which this Offering Memorandum forms a part.

### The Offering

<b>Minimum amount of Preferred Stock being offered</b>	\$25,000
<b>Maximum amount of Preferred Stock</b>	\$1,070,000
<b>Purchase price per Security</b>	\$0.5992 for subscriptions received no later than August 9, 2019; \$0.6697 per share for subscriptions received after August 9, 2019 but not later than August 23, 2019; and \$0.7049 per share for subscriptions received after August 23, 2019.
<b>Minimum investment amount per investor</b>	\$1,000
<b>Offering deadline</b>	September 27, 2019
<b>Use of proceeds</b>	See the description of the use of proceeds on page 13 hereof.
<b>Voting Rights</b>	See the description of the voting rights on pages 10, 11, 14, 15, and 18-20.

## RISK FACTORS

*The SEC requires the Company to identify risks that are specific to its business and its financial condition. The Company is still subject to all the same risks that all companies in its business, and all companies in the economy, are exposed to. These include risks relating to economic downturns, political and economic events and technological developments (such as hacking and the ability to prevent hacking). Additionally, early-stage companies are inherently more risky than more developed companies. You should consider general risks as well as specific risks when deciding whether to invest.*

### Risks Related to the Company's Business and Industry

*The Company's sales cycle is long and may be unpredictable, which can result in variability of its financial performance.* Additionally, long sales cycles may require the Company to incur high sales and marketing expenses with no assurance that a sale will result, which could adversely affect its profitability. The Company's results of operations may fluctuate, in part, because of the resource-intensive nature of its sales efforts and the length and

variability of the sales cycle. A sales cycle is the period between initial contact with a prospective customer and any sale of its direct selling sales monitoring software. The sales process involves educating customers about the Company's direct selling sales monitoring software, participating in extended direct selling sales monitoring software evaluations and configuring the direct selling sales monitoring software to customer-specific needs. The length of the sales cycle, from initial contact with a customer to the execution of a purchase order, is generally 6 to 24 months. During the sales cycle, the Company may expend significant time and resources on sales and marketing activities or make other expenditures, all of which lower its operating margins, particularly if no sale occurs or if the sale is delayed as a result of extended qualification processes or delays. It is difficult to predict when, or even if, it will make a sale to a potential customer or if the Company can increase sales to existing customers. As a result, the Company may not recognize revenue from sales efforts for extended periods of time, or at all. The loss or delay of one or more large transactions in a quarter could impact its results of operations for that quarter and any future quarters for which revenue from that transaction is lost or delayed.

***The company is raising at a \$11.525MM pre-money valuation which is above average for a company at this stage in the life cycle.*** Since the Company is relatively new to the untested marketplace, Investors may not be adequately compensated for the risk they are taking on when investing in the Company.

***Failure to obtain new clients or renew client contracts on favorable terms could adversely affect results of operations.*** The Company may face pricing pressure in obtaining and retaining its clients. Its clients may be able to seek price reductions from it when they renew a contract, when a contract is extended, or when the client's business has significant volume changes. Their clients may also reduce services if they decide to move services in-house or if their financial situation has changed and they have determined they no longer need such services. On some occasions, pricing pressure results in lower revenue from a client than the Company had anticipated based on its previous agreement with that client. This reduction in revenue could result in an adverse effect on its business and results of operations. Further, failure to renew client contracts on favorable terms could adversely affect the Company's business. If the Company is not successful in achieving a high rate of contract renewals on favorable terms or a client ends a contract prior to the end of the term, its business and results of operations could be adversely affected.

***Our business has a concentration risk from our customers.*** We are a relatively new Company, and currently have very few customers. Only a few customers represent the majority of our revenues and accounts receivable. Specifically, as of December 31, 2018 and 2017, 84% and 100% of total revenues were from four and two customers, respectively. And, at December 31, 2018 and 2017, 86% and 100% of accounts receivable are due from four and two customers, respectively. Until we grow our business and expand our customer base, the loss of any customer could have significant effect on our revenues.

***The Company forecasts project 100%+ growth in 1 year.*** If its assumptions are wrong, and its projections regarding market penetration are too aggressive, its financial projections may overstate its viability. In addition, the forward-looking statements are only predictions. The Company has based these forward-looking statements largely on its current expectations and projections about future events and financial trends that it believes may affect its business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

***The amount of capital the Company is attempting to raise in this Offering is not enough to sustain the Company's current business plan.*** In order to achieve the Company's near and long-term goals, the Company will 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 the Company is not able to raise sufficient capital in the future, the Company will not be able to execute its business plan, its continued operations will be in jeopardy and it may be forced to cease operations and sell or otherwise transfer all or substantially all of its remaining assets, which could cause a Purchaser to lose all or a portion of his or her investment.

***The Company's cash position is relatively weak.*** The Company currently has only approximately \$423,000 in cash balances as of June 30, 2019. This equates to 3-6 months of runway. The Company could be harmed if it is unable to meet its cash demands, and the Company may not be able to continue operations if they are not able to raise additional funds.

***The total amount raised may include investments made outside of the SeedInvest platform.*** \$350,000 has been raised prior to the launch of the SeedInvest campaign in private placements. The earliest investment counted towards the

escrow target was made on June 20, 2019. There is no guarantee that the Company has this cash available for operations as of the date of launch. See balance sheet for current cash balance.

***The Company's expenses will significantly increase as they seek to execute their current business model.*** Although the Company estimates that it has enough runway until end of the year, they will be ramping up cash burn to promote revenue growth, further develop R&D, and fund other Company operations after the raise. Doing so could require significant effort and expense or may not be feasible.

***The Company does not currently hold any significant intellectual property, outside of a trademark for "Distro," and they may not be able to obtain such intellectual property.*** Their ability to obtain protection for their intellectual property is uncertain due to a number of factors, including that the Company may not have been the first to make the inventions. The Company has not conducted any formal analysis of the "prior art" in their technology, and the existence of any such prior art would bring the novelty of their technologies into question and could cause the pending patent applications to be rejected. Further, changes in U.S. and foreign intellectual property law may also impact their ability to successfully prosecute their IP applications. For example, the United States Congress and other foreign legislative bodies may amend their respective IP laws in a manner that makes obtaining IP more difficult or costly. Courts may also render decisions that alter the application of IP laws and detrimentally affect their ability to obtain such protection. Even if the Company is able to successfully register IP, this intellectual property may not provide meaningful protection or commercial advantage. Such IP may not be broad enough to prevent others from developing technologies that are similar or that achieve similar results to theirs. It is also possible that the intellectual property rights of others will bar the Company from licensing their technology and bar them or their customer licensees from exploiting any patents that issue from the pending applications. Finally, in addition to those who may claim priority, any patents that issue from the patent applications may also be challenged by competitors on the basis that they are otherwise invalid or unenforceable.

***The Company's success is dependent on consumer adoption of direct selling sales monitoring software, a relatively unproven market.*** The Company may incur substantial operating costs, particularly in sales and marketing and research and development, in attempting to develop these markets. If the market for the Company's products develops more slowly than it expects, its growth may slow or stall, and its operating results would be harmed. The market for direct selling sales monitoring software is still evolving, and the Company depends on the continued growth of this market. It is uncertain whether the trend of adoption of direct selling sales monitoring software that the Company has experienced in the past will continue in the future.

