

# AKUMA ENGINEERING LTD.

## TERM SHEET FOR €500,000 CONVERTIBLE NOTE BRIDGE (SEED) FINANCING

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### TERM SHEET

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The following summary of the Terms of the Offering does not purport to be complete and is qualified in its entirety by reference to the more detailed information appearing elsewhere in Akuma's Bridge Financing Convertible Promissory Note and Investor Deck.

**Akuma Engineering Ltd.** ("Akuma" or the "Company"), an Ireland limited corporation, is offering to sell Convertible Promissory Notes ("Notes") with individual Notes ranging from €10,000 to €100,000 per Note for aggregate Gross Offering Proceeds of up to €500,000 (five hundred thousand euros). Each €10,000 Note includes 5,000 common stock purchase warrants ("Warrants" – See Terms of the Warrants below). Net Offering Proceeds are estimated to be €450,000 (four hundred fifty thousand euros), after deducting the estimated offering expenses of €50,000 for accounting fees, legal fees, investment bank advisory fees, finders' fees (6%), travel and entertainment, and other offering expenses. This Term Sheet shall be governed in all respects by the laws of Ireland. This is a Bridge Loan into a **"Qualified Financing"** defined as the Company's first sale of equity securities following the issue date of these Notes, resulting in aggregate gross proceeds of the first €1,000,000 of the Company's €4,000,000 Series A Preferred Stock Offering, excluding conversion of Notes and other bridge financing instruments.

### KEY TERMS

**Issuer:** Akuma Engineering Ltd. ("Akuma" or "Company"), an Ireland Private Company Limited by Shares, is engaged in a €500,000 (five hundred thousand euros) Convertible Promissory Note Bridge Financing. Shortly after the Closing Date of this Offering (within 60 days), Akuma will acquire 100% equity ownership of Djinn Technologies Ltd., Kryotech Ltd., and Gorgon Black Box Ltd. in a tax-free corporate reorganization with common control, senior management, and directors for all four entities.

**Offering:** Akuma is offering to sell convertible promissory notes ("Notes") with individual Notes ranging from €10,000 to €100,000 per Note, for aggregate Gross Offering Proceeds of up to €500,000<sup>1</sup>. Each €10,000 Note includes 5,000 common stock purchase warrants with a 3-year term and an exercise price valuing the Company at €15,000,000 ("Warrants"). Net Offering Proceeds are estimated to be €450,000. The €500,000 aggregate principal amount of Notes and Warrants (the "Offering") is a self-underwritten Offering conducted as a private placement.

**Type of Security:** The Notes will carry a 12.0% (twelve percent) annual simple interest coupon payable monthly in arrears at 1.0% (one percent) per month by the 5th of the following month. Additionally, each Note includes a 12.0% *bonus interest* amount payable as a lump sum when the principal is repaid or converted. Subject to earlier conversion, the Note shall mature one year from the date of issuance (such date, the "Maturity Date"), and the Company can prepay the Note without penalty after 120 days from the issuance date.

**Payment of Principal.** The Borrower will pay the Lender the principal amount of the Note, one year from the issuance date ("Maturity Date"), unless the Borrower elects to convert the Note as discussed below. The Borrower can pre-pay this Note any time after 120 days of issuance. The Borrower must pay the principal amount of this Note within 3 business days of the Qualified Financing, unless the Lender elects to convert into Series A Preferred Stock.

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<sup>1</sup> Akuma reserves the right to oversubscribe this Bridge Financing to €750,000 from €500,000.

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**Conversion:** The conversion of the Note into Series A Preferred Stock is triggered by the Company's Qualified Financing and the election of the Lender to convert and not be paid the principal amount of the Note. Qualified Financing is defined as the Company's first sale of equity securities resulting in aggregate gross proceeds of €1,000,000 of the Company's €4,000,000 Series A Preferred Stock Offering, excluding conversion of Notes and other bridge financing instruments. The Lender will receive conversion notice within 3 business days of the Qualified Financing. The other trigger for automatic conversion is the one-year note maturity, at which point the Note converts to Common Stock at a €12,000,000 pre-money valuation, subject to the Noteholder's option to demand repayment instead.

**Interest:** The Notes will carry a 12.0% annual simple interest coupon, to be paid by the Company monthly in arrears at 1.0% per month by the 5th of the following month. Upon Event of Default, interest shall accrue at 15.0% per annum on the outstanding principal balance.

**Bonus Interest:** Each Note includes bonus interest equal to 12.0% of the principal amount, payable as a lump sum when the principal is repaid or converted.

**Security:** There is no security or collateral for the Notes. The Notes are unsecured obligations ranking pari passu with other unsecured debt, subordinated to senior bank debt and institutional financing, but senior to equity in liquidation. At the time of this Offering, the Company has no senior bank debt or institutional financing.

**Minimum Investment:** The minimum investment for Notes is €10,000. Individual Notes may range from €10,000 to €100,000, with corresponding warrant coverage.

**Maximum Offering Size:** The Maximum Offering amount is €500,000 aggregate principal amount across multiple Notes, with corresponding warrant coverage. The Issuer can increase the Maximum Offering amount to €750,000.

**Term:** Subject to earlier conversion or repayment upon a Qualified Financing, the Term of the Note is 12 months (1 year) from the date of issuance. The Company can prepay without penalty after 120 days from the issuance date.

**Pre-Money Valuation:** This €500,000 Convertible Note Bridge Financing is based upon a pre-money valuation for the Company of €12,000,000.

**Conversion Price and Discount:** Upon the Lender's election for conversion in a Qualified Financing, the Principal Amount shall convert into Series A Preferred Stock at a price per share equal to eighty percent (80%) of the price per share paid by other investors in the Qualified Financing (representing a twenty percent (20%) discount).

