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Help

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ARTICLES OF AMENDMENT
AND
STATEMENT OF DESIGNATION FOR THE
SERIES A PREFERRED STOCK
OF
E-S INFORMATION SYSTEMS INC.

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The undersigned, a natural person, under the provisions and subject to the requirements of the laws of the State of Florida hereby certifies that:

ONE: The date of filing the original Articles of Incorporation of E-S Information Systems Inc., a Florida corporation (the "Company"), was August 15, 2018.

TWO: The undersigned is the duly elected and acting President of the Company.

THREE: The Articles of Incorporation of the Company are hereby amended by this Statement of Designation of the Series A Preferred Stock of the Company (the "Statement of Designation"). The rights, preferences, privileges, restrictions and other matters relating to the Series A Preferred Stock (the "Series A Preferred Stock") are as follows:

A. Designation and Number. The Series A Preferred Stock shall have a par value of \$.01 per share, and the number of shares constituting the series shall be One Million Five Hundred Seventy Thousand (\$1,570,000), to be issued as whole shares only, and not in fractional shares.

B. Rank. The Series A Preferred Stock shall rank (i) prior to the Company's Common Stock, par value \$.01 per share (the "Common Stock"); (ii) prior to any class or series of capital stock of the Company hereafter created that does not, by its terms, rank senior to or pari passu with the Series A Preferred Stock (each security described in (i) through (ii), a "Junior Security" and collectively, the "Junior Securities"); (iii) pari passu with any class or series of capital stock of the Company hereafter created that, by its terms, ranks on parity with the Series A Preferred Stock (the "Pari Passu Securities"); and (iv) junior to any class or series of capital stock of the Company hereafter created that, by its terms, ranks senior to the Series A Preferred Stock (collectively, the "Senior Securities"), in each case as to distribution of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary and payment of dividends on shares of equity securities. For purposes of this Statement of Designation, "Issuance Date" means, with respect to any share of the Company's capital stock, the date such share was originally issued by the Company regardless of the number of transfers of such share recorded on the stock records maintained by or for the Company and regardless of the number of certificates that may be issued to evidence such share.

C. Stated Value. The stated value of the Series A Preferred Stock shall be One Dollar (\$1.00) per share (the "Stated Value").

D. Cumulative Preferred Dividends.

1. Before any dividends shall be paid or set aside for payment on any Junior Security of the Company, each holder of the Series A Preferred Stock (each a "Holder" and collectively, the "Holders") shall be entitled to receive cash dividends payable on the Stated Value of the Series A Preferred Stock at a rate of 6% per annum (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations and the like), which shall be cumulative and accrue, whether or not declared, daily from the Issuance Date, and shall be due and payable when determined by the Board of

Directors (a "Dividend Date"). If a Dividend Date is not a business day, then the dividend shall be due and payable on the business day immediately following such Dividend Date.

2. Dividends shall be payable to holders of record, as they appear on the stock books of the Company on such record dates as may be declared by the Board of Directors, not more than sixty (60) days, nor less than ten (10) days preceding the Dividend Dates for such dividends. If the dividend on the Series A Preferred Stock shall not have been paid or set apart in full for the Series A Preferred Stock when payable, the aggregate deficiency shall be cumulative and shall be fully paid or set apart for payment before any dividends shall be paid upon or set apart for, or any other distributions paid made on, or any payments made on account of the purchase, redemption or retirement of, the Common Stock or any other Junior Security. When dividends are not paid in full upon the shares or fractions of a share of Series A Preferred Stock and any other Pari Passu Security, all dividends declared upon this series and any other Pari Passu Security shall be declared, pro rata, so that the amount of dividends declared per share or fraction of a share on this Series A Preferred Stock and such other Pari Passu Security shall in all cases bear to each other the same rates that accrued dividends per share on the shares of Series A Preferred Stock and such other Pari Passu Security bear to each other.

3. In the event dividends are paid on any share of Common Stock, the Company shall pay any additional dividend on all outstanding shares of Series A Preferred Stock in a per-share amount equal (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock.

4. The provisions of Section D.2. and D.3. shall not apply to a dividend payable solely in Common Stock to which the provisions of Section G.7. hereof are applicable, or any repurchase of any outstanding securities of the Company that is approved by the Board of Director and the Holders as may be required by this Statement of Designation.