***The founder's/management team is currently being paid salaries that are above average for a company at this stage in the life cycle.*** High executive compensation results in a higher overall salary burn, which in turn shortens the runway for achieving desired traction and company milestones. These higher salaries limit runway, and require the Company to raise more funds.

***The Company depends on key personnel.***

Our future success depends on the efforts of a small number of key personnel, including our co-founder and CEO Michel Bayan, our co-founder and CTO and Jordan Zommick and our engineering team. Our engineering team is responsible for development and maintenance of our software. There can be no assurance that we will be successful in attracting and retaining the personnel we require to operate, improve and market our software.

***The Company does not have an employment contract in place with their key employees.*** Employment agreements typically provide protections to the Company in the event of the employee's departure, specifically addressing who is entitled to any intellectual property created or developed by those employees in the course of their employment and covering topics such as non-competition and non-solicitation. As a result, if a key employee were to leave DirecTech, the Company might not have any ability to prevent his direct competition, or have any legal right to intellectual property created during his employment. There is no guarantee that an employment agreement will be entered into.

***The Company's existing investors have not waived their pre-emptive rights and may plan to exercise those rights.*** The pre-emptive right entitles those investors to participate in this securities issuance on a pro rata basis. If those investors choose to exercise their pre-emptive right, it could dilute shareholders in this round. This dilution could reduce the economic value of the investment, the relative ownership resulting from the investment, or both.

***The Company has not filed a Form D for its prior offerings.*** The SEC rules require a Form D to be filed by companies within 15 days after the first sale of securities in the offering relying on Regulation D. Failing to register with the SEC or get an exemption may lead to fines, the right of investors to get their investments back, and even criminal charges. There is a risk that a late penalty could apply.

***The Company is overdue on its 2018 tax filing, which could subject it to penalties, fines, or interest charges, and which could indicate a failure to maintain adequate financial controls and safeguards.*** In particular, the Internal Revenue Service (IRS) could impose the Company with costly penalties and interest charges if the Company has filed its tax return late, or has not furnished certain information by the due date. In addition, even if though the Company has confirmed that it has filed an extension, if it underestimated its taxes, the IRS could penalize it. Potential tax consequences could adversely affect the Company's results of operations or financial condition.

***The company has a large number of convertible notes that may convert in this or future rounds.*** Because of this, there is a risk that investors could be subject to additional dilution, that the Company's operations could be restricted, or that the company or investors may relinquish rights on unfavorable terms. The Company may seek additional capital through a variety of means, including through public or private equity, debt financings or other sources, including up-front payments and milestone payments from strategic collaborations. To the extent that the Company raises additional capital through the sale of equity or convertible debt or equity securities, an investor's ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect shareholder rights. Such financing may result in dilution to stockholders, imposition of debt covenants, increased fixed payment obligations, or other restrictions that may affect the Company's business.

***The Company has received \$250,000 of debt financing to date for which the Company issued Flow Capital US Corp ("Flow Capital") a warrant to purchase 354,661 shares of Common Stock and entered into a security agreement.*** The Company could draw down up to an additional \$1,250,000 under a royalty purchase agreement (subject to additional warrant coverage) and the security agreement will terminate and Flow Capital's security interest in the Company's assets will be released upon the conversion of the outstanding convertible notes, which will occur if the Company raises at least \$700,000 in the Combined Offering. If the security agreement is not terminated, Flow Capital will have a senior right to assets of the Company, such as in the bankruptcy or liquidation.

***The reviewing CPA has included a "going concern" note in the reviewed financials.*** The Company has incurred losses from inception of approximately \$1,117,465 which, among other factors, raises substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon management's plans to raise additional capital from the issuance of debt or the sale of stock, its ability to commence profitable sales of its flagship services, and its ability to generate positive operational cash flow. The accompanying financial statements do not include any adjustments that might be required should the Company be unable to continue as a going concern.

***The Company has engaged in related party transactions.*** During the years ended December 31, 2018 and 2017, shareholders of the Company advanced funds to be used in operations. These advances are non-interest bearing. At December 31, 2018 and 2017, the amount of advances outstanding is \$7,105 and \$14,858, respectively, and are recorded under 'Accounts payable – related parties' on the consolidated balance sheets.

***The Company has not prepared any audited financial statements.*** Therefore, you have no audited financial information regarding the Company's capitalization or assets or liabilities on which to make your investment decision. If you feel the information provided is insufficient, you should not invest in the Company.

## **Risks Related to the Securities**

***The Series Seed Preferred Stock will not be freely tradable until one year from the initial purchase date. Although the Series Seed Preferred Stock may be tradable under federal securities law, state securities regulations may apply and each Purchaser should consult with his or her attorney.*** You should be aware of the long-term nature of this investment. There is not now and likely will not be a public market for the Series Seed Preferred Stock. Because the Series Seed Preferred Stock have not been registered under the 1933 Act or under the securities laws of any state or non-United States jurisdiction, the Series Seed Preferred Stock have transfer restrictions and cannot be resold in the United States except pursuant to Rule 501 of Regulation CF. It is not currently contemplated that registration under the 1933 Act or other securities laws will be effected. Limitations on the transfer of the Series Seed Preferred Stock may also adversely affect the price that you might be able to obtain for the Series Seed Preferred Stock in a private sale. Purchasers should be aware of the long-term nature of their investment in the Company. Each Purchaser in this Offering will be required to represent that it is purchasing the Securities for its own account, for investment purposes and not with a view to resale or distribution thereof.

***A majority of the Company is owned by a small number of owners.*** Prior to the Offering the Company's current owners of 20% or more beneficially own up to 46.81% of the Company. Subject to any fiduciary duties owed to our

other owners or investors under Delaware law, these owners may be able to exercise significant influence over matters requiring owner approval, including the election of directors or managers and approval of significant Company transactions, and will have significant control over the Company's management and policies. Some of these persons may have interests that are different from yours. For example, these owners may support proposals and actions with which you may disagree. The concentration of ownership could delay or prevent a change in control of the Company or otherwise discourage a potential acquirer from attempting to obtain control of the Company, which in turn could reduce the price potential investors are willing to pay for the Company. In addition, these owners could use their voting influence to maintain the Company's existing management, delay or prevent changes in control of the Company, or support or reject other management and board proposals that are subject to owner approval.

***Your ownership of the shares of preferred stock may be subject to dilution.*** Non-Major Purchasers (as defined below) of preferred stock do not have preemptive rights. If the Company conducts subsequent offerings of preferred stock or Securities convertible into preferred stock, issues shares pursuant to a compensation or distribution reinvestment plan or otherwise issues additional shares, investors who purchase shares in this Offering who do not participate in those other stock issuances will experience dilution in their percentage ownership of the Company's outstanding shares. Furthermore, Purchasers may experience a dilution in the value of their shares depending on the terms and pricing of any future share issuances (including the shares being sold in this Offering) and the value of the Company's assets at the time of issuance.

