



# Designed to Shake Things Up



SEISMIC

# Qualified Small Business Stock

An important tax benefit for Seismic shareholders\*

## WHAT YOU NEED TO DO

- **Buy shares directly from the company, at first issue (now)**
- Buy when the company **Net Asset Value (NAV)** is **less than \$50,000,000 (now)**
- To qualify for the **full benefit, hold your shares for five years or more**
- **Shorter hold periods** may qualify for a **reduced benefit**
- Consult your tax or investment advisor about your individual situation

## THE BENEFIT YOU RECEIVE

- When you sell your shares after the holding period, the QSBS creates a **federal capital gains taxes exemption**
- Likely the **exemption also applies to state capital gains taxes**
- The benefit does not apply to dividends or distributions, which are taxed as regular income

## WHAT WE HAVE TO DO

- **Avoid** operating in **prohibited businesses** such as banking and farming
- Maintain certain **ratios** of **companies we control** vs **investments that we don't control**
- **Value our companies** periodically in order to establish that ratios are being maintained



\*Seismic Capital and its affiliates do not provide tax advice. Please consult your own advisor.

# QSBS - Savings Example

Significant Savings on Significant Gains

	Typical Stock Trade	QSBS Stock Trade
Basis	\$100,000	\$100,000
Price at Sale	\$10,000,000	\$10,000,000
Gain	\$9,900,000	\$9,900,000
Federal Capital Gains Tax*	\$1,980,000	<b>\$0</b>
Realization	\$8,020,000	\$10,000,000

\* Assumes top Federal capital gains tax rate of 20%

The QSBS enhancement is only on capital gains, not dividends or distributions. They are taxed as ordinary income. Seismic Capital and its affiliates do not offer tax advice; consult your tax advisor.



# QSBS Stacking

**Shielding more than 10x or \$10 million is possible**

## Example

Claudia buys \$10,000 worth of QSBS when the company launches. By the time of the IPO, the shares are worth \$25 million.

## When Claudia Sells All Her Shares

### Straight Sale

Under QSBS provisions, she pays no tax on the first \$10 million of gains. She pays capital gains taxes on the rest, so approximately \$3 million goes to taxes. **Claudia nets \$22 million after taxes.**

### Continuing Control Sale

Claudia wants to maintain control of the \$15 million after the initial \$10 million benefit. She divides the remaining amount, and puts up to \$10 million in a Charitable Remainder Unitrust, and the rest in a second CRT. She maintains control and has access to the capital. Claudia and the CRTs pay zero federal tax, so **she effectively nets \$25 million.**

### Gifts

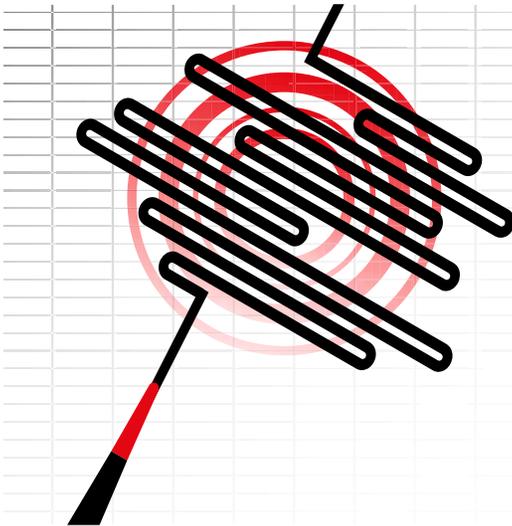
Claudia decides she wants her children to have the remaining funds. She can give them the shares directly, and they can sell the shares (up to \$10 million each). Or she can put the shares in “non-grantor trusts” for the kids’ benefit and then the trusts can sell post-IPO. Claudia and her kids (or the non-grantor trusts) pay zero federal tax, so **she effectively nets \$25 million.**