E. Voting Rights.

1. Each Holder shall be entitled to the number of votes equal to the number of shares of Common Stock into which such Holder's shares of Series A Preferred Stock could be converted (pursuant to Section G hereof) immediately after the close of business on the record date fixed for the meeting at which such shares are to be voted or the effective date of a written consent in lieu of a meeting of the Company's stockholders, and shall have voting rights and powers equal to the voting rights and powers of the Common Stock and shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Company (the "Bylaws"). Except as otherwise provided herein or as required by law, the Series A Preferred shall vote together with the Common Stock at any annual or special meeting of the stockholders and not as a separate class, and may act by written consent in the same manner as the Common Stock.

2. The Company shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or this Statement of Designation) the written consent or affirmative vote of a majority of the Holders then outstanding, given in writing or by vote at a meeting, consenting or voting (as the case may be) together as a single class:

- (a) amend the Company's Articles of Incorporation or Bylaws;
- (b) alter or change the rights, preferences or privileges of the Series A Preferred Stock;

(c) take any action that would adversely affect the powers, preferences or privileges of the Series A Preferred Stock;

(d) increase or decrease the authorized number of shares of Common Stock or Preferred Stock;

(e) create (by reclassification or otherwise) or issue any new class or series of shares having rights, preferences or privileges senior to or on a parity with the Series A Preferred Stock;

(f) redeem or purchase any shares of Common Stock (other than repurchases pursuant to equity incentive agreements with employees or directors giving the Company the right to repurchase unvested shares upon the termination of service);

(g) merge or consolidate with another entity, sell a critical asset or technology, or sell more than 51% of its assets and properties in any single transaction or series of related transactions;

(h) authorize or consummate any liquidation, dissolution or winding up of the Company;

(i) increase or decrease the authorized size of the Company's Board of Directors of Directors;

(j) declare or pay any dividend on any shares of Common Stock;

(k) incur any indebtedness for borrowed money in excess of \$1,000,000; *provided, however*, that this approval requirement shall not apply to any vendor financing; or

(l) create any subsidiary or make an investment in any other entity; or

(m) create any restrictions or limitations on the sale, transfer assignment, pledge or hypothecation of shares of Series A Preferred Stock, other than as set forth in a Right of First Refusal and Co-Sale Agreement dated February __, 2019 among the Company and the Investors named therein.

3. Election of Board of Directors.

(a) For so long as any shares of Series A Preferred Stock remain outstanding, the holders of a majority of the Series A Preferred Stock, voting as a separate class on an as-converted to Common Stock basis, shall be entitled to elect two (2) members of the Board of Directors (the "Series A Directors"), at each meeting where such elections are held or pursuant to each written consent of the Company's stockholders for the election of directors, and to remove from office such director and to fill any vacancy caused by resignation, death or removal of such director.

(b) The holders of a majority of the outstanding Common Stock, voting as a separate class, shall be entitled to elect two (2) members of the Board of Directors (the "Common Stock Directors"), at each meeting where such elections are held or pursuant to each written consent of the Company's stockholders for the election of directors, and to remove from office such director and to fill any vacancy caused by the resignation, death or removal of such director.

(c) The Series A Directors and the Common Stock Directors shall jointly elect a fifth director.

F. Liquidation Rights. In the event of any liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary (each of which is hereinafter referred to as a "Liquidation Event"), and before any distribution shall be made to the holders of any shares of any Junior Security of the Company, the Holders then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its shareholders an amount per share equal to the Stated Value of the Series A Preferred Stock plus the aggregate amount of accumulated but unpaid dividends on each share of Series A Preferred Stock (the "Liquidation Preference"). If, upon a Liquidation Event, the assets of the Company, or proceeds thereof, to be distributed among the Holders are insufficient to permit payment in full to such Holders of the Liquidation Preference, then the entire assets, or proceeds thereof, available to be distributed to the Company's shareholders shall be distributed to the Holders ratably in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full. After payment of the Liquidation Preference in full, the remaining assets or other property of the Company will be distributed ratably to the holders of the Common Stock and the Holders on an as converted basis. Prior to the Liquidation Event, the Company shall declare for payment all accrued and unpaid dividends with respect to the Series A Preferred Stock but only to the extent of funds of the Company legally available for the payment of dividends. For the purpose of this Section F., a consolidation or merger of the Company with any other corporation, a sale of voting control of the Company, or the sale, transfer or lease of all or substantially all of its assets, shall constitute and be deemed a Liquidation Event.