***Your voting rights will be limited.*** Under the investor proxy agreement, all Non-Major Purchasers of Series Seed Preferred Stock will be bound by an investor proxy agreement. This agreement will limit your voting rights and at a later time may require you to convert your future preferred shares into common shares without your consent. Non-Major Purchasers will be bound by this agreement, unless Non-Major Purchasers holding a majority of the principal amount outstanding of the Series Seed Preferred Stock held by Non-Major Purchasers vote to terminate the agreement. Further, you will not get to select directors. Under the Investment Agreement (defined below), the holders of the then outstanding shares of common stock will be able to designate two members of the board of directors, and you or your proxy (if you are Non-Major Purchasers) will be required to vote for those designees.

***The Securities will be equity interests in the Company and will not constitute indebtedness.*** The Securities will rank junior to all existing and future indebtedness and other non-equity claims on the Company (including the claims of Flow Capital and those held by the Company's noteholders) with respect to assets available to satisfy claims on the Company, including in a liquidation of the Company. Additionally, unlike indebtedness, for which principal and interest would customarily be payable on specified due dates, there will be no specified payments of dividends with respect to the Securities and dividends are payable only if, when and as authorized and declared by the Company and depend on, among other matters, the Company's historical and projected results of operations, liquidity, cash flows, capital levels, financial condition, debt service requirements and other cash needs, financing covenants, applicable state law, federal and state regulatory prohibitions and other restrictions and any other factors the Company's board of directors deems relevant at the time. In addition, the terms of the Securities will not limit the amount of debt or other obligations the Company may incur in the future. Accordingly, the Company may incur substantial amounts of additional debt and other obligations that will rank senior to the Securities.

***Certain investors are entitled to a discount.***

Investors who invest early in this offering will be entitled to a discount. See, "Summary – The Offering – Purchase price per security". In addition, \$350,000 in investments, which will count toward the escrow target in this offering, were made on convertible notes. Provided a minimum of \$700,000 is raised (excluding the conversion of indebtedness of this or any other note), this note is convertible into Series Seed Preferred Stock at a 15% discount. Shares purchased at a discount may immediately dilute the value of your stock. Therefore, the value of shares of investors who pay the full price in this offering will be diluted by investments made by investors entitled to discounted shares, who will pay less for the same stake in the company.

***There can be no assurance that we will ever provide liquidity to Purchasers through either a sale of the Company or a registration of the Securities.*** There can be no assurance that any form of merger, combination, or sale of the Company will take place, or that any merger, combination, or sale would provide liquidity for Purchasers. Furthermore, we may be unable to register the Securities for resale by Purchasers for legal, commercial, regulatory, market-related or other reasons. In the event that we are unable to effect a registration, Purchasers could be unable to sell their Securities unless an exemption from registration is available.

***The Company does not anticipate paying any cash dividends for the foreseeable future.*** The Company currently intends to retain future earnings, if any, for the foreseeable future, to repay indebtedness and to support its business. The Company does not intend in the foreseeable future to pay any dividends to holders of its shares of preferred stock.

***Any valuation at this stage is difficult to assess.*** Unlike listed companies that are valued publicly through market-driven stock prices, the valuation of private companies, especially startups, is difficult to assess and you may risk overpaying for your investment. In addition, there may be additional classes of equity with rights that are superior to the class of equity being sold.

## **BUSINESS**

### **Description of the Business**

#### ***Problem***

Large enterprise software providers like Salesforce, Adobe, Oracle, and SAP are vying for market share in the \$189B subset of the gig economy known as direct selling. But their systems are cramming square pegs into round holes, attempting to use the same technology that has worked for their e-commerce and retail customers in a market that we believe needs unique solutions which maximize the unique asset direct sellers have that no other go-to-market channel has to offer: personal relationships their reps have with customers.

#### ***Solution***

Our product, Distro is helping customers better understand and motivate their independent reps and customers. Using the type of AI that is already driving billions for Netflix, Facebook, Amazon, and Google, we build deep behavior profiles about a company's customers and reps. Then we use those profiles to deliver value in two ways:

We deliver behavioral insights that directly affect customer strategies, helping them create more personalized training, promotions, and communications to reps and customers that result in deeper engagement and higher LTV.

We send hyper-targeted alerts to reps around the world alerting them to their customers and teammates who need their support now. We cut our teeth on alerting (via internal company CRM, email, and text) people who Distro predicts are in the last 30 days of their lifecycle, along with some tips on how to retain the person at risk. Now we're moving into other use cases and more deeply integrating with more of our customers' sales and marketing tech.

Annual contract value has nearly doubled in the last year and customers are beginning to expand their accounts with us. Over the last year, we've launched in 74 countries and quadrupled product performance and ROI for customers. Recently a customer earned \$100K in new revenue in a weekend and \$1M in 75 days.

### **Business Plan**

#### ***Product Overview***

Customers begin with the core solution: "Focus Alerts" for retention. First, Distro predicts that a customer or rep is in the last 30 days of their lifecycle. Then Distro uses influencer scoring to select the rep that would be best suited to help the person at risk. It alerts that person with a personalized, interactive text message including tips on how to retain the customer. If they don't take action, Distro reminds them. If they continue to be unresponsive, Distro will escalate the alert to another rep, a corporate employee and (soon with a new module launch) to the company contact center to take action. It's all automated and results are tracked all the way to new revenue in the bank.

The second element is the Distro Dashboard: This is where we segment the reps and customers into behavioral groups and give the company insight into how to create more engaging training, promotions, communication, and other programs for both reps and customers.

#### ***Business Model***

We have a SaaS model. \$18K-50K+ per month for the core module. \$5K-10K per month for add-ons. Customer acquisition: Reach targets via content, digital & conferences, push leads to sales.

#### ***Traction to Date***

- \$145K MRR (4X growth from Q3 2018)
- Six of the largest global direct and social selling companies are now customers, including Plexus Worldwide, Oriflame, Kyani, Advocare, PM International, and Modere
- Product is live in 70+ countries and 24 languages
- Now working to expand product-market fit and are now expanding current accounts and ready to grow another 4X in 12 months
- CAC has been recovered in first month MRR
- ACV: ~Doubled in last 12 months

## **Roadmap**

2019 | WhatsApp: Integrated with WhatsApp via Twilio's API. Multiple customers are currently considering adding this module. WeChat, FB Messenger, and others over time.

2019 -2020 | Onboarding: Focus Alerts system evolves into an interactive bot. It will onboard new customers and reps. As it is caring for them to be sure they receive products, are properly using them, and are taking personalized first steps into their new gig, Distro is also gathering goals, personality, etc. This new data will allow us to:

- Alert the company or a rep if something isn't going right.
- Improv Focus Alerts with more specific context on how to communicate with the rep or customer based on their personality profile (ie. Jane is an extrovert, so let her talk and tell you all about what's going on with her).
- This data also allows us to build more accurate and actionable predictions about reps and customers, creating more add-on modules and increasing performance and customer ROI.
- Once we've established market share in direct selling, we move to other gig verticals.

2020+ | Distro evolves into the brain that powers customer and rep interactions across a variety of channels with an empathetic chatbot that interacts on SMS, FB messenger, WhatsApp, Wechat, etc. and will even work with voice.