**QSBS Packing** ... mostly for early-stage company founders; difficult to implement for passive investors.



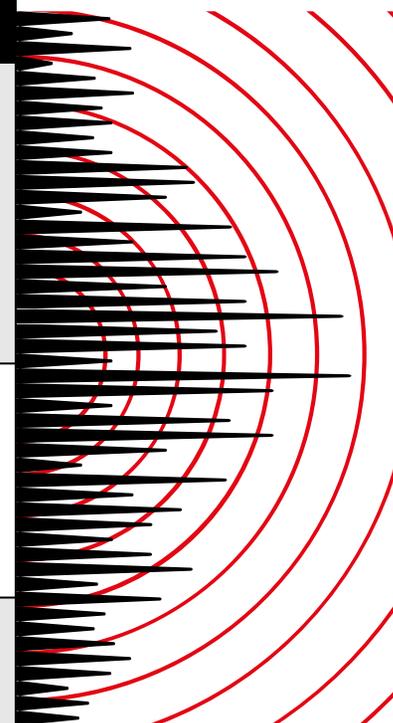
# About Seismic - Capital Formation

Goals	Results
<b>Welcome investors at all income levels</b>	<p><b>Investors at all levels welcomed</b> - Institutions, Family Offices, High Net Worth, Accredited Investors, Non-Accredited investors.</p> <p>Our <b>private placement</b> for <b>\$50mm</b> is designed for Institutions, Family Offices, High Net Worth and Accredited Investors.</p> <p>Our <b>SEC-qualified Reg A offering</b> for <b>\$49mm</b> is designed for Accredited Investors and Non-Accredited Investors.</p>
<b>Never put ourselves ahead of our investors</b>	<b>Only when the investors win does the management team win.</b> Everyone involved with Seismic owns the same class of shares.
<b>No Capital Calls.</b> <b>No Fees.</b> <b>No holding period.</b>	<b>No capital calls - ever.</b> <b>No fees at all - not for AUM, closings or anything else.</b> <b>All our shares are freely tradeable. We impose no restrictions.</b>
<b>Create multiple sources of income for investors</b>	At least three are possible: <b>distributions</b> from sales of companies or IPOs, <b>dividends</b> from cash flow, <b>tax-protected gain</b> on sale of stock.
<b>Create beneficial tax structure</b>	Seismic's <b>Qualified Small Business Stock</b> is exempt from capital gains taxes on sale in most cases, when certain conditions are met.
<b>Produce venture capital level returns</b>	Our <b>diversified strategy</b> of investing in <b>early-stage ground-breaking companies</b> is designed specifically for VC-level returns.



# For Investors - Offerings Available

	Designated Audience	What's available
OFFER 1	<p>Private Placement <u>Offer 1</u> for <b>Institutions, Family Offices, High Net Worth Investors, Accredited Investors</b></p> <p>Sold by private placement Raising \$50mm total with Offer 2</p>	<p><u>Minimum investment \$250,000.</u></p> <ul style="list-style-type: none"> <li>- Shares at <b>\$5.00</b> per share.</li> <li>- <b>Includes three-year warrants</b> to purchase additional shares.</li> <li>- <b>Qualified Small Business Stock for tax protection.</b></li> </ul> <p>Contact Alice Neuhauser, CFO, at <a href="mailto:apn@seismic.company">apn@seismic.company</a></p>
OFFER 2	<p>Private Placement <u>Offer 2</u> for <b>High Net Worth Investors, Accredited Investors</b></p> <p>Sold by private placement Raising \$50mm total with Offer 2</p>	<p><u>Minimum investment \$50,000.</u></p> <ul style="list-style-type: none"> <li>- Shares at <b>\$5.00</b> per share.</li> <li>- <b>Qualified Small Business Stock for tax protection.</b></li> </ul> <p>Contact Alice Neuhauser, CFO, at <a href="mailto:apn@seismic.company">apn@seismic.company</a></p>
REG A OFFER	<p><u>Regulation A Offer</u> for <b>Accredited Investors and Non-accredited Investors</b></p> <p>SEC-qualified offering Raising \$49mm separate from Offers 1 &amp; 2</p>	<p><u>Minimum investment \$1,000.</u></p> <ul style="list-style-type: none"> <li>- Shares at <b>\$5.50</b> per share.</li> <li>- <b>Qualified Small Business Stock for tax protection.</b></li> </ul> <p>Shares available directly through our website: <a href="https://seismic.company/investoroffering/">https://seismic.company/investoroffering/</a></p>



# Recent and Upcoming News

## Seismic Capital Congratulates Our Chief Financial Officer!

We are proud to announce that our CFO Alice Neuhauser has been named the LA Business Journal CFO OF THE YEAR in the GROWING PRIVATE COMPANY category. Seismic prides itself on building what we believe to be the future of venture capital.

**Explore** our website to see what makes us different.

**GROWING PRIVATE COMPANY CFO OF  
THE YEAR**

Honoree

**Alice Neuhauser  
CFO, Seismic Capital**



## Now is a good time to invest:

We are about to **announce our first two investments** - covering the fields of **online gaming, wireless network infrastructure,** and **business salesforce motivation.**

All our companies meet or exceed our Values Statement criteria.

**Shortly we expect to announce an anchor institutional investor.**

# Thank you!



**Invest in our private placement** by contacting  
Alice Neuhauser, CFO, [apn@seismic.company](mailto:apn@seismic.company)

**Invest in our Regulation A SEC-qualified offering** by going to our website  
<https://seismic.company/investoroffering/>

**Reach the investment team** by emailing [invest@seismic.company](mailto:invest@seismic.company) or calling  
**424.512.2200.**

**Become a Seismic company** by contacting  
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