G. Conversion Rights. The Holders shall have the following rights with respect to the conversion of the Series A Preferred Stock into shares of Common Stock:

1. Optional Conversion. Each share of Series A Preferred Stock (including the accrued dividends thereon) shall, at the option of the Holder, be converted at any time into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a Holder shall be entitled upon conversion shall be the product obtained by multiplying the Series A Preferred Conversion Rate (as hereinafter defined) then in effect for the Series A Preferred Stock (determined as provided in Section G.2.) by the number of shares of Series A Preferred Stock being converted.

2. Series A Preferred Conversion Rate. The conversion rate in effect at any time for conversion of the Series A Preferred Stock (the "Series A Preferred Conversion Rate") shall be the quotient obtained by dividing the Stated Value by the Series A Preferred Conversion Price (as hereinafter defined), calculated as provided in Section G.3.

3. Series A Preferred Conversion Price. The conversion price for the Series A Preferred Stock shall initially be the Stated Value (the "Series A Preferred Conversion Price"). Such initial Series A Preferred Conversion Price shall be adjusted from time to time in accordance with this Section G. All references to a Series A Preferred Conversion Price herein shall mean the Series A Preferred Conversion Price as so adjusted.

4. Automatic Conversion. Each share of Series A Preferred Stock shall automatically be converted into shares of Common Stock, based on the then-effective Series A Preferred Conversion Price, upon the earliest to occur of any of the following events: (A) the affirmative election of the holders of a majority of the outstanding shares of the Series A Preferred Stock, or (B) immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Company in which (i) the per share price paid by the public for such shares is at least five

times the Stated Value (as adjusted for stock splits, dividends, recapitalizations and the like after the filing date hereof), and (ii) the gross cash proceeds to the Company (before underwriting discounts, commissions and fees) are at least \$25,000,000 (a "Qualified IPO").

5. Conversion Procedures.

(a) In order to convert any share of Series A Preferred Stock, into shares of Common Stock, the holder thereof shall (i) surrender the certificate or certificates for such shares of Series A Preferred Stock, duly endorsed to the Company or in blank, to the Company at its principal office or at the office of the transfer agent maintained for such purposes, (ii) give written notice to the Company at such office that such Holder elects to convert such shares of Series A Preferred Stock (the "Conversion Notice") and (iii) state in writing therein the name or names in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. Each conversion shall be deemed to have been effected at the close of business on the date on which the Company or such transfer agent shall have received such surrendered Series A Preferred Stock certificate(s), and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the record holder or holders of the shares represented thereby on such date (the "Conversion Date"). No fractional shares or scrip representing fractional shares will be issued upon any conversion, but an adjustment in cash will be made, in respect of any fraction of a share which would otherwise be issuable upon the conversion of the Series A Preferred Stock.

(b) Upon receipt by the Company of copy of a Conversion Notice, (i) the Company shall as soon as practicable send, via email or facsimile, a confirmation of receipt of such Conversion Notice to such Holder and the Company's transfer agent, which confirmation shall constitute an instruction to the transfer agent to process such Conversion Notice in accordance with the terms herein, and (ii) the Company or its designated transfer agent, as applicable, shall issue and deliver to the address as specified in the Conversion Notice, a certificate, registered in the name of the holder or its designee, for the number of shares of Common Stock to which the holder shall be entitled. If the number of shares of Series A Preferred Stock represented by the Series A Preferred Stock Certificate(s) submitted for conversion is greater than the number of shares of Series A Preferred Stock being converted, then the Company shall, as soon as practicable after receipt of the Series Preferred Stock Certificate(s) and at its own expense, issue and deliver to the holder a new Series A Preferred Stock Certificate representing the number of shares of Series A Preferred Stock not converted.

(c) Notwithstanding anything in this Statement of Designation to the contrary, the Company shall not be liable to the Holder for damages of any kind for any delay in the delivery of the shares of Common Stock upon conversion of the Series A Preferred stock, if such delay is due to causes that are beyond the reasonable control of the Company, including, but not limited to, acts of God, acts of civil or military authority, fire, flood, earthquake, hurricane, riot, war, terrorism, sabotage and/or governmental action.