## **The Company's Products and/or Services**

<b>Product / Service</b>	<b>Description</b>	<b>Current Market</b>
<b>Direct selling sales monitoring software</b>	<b>B2B AI software focused on direct selling corporations</b>	<b>Businesses, gig workers, micro-influencers, and social sellers</b>

## **Competition**

The markets in which our products are sold are highly competitive. Our products compete against similar products of many large and small companies, including well-known global competitors. In many of the markets and industry segments in which we sell our products, we compete against other branded products as well as retailers' private-label brands. Product quality, performance, value and packaging are also important differentiating factors.

## **Customer Base**

Our customers are global direct and social selling companies, including Plexus Worldwide, Oriflame, PM International, and Modere.

## **Intellectual Property**

The Company is dependent on the following intellectual property:

### **Trademarks**

<b>Application or Registration #</b>	<b>Goods / Services</b>	<b>Mark</b>	<b>File Date</b>	<b>Grant Date</b>	<b>Country</b>
5,573,902	Providing temporary use of on-line non-downloadable software for use by direct selling business for the collection and interpretation of sales data and the automated communication with and to their independent sales representatives	Distro	01-09-2018	10-02-2018	USA

### **Patents**

None.

### **Litigation**

None.

## **USE OF PROCEEDS**

We will adjust roles and tasks based on the net proceeds of the Offering. We plan to use these proceeds as described below.

### **Offering Expenses**

The use of proceeds for expenses related to the Combined Offering is as follows:

- If the Company raises the Target Amount, it will use 47.50% of the proceeds, or \$11,875, towards offering expenses;
- If the Company raises the Closing Amount, it will use 10.36% of the proceeds, or \$90,250, towards offering expenses; and
- If the Company raises the Maximum Amount, it will use 8.43% of the proceeds, or \$90,250, towards offering expenses

The proceeds remaining after meeting offering expenses will be used as follows:

<b>Use of Proceeds</b>	<b>% if Target Amount Raised</b>	<b>% if Closing Amount Raised</b>	<b>% if Maximum Amount Raised</b>
General Expenses	13%	13%	13%
Development	11%	11%	11%
Marketing	11%	11%	11%
Team Salaries	65%	65%	65%

The above table of the anticipated use of proceeds is not binding on the Company and is merely a description of its current intentions. We reserve the right to change the above use of proceeds if management believes it is in the best interests of the Company.

### **DIRECTORS, OFFICERS, AND MANAGERS**

The directors, officers, and managers of the Company are listed below along with all positions and offices held at the Company and their principal occupation and employment responsibilities for the past three (3) years.

<b>Name</b>	<b>Positions and Offices Held at the Company</b>	<b>Principal Occupation and Employment Responsibilities for the Last Three (3) Years</b>
Michel Bayan	Founder, CEO (Aug. 2016- present)	Founder, CEO (August 2016 - present): Founder and CEO of DirecTech Labs: sales, fundraising, marketing, and product
Jordan Zommick	Founder, CTO (Aug. 2016 - present)	Founder, CTO (August 2016 - present): Founder and CTO of DirecTech Labs: technology, product, finance, and operations

### **Indemnification**

Indemnification is authorized by the Company to managers, officers or controlling persons acting in their professional capacity pursuant to Delaware law. Indemnification includes expenses such as attorney's fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

### **Employees**

The Company currently has 16 employees in the U.S. and India.

### **CAPITALIZATION AND OWNERSHIP**

#### **Capitalization**

The Company has issued the following outstanding Securities:

<b>Type of security</b>	<b>Amount outstanding</b>	<b>Voting rights</b>	<b>How this security may limit, dilute, or qualify the Securities</b>	<b>Percentage ownership of the Company by the holders with</b>	<b>Other material terms</b>
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			<b>issues pursuant to this Offering</b>	<b>exercisable voting rights prior to the Offering</b>	
Common Stock	9,503,636	YES	N/A	100%	N/A
Warrants	354,661	NO	N/A	N/A	N/A
Options	653,479	NO	N/A	N/A	N/A

The Company has the following debt outstanding:

The Company issued a total of thirteen convertible notes payable for cash proceeds of \$1,175,000 between July 2017 and January 2018. The notes bear interest at 6% per annum and mature two years from the date of issuance. The notes are convertible into preferred or common shares of the Company upon the following:

1. Upon the Company receiving cash of no less than \$700,000 for the sale of the Company's preferred or common stock ("Qualified Financing"), the note principal and accrued interest will be automatically converted into shares of preferred stock of the Company at a price of the lower of 80% of the price paid in the Qualified Financing, or the quotient of the valuation cap and the fully diluted capitalization of the Company, as defined in the individual agreements.
2. Upon the sale, transfer, or other disposition of substantially all of the Company's assets (except one in which the holders of capital stock of the Company immediately prior to such action continue to hold at least 50% of the voting power of the Company), the note holder may elect to convert outstanding principal and accrued interest into common shares of the Company at a price equal to the quotient of the valuation cap and the fully diluted capitalization of the Company, as defined in the individual agreements, or a cash settlement of outstanding principal and interest.
3. Upon maturity, holders may elect at any time to convert the outstanding principal and accrued interest into common shares of the Company at a price equal to the quotient of the maturity valuation cap and the fully diluted capitalization of the Company, as defined by the individual agreements. If not converted at maturity, the maturity date of the note extends one additional year.

The Company issued a total of three convertible notes payable for cash proceeds of \$250,000 in July 2017. The notes bear interest at 5% per annum and mature two years from the date of issuance. The notes are convertible into preferred or common shares of the Company upon the following:

1. Upon the Company receiving cash of no less than \$700,000 for the sale of the Company's preferred or common stock ("Qualified Financing"), the note principal and accrued interest will be automatically converted into shares of preferred stock of the Company at a price of the lower of 80% of the price paid in the Qualified Financing, or the quotient of the valuation cap and the fully diluted capitalization of the Company, as defined in the individual agreements.
2. Upon the sale, transfer, or other disposition of substantially all of the Company's assets (except one in which the holders of capital stock of the Company immediately prior to such action continue to hold at least 50% of the voting power of the Company), the note holder may elect to convert outstanding principal and accrued interest into common shares of the Company at a price equal to the quotient of the valuation cap and the fully diluted capitalization of the Company, as defined in the individual agreements, or a cash settlement of outstanding principal and interest.
3. Upon maturity, holders may elect at any time to convert the outstanding principal and accrued interest into common shares of the Company at a price equal to the quotient of the maturity valuation cap and the fully diluted capitalization of the Company, as defined by the individual agreements. The Company issued a convertible notes payable for cash proceeds of \$30,000 in January 2018. The note bears interest at 5% per annum and matures two years from the date of issuance. The notes are convertible into preferred or common shares of the Company under the same provisions as the three 5% convertible notes disclosed above.

In June 2019, the Company issued convertible promissory notes for cash proceeds of \$350,000. The convertible notes bear interest at 6% per annum and mature two years from the issuance date. The notes may be converted upon the following:

1. Upon the Company receiving cash of no less than \$700,000 for the sale of the Company's preferred or common stock ("Qualified Financing"), the note principal and accrued interest will be automatically converted into shares of preferred stock of the Company at a price of the lower of 85% of the price paid in

the Qualified Financing, or the quotient of the valuation cap and the fully diluted capitalization of the Company, as defined in the individual agreements.

