

TERM SHEET

GRIT

Work Hard Play Hard Train Hard, Inc.

Private Placement of up to 1,000 Units

Each Unit Consists of

A \$5,000 Principal Amount 9% Convertible Promissory Note

Maturing July 31, 2022

and

A Warrant to Purchase \$1,000 of Shares of Equity Securities

Purchase Price: \$5,000 per Unit

Maximum Offering Amount is \$5,000,000

August 2019

Overview	Work Hard Play Hard Train Hard, Inc. a Delaware corporation (the “ Company ”)
Issuer	
Investors	Accredited Investors who purchase Units in the offering contemplated by this term sheet (the “ Offering ”).
Closing	The Company expects that this Offering will close on a rolling basis commencing on or about July 31, 2019 (the “ Closing ”) and continue thereafter for up to 180 days) following the initial closing (subject to extension in the discretion of the Company) or until the Maximum Amount (as defined below) has been reached or Reg A offering is Qualified.
Purpose of Financing	The Company is seeking to raise capital in this Offering for opening of a club in San Francisco and a second New York City club, marketing and working capital and undertaking a Regulation A offering (an “ Public Offering ”) of the Company’s securities for sale under Regulation A of the Securities Act of 1933, as amended (the “ Securities Act ”). See Use of Proceeds.
Securities Offered; Maximum Amount	The Company is offering up to a maximum (the “ Maximum Amount ”) of 1,000 units (the “ Units ”), which Maximum Amount may be increased to up to 1,500 in the discretion of the Company. Each Unit consists of an 9% Convertible Note (each a “ Note, ” and, collectively, the “ Notes ”) in the principal amount of \$5,000 that matures on July 31, 2022 and a warrant to purchase Equity Securities (as defined below) (the “ Warrants ”). All funds will be deposited into a third-party escrow account with a bank or other financial institution until the other conditions to the initial closing are met. Thereafter, for up to 180 days following the initial closing (subject to extension in the discretion of the Company), the Company may continue to sell Units until the Maximum Amount is sold. The initial closing shall occur promptly upon the Company having received any subscriptions for Units. Subsequent closings will occur on a rolling basis thereafter, until the maximum is met, subject to the over-allotment.

The Notes

- Interest** The interest on each Note shall accrue, beginning from the date of issuance, at an interest rate of 9% per annum. Interest on the outstanding principal balance of each Note shall be computed on the basis of the actual number of days elapsed and a 365-day year. Interest shall accrue on each Note until the earlier of the Conversion (as defined below) of such Note and the Maturity Date.
- Maturity Date** July 31, 2022.
- Conversion** Upon the consummation prior to the Maturity Date by the Company of an Public Offering and subject to the terms and conditions thereof, each investor's Note will be exchanged and automatically cancelled (a "**Conversion**"), and the Company shall issue and sell to such investor a number of shares of the Company's common stock, par value \$0.001 (the "**Equity Securities**"), equal to the quotient, rounded to the nearest whole number, of (i) the sum of (A) the total principal amount then outstanding on such investor's Note *plus* (B) the total accrued interest then outstanding on such investor's Note, *divided by* (ii) the product of (A) 0.70 *multiplied by* (B) the price per share at which the Equity Securities were sold in such Public Offering.
- Prepayment** The Company may prepay this Note in whole or in part at any time; provided that any payment made to the investors with respect to the Note that is not a full payment of the total principal amount and accrued interest then outstanding on all of the Notes shall be made pro rata to each investor based on the total principal amount and accrued interest then outstanding on such investor's Note.
- Change of Control** If the Company is acquired prior to an Public Offering, then each investor will receive, in exchange for the cancellation of such investor's Note, a cash repayment equal to the product of (i) the total principal amount and accrued interest then outstanding on such investor's Note, *multiplied by* (ii) **1.2**
- Security; Priority** The Notes will be unsecured obligations of the Company. The Notes will be senior in priority and right of payment to senior debt securities of the Company now existing or hereafter issued, except commercial bank lenders and other trade lenders.

The Warrants

Number of Shares	Each Warrant will be exercisable for a number of shares of Equity Securities of the Company equal to the Warrant Value (as defined below) divided by the Exercise Price (as defined below). The “ Warrant Value ” of an Investor’s Warrant will be equal to 20% of the initial principal amount of such Investor’s Note.
Vesting	The Warrants will vest and become exercisable only upon the completion of the Public Offering by the Company. The Warrants shall be cashless, unless the common stock underlying the warrants have been registered or qualified for resale. Upon the sale of all or substantially all of the Company’s assets or consummation of a consolidation or merger of the Company in which the Company is not the surviving entity at any time prior to the Public Offering, then the Warrant shall automatically convert to common stock on a cashless basis
Exercise Price	The “ Exercise Price ” will be equal to the Public Offering Price.
Expiration Date	December 31, 2022.
Public Offering	The Company intends to launch a Public Offering. The Company expects that, at the closing of the Public Offering, the Notes will convert on the terms described above into the Equity Securities. The Company cannot determine how long it will take to launch such an Public Offering and there is no assurance in any event that the Company will be able to successfully launch or complete an Public Offering as planned. The terms of this term sheet and <u>Schedule 1</u> hereto notwithstanding, the Company reserves the right to modify the terms of the Public Offering in its sole discretion.
Use of Proceeds	The Company intends to use the proceeds for the opening of an additional gym in San Francisco and an additional facility in New York. In addition, a portion of the financing will be used to complete the Public Offering, including for the payment legal expenses, marketing expenses and other costs associated with the Offering. In addition, any excess proceeds will be used for marketing of the products, general and corporate expenses.
Placement Agent Fees	With respect to each sale of Units by the Company to any investor that was introduced directly to the Company by Tripoint Global Equities, LLC (the “ Placement Agent ”), the Company will (i) pay to the Placement Agent a cash fee equal seven percent (7%) of the gross proceeds to the Company from the sale of such

Units and in the event, an investor sourced by the Company, the Placement Agent shall receive a fee equal to five (5%) of the gross proceeds to the Company.

Units Will Be Sold Only to Accredited Investors

The Units will be sold only to accredited investors within the meaning of the Securities Act pursuant to the exemption from the registration requirements of the Securities Act provided by Rule 506(c) of Regulation D promulgated under the Securities Act or Regulation S.

Restricted Securities; Lockup Period

The Units, including the Notes, Warrants and the Equity Securities underlying the Notes and the Warrants will be restricted securities and may be sold only when such securities are registered under the Securities Act or exempt from registration thereunder, including via Rule 144 under the Securities Act. It is expected that pursuant to Rule 144, such securities will become available for resale beginning six months following the Public Offering (subject to the limitations set forth in Rule 144), and become freely tradable beginning one year following the Public Offering, without regard to the availability of current public information about the Company. The Company will be under no obligation to register, or cause the Company to register, the resale of such securities under the Securities Act. The Company does not intend to have their shares quoted on any exchange.

High Risk Investment

An investment in the Notes involves a high degree of risk and is suitable only for accredited investors who can afford to lose their entire investment. Among other things, if the Company is unable complete an Public Offering, it is highly unlikely that the Company will be able to repay the Notes. This investment is an illiquid investment and investors should have an investment horizon of three to five years.

Subscription Subject to the Company's Discretion

The Company reserves the right, in its discretion, to reject any subscription proposed in connection with the Offering, in whole or in part, for any reason or to allot to any investor proposing a subscription in connection with the Offering, less than the number of Units for which such investor proposed to subscribe.