6. Adjustment for Stock Splits and Combinations. If the Company shall at any time or from time to time after the Issuance Date effect a subdivision of the outstanding Common Stock without a corresponding subdivision of the Series A Preferred Stock, the Series A Conversion Price in effect immediately before that subdivision for the Series A Preferred Stock shall be proportionately decreased. Conversely, if the Company shall at any time or from time to time after the Issuance Date combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series A Preferred Stock, the Series A Conversion Price in effect immediately before the combination for the Series A Preferred Stock shall be proportionately increased. Any adjustment under this Section G.6. shall become effective at the close of business on the date the subdivision or combination becomes effective.

7. Adjustment for Common Stock Dividends and Distributions. If the Company at any time or from time to time after the Issuance Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in shares of Common Stock without a corresponding dividend or other distribution to holders of Series A Preferred Stock, in each such event the Series A Conversion Price then in effect shall be decreased, as of the opening of business on the date of such issuance, as provided below:

(a) The applicable Series A Preferred Conversion Price shall be adjusted by multiplying the applicable Series A Preferred Conversion Price then in effect by a fraction:

(I) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance, and

(II) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance, plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

(b) If the Company fixes a record date to determine which holders of Common Stock are entitled to receive such dividend or other distribution, the applicable Series A Preferred Conversion Price shall be fixed as of the close of business on such record date and the number of shares of Common Stock shall be calculated immediately prior to the close of business on such record date; and

(c) If such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the applicable Series A Preferred Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the applicable Series A Preferred Conversion Price shall be adjusted pursuant to this Section G.7. to reflect the actual payment of such dividend or distribution.

8. Adjustment for Recapitalization, Reclassification, Exchange or Substitution. If at any time or from time to time after the Issuance Date, the Common Stock issuable upon the conversion of the Series A Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than a subdivision, combination, stock dividend, reorganization, merger, consolidation or sale of assets provided for elsewhere in Section G.), in any such event each Holder shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by a holder of the maximum number of shares of Common Stock into which such shares of Series A Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

9. Reorganizations, Mergers, Consolidations or Sales of Assets. If at any time or from time to time after the Issuance Date, there is a capital reorganization of the Common Stock (other than a subdivision, combination, stock dividend, recapitalization, reclassification, exchange or substitution of shares provided for elsewhere in Section G.), as a part of such capital reorganization, provision shall be made so that each holder of Series A Preferred Stock shall thereafter be entitled to receive upon conversion of its Series A Preferred Stock the number of shares of stock or other securities or property of the Company to which a holder of the maximum number of shares of Common Stock into which such shares of Series A Preferred Stock could have been converted immediately prior to such capital reorganization would have been entitled to receive upon such capital reorganization, all subject to further adjustment with respect to such stock or securities by the terms thereof. In any such case,

appropriate adjustment shall be made in the application of the provisions of Section G, with respect to the rights of the Holders after the capital reorganization to the end that the provisions of Section G (including the adjustment of the Series A Conversion Rate then in effect and the number of shares issuable upon conversion of the Series A Preferred Stock) shall be applicable after that event and be as nearly equivalent as practicable.

10. Sale or Issuance of Shares Below Series A Preferred Conversion Price.

(a) If at any time or from time to time on or after the Issuance Date, the Company issues or sells, or is deemed by the express provisions of this Section G.10, to have issued or sold, Additional Shares of Common Stock (as defined below), other than as provided in Section G.6, G.7, or G.8 above, for an Effective Price (as defined below) less than the then effective Series A Preferred Conversion Price (a "Qualifying Dilutive Issuance"), then and in each such case, the then existing Series A Preferred Conversion Price shall be reduced, as of the opening of business on the date of such issue or sale, to a price determined by multiplying the Series A Preferred Conversion Price in effect immediately prior to such issuance or sale by a fraction equal to:

(I) the numerator of which shall be (A) the number of shares of Common Stock deemed outstanding (as determined below) immediately prior to such issue or sale, plus (B) the number of shares of Common Stock that the Aggregate Consideration (as defined below) received or deemed received by the Company for the total number of Additional Shares of Common Stock so issued would purchase at the then-existing Series A Preferred Conversion Price, and

(II) the denominator of which shall be the sum of (A) the number of shares of Common Stock deemed outstanding (as determined below) immediately prior to such issue or sale plus (B) the total number of Additional Shares of Common Stock so issued.