2. Upon the sale, transfer, or other disposition of substantially all of the Company's assets (except one in which the holders of capital stock of the Company immediately prior to such action continue to hold at least 50% of the voting power of the Company), the note holder may elect to convert outstanding principal and accrued interest into common shares of the Company at a price equal to the quotient of the valuation cap and the fully diluted capitalization of the Company, as defined in the individual agreements, or a cash settlement of outstanding principal and interest.

In June 2019, the Company amended all outstanding convertible promissory notes to extend the maturity date to June 30, 2020. Additionally, the amendment lowered the definition of Qualified Financing to the Company receive cash of no less than \$700,000 for the sale of the Company's preferred or common stock.

## Ownership

Below are the beneficial owners of 20% percent or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, are listed along with the amount they own.

Name	Number and type/class of security held	Percentage ownership
Michel Bayan	Common Stock	24.61%
Jordan Zommick	Common Stock	22.20%

## FINANCIAL INFORMATION

**Please see the financial information listed on the cover page of the Form C and attached thereto in addition to the following information. Financial statements are attached thereto as Exhibit B.**

**The following discussion includes information based on our unaudited operating data for 2019 and is subject to change once we complete our fiscal year, prepare our consolidated financial statements and our accountant completes a financial review of those statements.**

### Operations

DirecTech Labs, Inc. ("the Company") was incorporated on April 26, 2016 under the laws of the State of Delaware, and is headquartered in Santa Monica, California. The Company is an artificial intelligence platform focused on direct selling companies, providing AI based direct selling retention solutions that reduce sales rep and customer churn and increase sales.

DirecTech Labs Private Limited ("the Subsidiary") was incorporated on June 10, 2016 under the laws of the Republic of India, and is headquartered in Ghaziabad, India.

Our 2018 net revenues were \$770,000 compared with 2017 net revenues of \$169,145, while our gross profits was \$694,000 in (90% margin) in 2018 and \$86,954 (51% margin) in 2017. In 2018 revenues came exclusively from setup fees for onboarding new customers and services fees for use of the Company's platform. In 2017, revenues also came from consulting fees and other income. The increase in the margin is due to the company selling a more packaged repeatable product.

During the same period expenses increase to \$1,738,520, in 2018 compared with \$372,707 in 2017. The primary drivers for the increase in expenses include an approximately \$930,000 increase in the cost of payroll and related expenses, a \$170,000 increase in general and administrative expenses, a \$100,000 increase in professional fees and \$70,000 in rent fees. These expenses were accrued as part of a plan to make our solutions more scalable and repeatable so that multiple customers can have the same product with less repeated effort on the Company's side.

Accordingly, the Company's net loss increased to a net loss of 1,044,520 in 2018 from a net less of 285,753 in 2017.

The Company also had other income of 219,734 in 2018 and other expense of 11,939 in 2017. The other income primarily is derived from an approximately \$300,000 hosting services credit (related to a technology infrastructure and hosting platform as a result of participating in the TechStars Accelerator program) which was partially offset by an interest expense of \$84,000 related to the convertible notes.

As a result, the Company has a total comprehensive loss of \$817,143 in 2018 compared with \$300,956 in 2017.

Our revenue for the first half of 2019 grew at a steady pace while we focused more energy on tuning and building the platform. We believe we are on track to close the year at approximately \$200,000 in monthly recurring revenue. However, losing customers could slow this growth and the renewal of contracts by customers is not guaranteed.

### **Liquidity and Capital Resources**

The proceeds from the Offering are essential to our operations. We plan to use the proceeds as set forth above under "Use of Proceeds", which is an indispensable element of our business strategy. The Offering proceeds will have a beneficial effect on our liquidity, as we have approximately \$423,000 in cash balances as of June 30, 2019. This equates to 3-6 months of runway, which will be augmented by the Offering proceeds and used to execute our business strategy.

The Company has entered into a "Royalty Purchase Agreement", "Security Agreement" and "Warrant to Purchase Shares of Common Stock" (each dated July 30, 2019) with Flow Capital pursuant to which the Company has received \$250,000 of debt financing to date for which the Company issued Flow Capital a warrant to purchase 357,399 shares of Common Stock. The Company could draw down up to an additional \$1,250,000 under the Royalty Purchase Agreement (subject to additional warrant coverage) and the Security Agreement will terminate and Flow Capital's security interest in the Company's assets will be released upon the conversion of the outstanding convertible notes of the Company. If the Company raises \$700,000 in the Concurrent Offerings (excluding the sale of notes in the private placement) the Security Agreement will terminate. Each monthly royalty payment (a "Royalty Payment") will be equal to the sum of \$3,750 (the "Minimum Monthly Payment") and a royalty rate that is 0.20% (the "Royalty Rate") multiplied by the Gross Revenue of the Company. If the Company draws down additional funds under the Royalty Purchase Agreement, the Royalty Rate and the Minimum Monthly Payment will each be proportionally increased based on the amount of the Subsequent Investment if the Company and Flow opt for more capital. The Company has the opportunity to either partially or entirely buyout of the Royalty Payments at rates that vary over time up to a maximum of a 3X return for Flow Capital.

### **Capital Expenditures and Other Obligations**

The Company does not intend to make any material capital expenditures in the future.

### **Trends and Uncertainties**

After reviewing the above discussion of the steps the Company intends to take, potential Purchasers should consider whether achievement of each step within the estimated time frame is realistic in their judgment. Potential Purchasers should also assess the consequences to the Company of any delays in taking these steps and whether the Company will need additional financing to accomplish them.

The financial statements are an important part of this Form C/A and should be reviewed in their entirety. The financial statements of the Company are attached hereto as Exhibit B.

### **Valuation**

Based on the Offering price of the Securities, the pre-Offering value ascribed to the Company is \$11,525,000.

Before making an investment decision, you should carefully consider this valuation and the factors used to reach such valuation. As with many software startups the valuation is partly calculated in anticipation of the growth potential of the company. Such valuation may not be accurate and you are encouraged to determine your own independent value of the Company prior to investing.

As discussed in "Dilution" below, the valuation will determine the amount by which the investor's stake is diluted immediately upon investment. An early-stage company typically sells its shares (or grants options over its shares) to its founders and early employees at a very low cash cost, because they are, in effect, putting their "sweat equity" into the Company. When the Company seeks cash investments from outside investors, like you, the new investors typically pay a much larger sum for their shares than the founders or earlier investors, which means that the cash value of your stake is immediately diluted because each share of the same type is worth the same amount, and you paid more for your shares (or the notes convertible into shares) than earlier investors did for theirs.

There are several ways to value a company. None of them is perfect and all of them involve a certain amount of guesswork. The same method can produce a different valuation if used by a different person.

*Liquidation Value* - The amount for which the assets of the Company can be sold, minus the liabilities owed, e.g., the assets of a bakery include the cake mixers, ingredients, baking tins, etc. The liabilities of a bakery include the cost of rent or mortgage on the bakery. However, this value does not reflect the potential value of a business, e.g. the value of the secret recipe. The value for most startups lies in their potential, as many early stage companies do not have many assets (they probably need to raise funds through a securities offering in order to purchase some equipment).