**Valuation Cap:** €12,000,000 pre-money valuation cap. If the discount would result in a conversion price that values the Company at more than €12,000,000 on a pre-money basis, then the conversion shall occur at the Valuation Cap price. The Noteholder shall receive the benefit of whichever conversion mechanism (discount or valuation cap) results in the greater number of shares.

**Terms of the Warrants:** Each €10,000 Note includes 5,000 common stock purchase warrants. The Warrants have a 3-year exercise period from the Note issue date, with an exercise price per share that values the Company at €15,000,000. The Warrants may be exercised on a cashless basis using the "net exercise" method.

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**Use of Proceeds:** The Net Offering Proceeds of the sale of convertible notes for a total of up to €500,000 offered herein are estimated to be €450,000 after deducting €50,000 of offering expenses for accounting fees, legal fees, investment bank advisory fees, finders' fees (6%), travel and entertainment, and other offering expenses, assuming the Offering is fully subscribed for. Management reserves the right to reallocate funds in the following Use of Proceeds Statement for the benefit of the shareholders and the Company.

<b>Gross Offering Proceeds</b>	<b>€500,000</b>
Less: Offering Expenses	<u>(50,000)</u>
<b>Net Proceeds from Offering</b>	<b><u>€450,000</u></b>
Product Development & R&D (30%)	135,000
Sales & Marketing (25%)	112,500
Team Expansion & Wages (22%)	99,000
Operations & Infrastructure (12%)	54,000
Working Capital & Contingencies (11%)	<u>49,500</u>
<b>Total Use of Net Proceeds</b>	<b><u>€450,000</u></b>

**Duration of Offering:** The Offering will terminate on the earlier of either: [i] an election by the Company not to accept further subscriptions for the sale of the Notes offered hereunder; [ii] when the aggregate €500,000 offering amount is reached or [iii] February 15, 2026, unless extended for an additional 30 days at the Company's option.

**Information Rights:** For so long as this Note remains outstanding, the Company shall provide the Noteholder with: (a) Quarterly unaudited financial statements and management reports within 45 days after each quarter end; (b) Annual audited financial statements within 120 days after fiscal year end; (c) Prompt written notice of any material adverse changes, litigation, or material events.

**Consent Rights:** The Company shall obtain prior written consent of the Noteholder before: (a) Making material changes to business nature; (b) Asset dispositions exceeding €250,000 outside ordinary course; (c) Agreements surviving Qualified Financing that materially restrict operations; (d) Shareholder distributions; (e) Constitutional document amendments adversely affecting Noteholder rights.

**Anti-Dilution Protection:** Most Favored Nation provision ensuring automatic benefit of more favorable terms in subsequent similar instruments. Anti-dilution adjustments for stock splits, dividends, and recapitalizations.

**Expenses:** Each party bears their own legal and other expenses for this €500,000 Convertible Note Bridge Financing.

**Confidentiality:** Investors will be required, subject to certain limited exceptions set forth in the Note Instrument, to keep all non-public information regarding the Company and its activities strictly confidential.

**Method of Subscription:** This document, entitled *Terms of the Offering*, is not legally binding on any parties and is subject to the payment of the principal amount of the Note to the Company, and the issuance of the Convertible Promissory Note to the Investor.

## COMPANY CONTACT INFORMATION

## AKUMA ENGINEERING LTD.

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#### **Akuma Engineering Ltd.**

Attention: Mr. Jean-Brunel Webb-Benjamin (aka "JB"), Chairman & CEO

**Irish Address:** Work Hub, 77, Camden Street Lower, D02 XE80, Dublin, Ireland

**Principal Executive Offices:** 111 New Union St., Coventry, West Midlands, England CV1 2NT

Phone: +44 7423 491279

E-mail: j.benjamin@akuma.group

Websites: www.kryotech.co.uk, www.djinn.cloud

## BANKING DETAILS

**Bank:** Revolut Bank UAB

**Bank Address:** 2 Dublin Landings, North Dock, D01 V4A3, Dublin 1, Ireland

**BIC:** REVOIE23

**Intermediary BIC:** CHASGB2L

**For Further Credit To:**

**Beneficiary:** AKUMA ENGINEERING LIMITED

**Account # IBAN:** IE09REVO99036051196107

**Beneficiary address:** Work Hub, 77, Camden Street Lower, D02 XE80, Dublin, Ireland

**Risk Factors:** An investment in the Notes is speculative and involves a high degree of risk. Investors will be required to represent that they are familiar with and understand the Offering terms, meet certain suitability requirements for accredited investors, and can afford a loss of their entire investment. See "Risk Factors" in the Company's Investor Deck for further risk factors you should consider before making any investment in the Securities. This investment is exempt from the Qualified Investor requirement in the EU and UK. Each Investor will be required to represent that he, she or it can bear the economic risk of such investment and that he is familiar with and understands the terms and risks of this Offering.

**Restrictions on Transfer:** The Securities cannot be sold, transferred, or otherwise disposed of without registration under applicable securities laws or pursuant to an opinion of counsel satisfactory to the Company as to the availability of exemptions from the registration requirements. For an Investor to sell or transfer the Securities, the Company must consent to the transfer, provided that any transfer is made in compliance with applicable securities laws.

**Governing Law and Jurisdiction:** This Term Sheet and the Convertible Note Bridge Financing shall be governed by the laws of Ireland. The courts of Ireland shall have exclusive jurisdiction over any disputes arising hereunder.

**Currency:** All amounts referenced herein are in Euros unless otherwise specified.

**Irish Law Compliance:** This offering complies with all applicable Irish company law requirements, including but not limited to the Companies Act 2014.