For the purposes of the preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date shall be the sum of (A) the number of shares of Common Stock outstanding, (B) the number of shares of Common Stock into which the then outstanding shares of Series A Preferred Stock could be converted if fully converted on the day immediately preceding the given date, and (C) the number of shares of Common Stock that are issuable upon the exercise or conversion of all other rights, options and convertible securities outstanding on the day immediately preceding the given date.

Notwithstanding the provisions of this Section G.10, no adjustment to the Series A Preferred Conversion Price shall be made pursuant to this Section G.10, if the holders of a majority of the outstanding shares of the Series A Preferred, voting or consenting as a separate class, waive the application of this Section G.10, to the Series A Preferred Conversion Price in connection with any such issuance or sale, or deemed issuance or sale.

(b) No adjustment shall be made to the Series A Preferred Conversion Price in an amount less than one percent (1%) of the then existing Series A Preferred Conversion Price. Any adjustment required by this Section G.10, shall be rounded to the nearest one percent (1%) of the then existing Series A Preferred Conversion Price. Any adjustment otherwise required by this Section G.10, that is not required to be made due to the preceding two sentences shall be included in any subsequent adjustment to the Series A Preferred Conversion Price.

(c) For the purpose of making any adjustment required under this Section G.10, the aggregate consideration received by the Company for any issue or sale of securities (the "Aggregate Consideration") shall be defined as: (A) to the extent it consists of cash, the gross amount of

cash received by the Company before deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Company in connection with such issue or sale and without deduction of any expenses payable by the Company, (B) to the extent it consists of property other than cash, the fair value of that property as determined in good faith by the Board of Directors, and (C) if Additional Shares of Common Stock, Convertible Securities (as defined below) convertible into Additional Shares of Common Stock or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities convertible into Additional Shares of Common Stock are issued or sold together with other stock or securities or other assets of the Company for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(d) For the purpose of the adjustment required under this Section G.10, if the Company issues or sells (x) Preferred Stock or other stock, options, warrants, purchase rights or other securities convertible into Additional Shares of Common Stock or (y) rights or options for the purchase of Additional Shares of Common Stock or Convertible Securities convertible into Additional Shares of Common Stock and if the Effective Price of such Additional Shares of Common Stock is less than a Series A Preferred Conversion Price, in each case the Company shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Company for the issuance of such rights or options or Convertible Securities plus:

(I) in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Company upon the exercise of such rights or options; and

(II) in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Company upon the conversion thereof (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities); *provided* that if the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Company shall be deemed to have received the minimum amounts of consideration without reference to such clauses.

(III) If the minimum amount of consideration payable to the Company upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is reduced; *provided further*, that if the minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities.

(IV) No further adjustment of the Series A Preferred Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock or the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Series A Preferred Conversion Price as adjusted upon the issuance of such rights, options or

Convertible Securities shall be readjusted to the Series A Preferred Conversion Price which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company upon such exercise, plus the consideration, if any, actually received by the Company for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities, *provided* that such readjustment shall not apply to prior conversions of the Series A Preferred.

(c) For the purpose of making any adjustment to any Series A Conversion Price of the Series A Preferred Stock required under this Section G.10., "Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section G.10. (including shares of Common Stock subsequently reacquired or retired by the Company), other than:

(I) shares of Common Stock issued upon conversion of the Series A Preferred, or as a dividend or distribution on the Series A Preferred;

(II) shares of Common Stock and/or other options, warrants or other Common Stock purchase rights and the Common Stock issued pursuant to such options, warrants or other rights after the Issuance Date to employees, officers or directors of, or consultants or advisors to, the Company or any subsidiary pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board of Directors;

(III) shares of Common Stock or other stock, options, warrants, purchase rights or other securities convertible into Common Stock (such convertible stock or securities being referred to herein as "Convertible Securities") issued for consideration other than cash pursuant to a merger, consolidation, acquisition, strategic alliance or similar business combination approved by the Board of Directors;

(IV) shares of Common Stock or Convertible Securities issued pursuant to any equipment loan or leasing arrangement, real property leasing arrangement or debt financing from a bank or similar financial institution approved by the Board of Directors;

(V) shares of Common Stock or Convertible Securities that the holders of a majority of the outstanding shares of Series A Preferred elect in writing to exclude from the definition of "Additional Shares of Common Stock" for purposes of this Section G.