*Book Value* - This is based on analysis of the Company's financial statements, usually looking at the Company's balance sheet as prepared by its accountants. However, the balance sheet only looks at costs (i.e. what was paid for the asset), and does not consider whether the asset has increased in value over time. In addition, some intangible assets, such as patents, trademarks or trade names, are very valuable but are not usually represented at their market value on the balance sheet.

*Earnings Approach* - This is based on what the investor will pay (the present value) for what the investor expects to obtain in the future (the future return), taking into account inflation, the lost opportunity to participate in other investments, the risk of not receiving the return. However, predictions of the future are uncertain and valuation of future returns is a best guess.

Different methods of valuation produce a different answer as to what your investment is worth. Typically liquidation value and book value will produce a lower valuation than the earnings approach. However, the earnings approach is also most likely to be risky as it is based on many assumptions about the future, while the liquidation value and book value are much more conservative.

Future investors (including people seeking to acquire the Company) may value the Company differently. They may use a different valuation method, or different assumptions about the Company's business and its market. Different valuations may mean that the value assigned to your investment changes. It frequently happens that when a large institutional investor such as a venture capitalist makes an investment in a company, it values the Company at a lower price than the initial investors did. If this happens, the value of the investment will go down.

### Previous Offerings of Securities

We have made the following issuances of securities within the last three years:

Previous Offering	Date of Previous Offering	Offering Exemption Relied Upon	Type of Securities Offered	Amount of Securities Sold	Use of Proceeds of the Previous Offering
Pre-Seed	07/2017	Section 4(a)(2)	Convertible Note	\$250,000	General operating expenses, marketing and development of the platform
Seed	12/2017	Section 4(a)(2)	Convertible Note	\$1,100,000	General operating expenses, marketing and development of the platform
Seed	12/2017	Section 4(a)(2)	Convertible Note	\$125,000	General operating expenses, marketing and development of the platform
Seed	6/2019	Section 4(a)(2)	Convertible Note	\$350,000	The proceeds will be used for improvements to the platform and general operating expenses.

## **THE OFFERING AND THE SECURITIES**

The following description is a brief summary of the material terms of the Company's capital stock and is qualified in its entirety by the provisions in the Amended and Restated Certificate of Incorporation, the Bylaws and the terms contained in the Investment Agreement and the investor proxy agreement (if a Non-Major Purchaser).

### **The Securities Offered in this Offering**

Our Target Amount for this Offering to investors under Regulation Crowdfunding is \$25,000.

Additionally, we have set a minimum Closing Amount of \$350,000 for the Combined Offerings. However, this amount has already been met from the sale of convertible notes in a private placement.

The minimum investment in this Offering is \$1,000. SeedInvest Auto Invest participants have a lower investment minimum in this offering of \$200. Investments of \$20,000 or greater will only be accepted through the Regulation D offering.

### **Securities Sold Pursuant to Regulation D**

The Company is selling securities in a concurrent offering to accredited investors under Rule 506(c) under the 1933 Act at the same time as this Offering under Regulation Crowdfunding..

The Company is offering the Series Seed Preferred Stock to accredited investors on substantially the same terms as investors in the Regulation Crowdfunding Offering.

However, investors who invest \$50,000 or greater in the Regulation D offering will be considered "Major Purchasers," and will be entitled to some additional rights relating to their investment, including:

- greater information and inspection rights
- if there is a next financing, they will receive the more favorable rights, if any, of Major Purchasers in the next financing
- a participation right for any certain new securities
- a right of first refusal for the transfer of common stock by a key holder, if the Company does not exercise that right.

### **Classes of securities of the Company**

#### **Common Stock**

##### *Dividend Rights*

Holders of common stock are entitled to receive dividends, as may be declared from time to time by the board of directors out of legally available funds. The company has never declared or paid cash dividends on any of its capital stock and currently does not anticipate paying any cash dividends after this offering or in the foreseeable future.

##### *Voting Rights*

Each holder of common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Under the Investment Agreement, the Preferred Stock holders are required to vote for the two board members designated by the outstanding holders of shares of common stock

##### *Right to Receive Liquidation Distributions*

Yes, junior to those for the Preferred Stock,

##### *Rights and Preferences*

None, however under a separate agreement one shareholder is entitled to preemptive rights and the company has a right of first refusal with respect to those shares.

#### **Preferred Stock**

The company has authorized the issuance of four seed series of Preferred Stock. The series are designated Series Seed Preferred Stock, Series Seed-1 Preferred Stock, Series Seed-2 Preferred Stock, and Series Seed-3 Preferred

Stock (together the "Preferred Stock"). Each series of Preferred Stock contains substantially similar rights, preferences, and privileges.

#### *Dividend Rights*

Holders of Preferred Stock are entitled to receive dividends *pari passu* with holders of common stock, as may be declared from time to time by the board of directors out of legally available funds. For this purpose, each holder of shares of Preferred Stock will be treated as holding the greatest whole number of shares of common stock then issuable upon conversion of all shares of Preferred Stock held by such holder. The Company has never declared or paid cash dividends on any of its capital stock and currently does not anticipate paying any cash dividends after this offering or in the foreseeable future.

#### *Voting Rights*

Each holder of Preferred Stock is entitled to one vote for each share of Common Stock, which would be held by each stockholder if all of the Preferred Stock were converted into Common Stock. Fractional votes are not permitted and if the conversion results in a fractional share, it will be rounded to the closest whole number. Holders of Preferred Stock are entitled to vote on all matters submitted to a vote of the stockholders as a single class with the holders of Common Stock.

So long as at least 25% of the original number of Preferred Stock is outstanding, specific matters will require the approval of a majority of the holders of Preferred Stock voting as a single class on an as-converted basis. These matters include any vote to:

- alter the rights, powers or privileges of the Preferred Stock set forth in the restated certificate or bylaws, as then in effect, in a way that adversely affects the Preferred Stock;
- increase or decrease the authorized number of shares of any class or series of capital stock;
- authorize or create (by reclassification or otherwise) any new class or series of capital stock having rights, powers, or privileges set forth in the certificate of incorporation, as then in effect, that are senior to or on a parity with any series of preferred stock;
- redeem or repurchase any shares of common stock or preferred stock (other than pursuant to employee or consultant agreements giving the Company the right to repurchase shares upon the termination of services pursuant to the terms of the applicable agreement);
- declare or pay any dividend or otherwise make a distribution to holders of preferred stock or common stock;
- increase or decrease the number of directors;
- liquidate, dissolve, or wind-up the business and affairs of the Company, effect any deemed liquidation event, or consent, agree or commit to do any of the foregoing without conditioning such consent, agreement or commitment upon obtaining approval of the holders of Preferred Stock.

Under the Investment Agreement, the Preferred Stock holders are required to vote for the two board members designated by the outstanding holders of common shares.

#### *Right to Receive Liquidation Distributions*

In the event of our liquidation, dissolution, or winding up, holders of our Preferred Stock will be entitled to receive the greater of the original issue price (\$0.2417 per share for the Series Seed-1 Preferred Stock, \$0.4834 per share for the Series Seed-2 Preferred Stock, \$0.5639 per share for the Series Seed-3 Preferred Stock and \$0.7049 per share for the Series Seed Preferred Stock), plus any dividends declared but unpaid or such amounts that they would have received had all shares of Preferred Stock been converted to shares of common stock. Holders of Preferred Stock receive these distributions before any holders of common stock.

