

Important Update on Strategic Developments

Dear Investors and Shareholders,

I hope this message finds you well.

I am excited to share significant updates on our strategic initiatives that have profound implications for our company's growth and your investment.

Executive Summary

We have established [System Operating Pty Ltd](#), a joint venture between Mindhive Pty Ltd and Josephmark Ventures. This collaboration aims to leverage advanced AI technologies through our innovative **Helix** and **Proxy** platforms. By adopting a dual-entity structure across Australia and the USA, we are optimising intellectual property ownership and tax efficiencies, positioning System Operating for sustainable growth and potential acquisition.

Key Highlights:

Company Structure and Governance

- **Entity Formation:** System Operating Pty Ltd was incorporated in August 2024, with ownership equally split between Mindhive and Josephmark Ventures.
- **Global Structure:** We are seeking advice on establishing a UK-based holding entity to manage international intellectual property assets and a Delaware C-Corp to hold all IP related to Helix and Proxy for the U.S. market.
- **Accenture Ventures** agrees to cornerstone investment.
- **Board of Directors:** The board comprises two members—Bruce Muirhead (Mindhive) and Benjamin Johnston (Josephmark)—ensuring balanced representation and strategic alignment.

Contributions from Mindhive and Josephmark

- **Mindhive Pty Ltd:**
 - Managing Accenture-related revenue through our Master Technology Purchase and Use Agreement (MTPUA).
 - Contributing proprietary collective intelligence IP to enhance System Operating's offerings.
- **Josephmark Ventures:**
 - Leveraging expertise in Generative AI to develop key features within Helix and Proxy.
 - Leading product strategy, design, and user experience.

Employees and Resource Management

- Existing employees from both companies will support System Operating without additional costs.
- New hires will be recruited directly, with a 20% equity options pool allocated to attract top talent.
- Key roles to be filled include technical, product development, and operational positions.

Intellectual Property (IP) Management

- Mindhive retains ownership of its existing IP, while new IP developed will be owned by System Operating Pty Ltd.
- A strategic dual-entity structure allows us to benefit from Australian R&D tax incentives and the UK's favorable tax treatment through the Patent Box regime.

Revenue Sharing and Financial Flow

- Mindhive will retain an administration fee from Accenture-related engagements, with the remaining revenue flowing to System Operating.
- Mindhive shareholders will receive pro-rata rights into System Operating Holding Company, enhancing shareholder value.

Development and Commercialisation Plan

- **Product Roadmap:**
 - **Q4 2024:** Proxy v1 Beta Launch.
 - **Q1 2025:** Proxy v2 Release.
 - **Q1/Q2 2025:** Helix v1 Beta Launch.
 - **Q3 2025:** Helix v2 Release.
- **Growth Targets by End of 2025:**
 - 10,000+ Proxy users generating over \$2.28 million in Annual Recurring Revenue (ARR).
 - Securing enterprise channel partner agreements.
 - Onboarding over 1,000 organisations onto the Helix platform.

Corporate and Operational Structure for Scaling

- Establishing key entities in the UK and US to leverage tax efficiencies and support global growth.
- The structure facilitates efficient IP management, market expansion, and strategic collaboration.

Valuation Pathway and Investment Opportunities

- **Phase 1: Bridge Round**
 - Raising \$500,000 at a \$10 million post-money valuation.

- **Phase 2: Seed Round**
 - Raising \$5 million at a \$20 million post-money valuation.
- **Phase 3: Series A Round**
 - Raising \$20 million at a \$100 million post-money valuation.
- **Acquisition Target:**
 - Aiming for a valuation of \$400 million or more by 2026.

What This Means for You

- **Enhanced Shareholder Value:** You will retain equity in both Mindhive and System Operating, providing dual exposure to growth opportunities.
- **Investment Opportunities:** Early investment rounds offer attractive valuations and the potential for significant returns as we scale and target high-value acquisitions.
- **Strategic Growth:** Our collaboration with Josephmark and partnerships with industry leaders like Accenture position us at the forefront of AI-driven enterprise collaboration.

Next Steps

We are currently in the process of raising US\$500,000 funds to accelerate our growth plans. As valued investors, you have the further opportunity to participate further in this exciting journey:

- **System Operating deck:** Our [investment deck](#) presents how we believe that the future of work lies in a deep integration with AI, evolving companies into Augmented Organisations that will vastly outperform traditional operating structures.
- **Participate in Funding Rounds:** Consider investing in the upcoming bridge and seed rounds to capitalise on early-stage valuations.
- **Stay Informed:** We will continue to provide updates on our progress, milestones, and opportunities for engagement.

Closing Thoughts

We are confident that these strategic developments will drive significant growth and create substantial value for our investors. Your continued support is crucial as we embark on this transformative phase.

Should you have any questions or wish to discuss this opportunity further, please do not hesitate to reach out to me directly.

Thank you for your trust and commitment to our shared vision.

Best

Bruce Muirhead

Bruce Muirhead

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