References to Common Stock in the subsections of this clause (c) above shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section G.10. The "Effective Price" of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Section G.10., into the Aggregate Consideration received, or deemed to have been received by the Company for such issuance under this Section G.10., for such Additional Shares of Common Stock. If the number of shares of Additional Shares of Common Stock or the Effective Price cannot be ascertained at the time of issuance, such Additional Shares of Common Stock shall be deemed issued immediately upon the occurrence of the first event that makes such number of shares or the Effective Price, as applicable, ascertainable.

(f) If the Company issues or sells, or is deemed to have issued or sold, Additional shares of Common Stock in a Qualifying Dilutive Issuance (the "First Dilutive Issuance"), then in the event that the Company issues or sells, or is deemed to have issued or sold, Additional Shares of Common Stock in a Qualifying Dilutive Issuance other than the First Dilutive Issuance as a part of the same transaction or series of related transactions as the First Dilutive Issuance (a "Subsequent Dilutive Issuance"), then and in each such case upon a Subsequent Dilutive Issuance the Series A Preferred Conversion Price shall be reduced to the Series A Preferred Conversion Price that would have been in effect had the First Dilutive Issuance and each Subsequent Dilutive Issuance all occurred on the closing date of the First Dilutive Issuance.

11. Certificate of Adjustment. In each case of an adjustment or readjustment of the Series A Conversion Rate for the number of shares of Common Stock or other securities issuable upon conversion of the Series A Preferred Stock, the Company, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of Series A Preferred Stock at the holder's address as shown in the stock records of the Company. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based.

12. Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series A Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series A Preferred Stock by a Holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Company shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's Market Value on the date of conversion.

13. Reservation of Common Stock Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock solely for the purpose of effecting the conversion of the Series A Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series A Preferred Stock. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then-outstanding shares of Series A Preferred Stock, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

14. Payment of Taxes. The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series A Preferred Stock, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Stock so converted were registered.

II. General Provisions.

1. Registration of Transfer. The Company shall keep at its principal office or at the office of the transfer agent maintained for such purposes a register for the registration of the Series A Preferred Stock. Subject to applicable federal and state securities law restrictions, upon the surrender of any certificate representing Series A Preferred Stock at such place, the Company shall, at the request of the record holder of such certificate, execute and deliver (at the Company's expense) a new

certificate or certificates in exchange therefor representing in the aggregate the number of shares represented by the surrendered certificate. Each such new certificate shall be registered in such name and shall represent such number of shares as is requested by the holder of the surrendered certificate and shall be substantially identical in form to the surrendered certificate.

2. Replacement. Upon receipt of an affidavit of the registered holder or other evidence reasonably satisfactory to the Company of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing shares of Series A Preferred Stock, and in the case of any such loss, theft or destruction, upon receipt of indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender of such certificate, the Company shall (at the Holder's expense) execute and deliver in lieu of such certificate a new certificate of like kind representing the number of shares of such class represented by such lost, stolen, destroyed or mutilated certificate and dated the date of such lost, stolen, destroyed or mutilated certificate.

3. No Reissuance of Series A Preferred Stock. No share or shares of Series A Preferred Stock acquired by the Company by reason of redemption, purchase, conversion or otherwise shall be reissued.

4. Notice. Any notice required by the provisions of this Statement of Designation shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed email or facsimile if sent during normal business hours of the recipient, or if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with verification of receipt. All notices to shareholders shall be addressed to each holder of record at the address of such holder appearing on the stock records of the Company.

5. Amendment to Statement of Designation. To the extent permitted by applicable law, the Board of Directors shall have the right by subsequent amendment of this resolution, from time to time, to increase or decrease the number of shares which constitute the Series A Preferred Stock (but not below the number of shares then outstanding)

* * * *

FOUR: This Statement of Designation has been duly approved by the Board of Directors, in accordance with the Articles of Incorporation of the Company and the Florida Business Corporation Act, and approval by the shareholders of the Company is not required.

[SIGNATURE PAGE FOLLOWS]

Fax Audit No. H19000053179 3

This Statement of Designation of the Series A Preferred Stock has been executed as of February 7, 2019, by the undersigned duly authorized officers of the Company.

E-S INFORMATION SYSTEMS INC.

By: 

Name:

Enrique Acosta

Title:

C.E.O.

1025415

[Signature Page to Statement of Designation]

Fax Audit No. H19000053179 3