#### *Conversion Rights*

The Preferred Stock are convertible into one share of common stock (subject to proportional adjustments for stock splits, stock dividends and the like) at any time at the option of the holder.

#### *Rights under the Series Seed Preferred Stock Investment Agreement*

Under the Series Seed Preferred Stock Investment Agreement (the "Investment Agreement"), investors who have invested \$50,000 or greater are designated Major Purchasers. Major Purchasers are granted some additional rights and preferences under the Investment Agreement. If the next financing the Company undertakes provides for more favorable provisions (e.g., registration rights, rights of co-sale, etc.), holders of Series Seed Preferred Stock will be entitled to substantially similar provisions. Further holders who are Major Purchasers under the Investment Agreement relating to this offering, will be considered Major Purchasers with respect to provisions in the next financing (to the extent the Major Purchaser concept is used in such financing). In future offerings, each Major Purchaser has the right

of first refusal to purchase their pro-rata share of certain New Securities (as defined in the Investment Agreement) that the Company may from time to time issue. If there is right a first refusal for the transfer of common stock by a key holder, and the Company does not exercise that right, Major Purchasers will be entitled to exercise that right for a pro-rata share of the key holder's common stock.

Holder of Preferred Stock are subject to a drag-along provision as set forth in the Investment Agreement, pursuant to which, and subject to certain exemptions, each holder of shares of the Company agrees that, in the event the Company's board of directors, and a majority of both (i) the holders of the Company's common stock then outstanding, and (ii) the holders of a majority common stock that is issued and issuable upon conversion of the preferred shares vote in favor of a deemed liquidation event (e.g., merger or sale of the Company) and agree to transfer their respective shares, then all holders of shares will vote in favor of the deemed liquidation event and if requested perform any action reasonably required to transfer their shares.

All Non-Major Purchasers of Series Seed Preferred Stock will be bound by an investor proxy agreement. This agreement will limit your voting rights and at a later time may require you to convert your future preferred shares into common shares without your consent. Non-Major Purchasers will be bound by this agreement, unless Non-Major Purchasers holding a majority of the principal amount outstanding of the Series Seed Preferred Stock held by Non-Major Purchasers vote to terminate the agreement.

### **Other Securities**

The Company has other securities including convertible notes and warrants, see "Capitalization and Ownership – Capitalization" for additional details.

### **What it means to be a minority holder**

As an investor in Series Seed Preferred Stock of the Company, your rights will be more limited than the rights of the holders of common stock who control the Company in regards to the corporate actions of the Company, including additional issuances of securities, Company repurchases of securities, a sale of the Company or its significant assets, or Company transactions with related parties. Even if your securities convert to common stock of the Company, investors in this offering will hold minority interests, potentially with rights less than those of other investors, and will have limited influence on the corporate actions of the Company.

### **Dilution**

An investor's stake in the Company could be diluted due to the Company issuing additional shares. In other words, when the Company issues more shares (or additional equity interests), the percentage of the Company that you own will go down, even though the value of the Company may go up. You will own a smaller piece of a larger company. This increase in number of shares outstanding could result from a stock offering (such as an initial public offering, another crowdfunding round, a venture capital round or angel investment), employees exercising stock options, or by conversion of certain instruments (e.g. convertible bonds, preferred shares or warrants) into stock.

If a company decides to issue more shares or offer shares at a discount, an investor could experience value dilution, with each share being worth less than before, and control dilution, with the total percentage an investor owns being less than before. There may also be earnings dilution, with a reduction in the amount earned per share (though this typically occurs only if the company offers dividends, and most early stage companies are unlikely to offer dividends, preferring to invest any earnings into the company).

The type of dilution that hurts early-stage investors mostly occurs when a company sells more shares in a "down round," meaning at a lower valuation than in earlier offerings. An example of how this might occur is as follows (numbers are for illustrative purposes only):

- In June 2014 Jane invests \$20,000 for shares that represent 2% of a company valued at \$1 million.
- In December, the company is doing very well and sells \$5 million in shares to venture capitalists on a valuation (before the new investment) of \$10 million. Jane now owns only 1.3% of the company but her stake is worth \$200,000.
- In June 2015 the company has run into serious problems and in order to stay afloat it raises \$1 million at a valuation of only \$2 million (the "down round"). Jane now owns only 0.89% of the company and her stake is worth only \$26,660.

This type of dilution might also happen upon conversion of convertible notes into shares. Typically, the terms of convertible notes issued by early-stage companies provide that in the event of another round of financing, the holders of the convertible notes get to convert their notes into equity at a "discount" to the price paid by the new investors, i.e., they get more shares than the new investors would for the same price. Additionally, convertible notes may have

a "price cap" on the conversion price, which effectively acts as a share price ceiling. Either way, the holders of the convertible notes get more shares for their money than new investors. In the event that the financing is a "down round" the holders of the convertible notes will dilute existing equity holders, and even more than the new investors do, because they get more shares for their money.

If you are making an investment expecting to own a certain percentage of the Company or expecting each share to hold a certain amount of value, it's important to realize how the value of those shares can decrease by actions taken by the Company. Dilution can make drastic changes to the value of each share, ownership percentage, voting control, and earnings per share.

### **Tax Matters**

**EACH PROSPECTIVE PURCHASER SHOULD CONSULT WITH HIS OWN TAX AND ERISA ADVISOR AS TO THE PARTICULAR CONSEQUENCES TO THE PURCHASER OF THE PURCHASE, OWNERSHIP AND SALE OF THE PURCHASER'S SECURITIES, AS WELL AS POSSIBLE CHANGES IN THE TAX LAWS.**

### **Restrictions on Transfer**

Any Securities sold pursuant to Regulation CF being offered may not be transferred by any Purchaser of such Securities during the one-year holding period beginning when the Securities were issued, unless such Securities were transferred: 1) to the Company, 2) to an accredited investor, as defined by Rule 501(a) of Regulation D of the 1933 Act, as amended, 3) as part of an Offering registered with the SEC or 4) to a member of the family of the Purchaser or the equivalent, to a trust controlled by the Purchaser, to a trust created for the benefit of a family member of the Purchaser or the equivalent, or in connection with the death or divorce of the Purchaser or other similar circumstances. "Member of the family" as used herein means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent, sibling, mother/father/daughter/son/sister/brother-in-law, and includes adoptive relationships. Remember that although you may legally be able to transfer the Securities, you may not be able to find another party willing to purchase them.

### **Other Material Terms**

The Company does not have the right to repurchase the Series Seed Preferred Stock.

### **Related Person Transactions**

From time to time the Company may engage in transactions with related persons. Related persons are defined as any manager, director, or officer of the Company; any person who is the beneficial owner of 10 percent or more of the Company's outstanding voting equity securities, calculated on the basis of voting power; any promoter of the Company; any immediate family member of any of the foregoing persons or an entity controlled by any such person or persons.

The Company has conducted the following transactions with related persons:

During the years ended December 31, 2018 and 2017, shareholders of the Company advanced funds to be used in operations. These advances are non-interest bearing. At December 31, 2018 and 2017, the amount of advances outstanding is \$7,105 and \$14,858, respectively, and are recorded under 'Accounts payable – related parties' on the consolidated balance sheets.

### **Conflicts of Interest**

The Company has engaged in the following transactions or relationships, which may give rise to a conflict of interest with the Company, its operations and its security holders: None.

## **OTHER INFORMATION**

### **Bad Actor Disclosure**

None.

## **SEEDINVEST INVESTMENT PROCESS**

### ***Making an Investment in the Company***

#### **How does investing work?**

When you complete your investment on SeedInvest, your money will be transferred to an escrow account where an independent escrow agent will watch over your investment until it is accepted by the Company. Once the Company accepts your investment, and certain regulatory procedures are completed, your money will be transferred from the escrow account to the Company in exchange for your Series Seed Preferred Stock. At that point, you will be an investor in the Company.

#### **SeedInvest Regulation CF rules regarding the investment process:**

- Investors may cancel an investment commitment until 48 hours prior to the deadline identified in the issuer's Offering materials;
- The intermediary will notify investors when the target offering amount has been met;
- The Company is making concurrent offerings under both Regulation CF and Regulation D and unless the Company raises at least the target amount under the Regulation CF Offering and the closing amount under both offerings, it will not close this Offering;
- If an issuer reaches a target offering amount and the closing amount prior to the deadline identified in its offering materials, it may close the Offering early if it provides notice about the new Offering deadline at least five business days prior to such new Offering deadline;
- If there is a material change and an investor does not reconfirm his or her investment commitment, the investor's investment commitment will be cancelled and the committed funds will be returned;
- If an issuer does not reach both the target offering amount and the closing offering amount prior to the deadline identified in its offering materials, no Securities will be sold in the Offering, investment commitments will be cancelled and committed funds will be returned; and
- If an investor does not cancel an investment commitment before the 48-hour period prior to the Offering deadline, the funds will be released to the issuer upon closing of the Offering and the investor will receive Securities in exchange for his or her investment.

#### **What will I need to complete my investment?**

To make an investment you will need the following information readily available:

1. Personal information such as your current address and phone number
2. Employment and employer information
3. Net worth and income information
4. Social Security Number or government-issued identification
5. ABA bank routing number and checking account number

#### **What is the difference between preferred equity and a convertible note?**

Preferred equity is usually issued to outside investors and carries rights and conditions that are different from that of common stock. For example, preferred equity may include rights that prevent or minimize the effects of dilution or grants special privileges in situations when the Company is sold.

A convertible note is a unique form of debt that converts into equity, usually in conjunction with a future financing round. The investor effectively loans money to the Company with the expectation that they will receive equity in the Company in the future at a discounted price per share when the Company raises its next round of financing. To learn more about startup investment types, check out "How to Choose a Startup Investment" in the SeedInvest Academy.

#### **How much can I invest?**

An investor is limited in the amount that he or she may invest in a Regulation Crowdfunding Offering during any 12-month period:

- If either the annual income or the net worth of the investor is less than \$107,000, the investor is limited to the greater of \$2,000 or 5% of the lesser of his or her annual income or net worth.
- If the annual income and net worth of the investor are both equal to or greater than \$107,000, the investor is limited to 10% of the lesser of his or her annual income or net worth, to a maximum of \$107,000. Separately, the Company has set a minimum investment amount.

#### **How can I (or the Company) cancel my investment?**

For Offerings made under Regulation Crowdfunding, you may cancel your investment at any time up to 48 hours before a closing occurs or an earlier date set by the Company. You will be sent a reminder notification approximately five days before the closing or set date giving you an opportunity to cancel your investment if you had not already done so. Once a closing occurs, and if you have not cancelled your investment, you will receive an email notifying you that your Securities have been issued. If you have already funded your investment, let SeedInvest know by emailing [cancellations@seedinvest.com](mailto:cancellations@seedinvest.com). Please include your name, the Company's name, the amount, the investment number, and the date you made your investment.

## *After My Investment*

### **What is my ongoing relationship with the Company?**

You are an investor in the Company, you do own securities after all! But more importantly, companies that have raised money via Regulation Crowdfunding must file information with the SEC and post it on their website on an annual basis. Receiving regular company updates is important to keep investors educated and informed about the progress of the Company and their investments. This annual report includes information similar to the Company's initial Form C filing and key information that a company will want to share with its investors to foster a dynamic and healthy relationship.

In certain circumstances a company may terminate its ongoing reporting requirements if:

- (1) the Company is required to file reports under Section 13(a) or Section 15(d) of the Exchange Act;
- (2) the Company has filed at least three annual reports pursuant to Regulation CF and has total assets that do not exceed \$10,000,000;
- (3) the Company has filed at least one annual report pursuant to Regulation CF and has fewer than 300 holders of record;
- (4) the Company or another party repurchases all of the Securities issued in reliance on Section 4(a)(6) of the 1933 Act, including any payment in full of debt securities or any complete redemption of redeemable securities; or
- (5) the Company liquidates or dissolves its business in accordance with state law.

However, regardless of whether a company has terminated its ongoing reporting requirements per SEC rules, SeedInvest works with all companies on its platform to ensure that investors are provided quarterly updates. These quarterly reports will include information such as: (i) quarterly net sales, (ii) quarterly change in cash and cash on hand, (iii) material updates on the business, (iv) fundraising updates (any plans for next round, current round status, etc.), and (v) any notable press and news.

### **How do I keep track of this investment?**

You can return to SeedInvest at any time to view your portfolio of investment and obtain a summary statement. In addition to monthly account statements, you may also receive periodic updates from the Company about its business.

### **Can I get rid of my Securities after buying them?**

Securities purchased through a Regulation Crowdfunding Offering are not freely transferable for one year after the date of purchase, except in the case where they are transferred:

1. To the Company that sold the Securities
2. To an accredited investor
3. As part of an Offering registered with the SEC (think IPO)
4. To a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser, or in connection with the death or divorce of the purchaser

Regardless, after the one year holding period has expired, you should not plan on being able to readily transfer and/or sell your security. Currently, there is no market or liquidity for these Securities and the Company does not have any plans to list these Securities on an exchange or other secondary market. At some point the Company may choose to do so, but until then you should plan to hold your investment for a significant period of time before a "liquidation event" occurs.

## SIGNATURE

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100 et seq.), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form C/A and has duly caused this Form to be signed on its behalf by the duly authorized undersigned.

/s/ Michel Bayan

(Signature)

Michel Bayan

(Name)

Founder, CEO

(Title)

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100 et seq.), this Form C/A has been signed by the following persons in the capacities and on the dates indicated.

/s/ Michel Bayan

(Signature)

Michel Bayan

(Name)

CEO, issuer, principal executive officer, principal financial officer, controller, and principal accounting officer

(Title)

08/02/19

(Date)

/s/ Jordan Zommick

(Signature)

Jordan Zommick

(Name)

CTO, issuer, principal executive officer, principal financial officer, controller, and principal accounting officer

(Title)

08/02/19

(Date)