**SERIES A TERM SHEET**

Issuer: [\_\_\_\_\_\_\_\_\_\_], a Delaware corporation (the “**Company**”)

Founders: [\_\_\_\_\_] and [\_\_\_\_\_] (the “**Founders**”).

Seed Investors: [\_\_\_\_\_] and [\_\_\_\_\_] (together the “**Seed Investors**”), representing all pre-closing shareholders other than the Founders.

Securities: Series A [ordinary/preferred] shares (the “**Series A**”).

Financing: The Series A round will amount to an aggregate of $[\_\_\_\_\_] in newly issued Series A based on a fully diluted pre-money valuation of $[\_\_\_\_\_], i.e., $[\_\_\_\_\_] per share of Series A (the “**Price**”), allocated as follows:

Investors: [\_\_\_\_\_]: $[\_\_\_\_\_]

[\_\_\_\_\_]: $[\_\_\_\_\_]

[\_\_\_\_\_]: $[\_\_\_\_\_]

Closing Conditions: (i) Satisfactory completion of confirmatory due diligence;

(ii) Negotiation of customary legal documentation in compliance with this term sheet (including a simplification of the Company’s by-laws, to the extent relevant);

(iii) Approval of the proposed investment/definitive agreements by the New Investors’ respective investment committees or other competent bodies, if applicable;

(iv) Receipt by the Investors of anti-money laundering documents reasonably satisfactory to them;

(v) Receipt of waiver of any existing pre-emptive rights and/or other necessary approvals and consents;

(vi) No unanticipated material adverse events.

Liquidation Preference: In the event of a liquidation, dissolution, winding up, merger, sale or other disposition of all or substantially all of the assets of the Company in which the shareholders do not own a majority of the outstanding shares of the surviving entity for a price (or value) per Company share, the higher of [\_\_\_\_\_%] of the proceeds and par value shall first be distributed to all shareholders pro rata on an as-converted basis. Then, out of the remaining proceeds, the holders of the Series A shall be entitled to receive, in preference to all other shareholders, a per share amount equal to the Price (as adjusted for stock splits, combinations and anti-dilution adjustment) minus the amount received in the first distribution, plus any declared but unpaid dividends. Thereafter, the remaining proceeds (if any) shall be distributed pro rata to the holders of ordinary shares and Series A.

Automatic Conversion: The Series A shall automatically convert into ordinary shares upon the closing of a firmly underwritten public offering of shares of the Company with aggregate net proceeds to the Company based on a price per share at least equal to [\_\_\_\_\_ times] the Price (a “**Qualifying IPO**”).

Optional Conversion: Each holder of the Series A shall have the right to convert its shares at any time into ordinary shares. The conversion ratio shall be 1:1, subject to adjustment in the event of stock split or grouping.

Anti-dilution: One anti-dilution equity warrant (a “Ratchet Warrant”) will be attached to each Series A, entitling its holder to subscribe for a variable number of new Series A at par value in case a new round of financing shall be completed by the Company within [\_\_\_\_\_] years of the Series A round at price below the Series A round, thereby obtaining an adjustment of the cost of such holder’s shares based on a customary broad based weighted average ratchet formula; provided that holders of Ratchet Warrants shall only be entitled to exercise them to the extent that they participate in the relevant down round pro rata.

Dividends The Series A shall be entitled to participate in any dividend distribution on a pro rata basis.

Voting The Series A shall carry the same number of votes as the other shares of the Company issued and outstanding consistent with applicable law of [\_\_\_\_\_], except that shares held by the same shareholders for at least two years following the closing shall enjoy double voting rights].

Pre-emptive Rights: The Founders for so long as they remain employed by the Company (the “**Active Founders**”) and the New Investors shall have a pre-emptive right to purchase their pro rata share of any new securities of the Company other than securities issued to officers, employees, directors or consultants, shares issued for acquisitions or to strategic partners, in each case pursuant to plans or agreements approved by the Board.

Lock Up: No shares may be transferred by the Founders until the [\_\_\_\_\_] anniversary of Closing, except for transfers by the Founders not exceeding [\_\_\_\_\_%] of their stake in the aggregate, Free Transfers, Leaver, Co-Sale and Drag Along situations.

Right of First Refusal: The New Investors and the Active Founders will have a right of first refusal on any shares proposed to be transferred by any shareholder, with a right of oversubscription, except for transfers (i) to an affiliate entity, (ii) to the Company, (iii) to a fully own holding company for estate purposes or (iv) by any investment fund to a secondary fund in the context of the liquidation of the transferor (“**Free Transfers**”), in all cases subject to customary limitations and provided that the Active Founders shall have priority over any shares proposed to be transferred by the Seed Investors or the Founders.

Co-Sale: In case of a change of control or sale to an industrial acquirer not approved by the New Investors and Active Founders, all shareholders shall have a full tag-along right. The rights of first refusal and co-sale shall not apply to Free Transfers.

Drag Along: If a bona fide arms' length offer is made by any third party to acquire all of the shares in the Company, which is accepted by the holders of more than [\_\_\_\_\_%] of the shares of the Company, all shareholders shall be required to sell their shares on the same terms and conditions subject to the Liquidation Preference. In this case, the rights of first refusal shall not apply.

Liquidity The Company and its shareholders will use their reasonable best efforts to achieve a sale of the Company or initial public offering of its shares on a recognized stock exchange (an “**IPO**”) on or before the 5th anniversary of Closing.

If a liquidity event for the Series A has not been achieved by the [\_\_\_\_\_]th anniversary of Closing, the holders of a [\_\_\_\_\_]th majority of the Series A then outstanding (the “**Investor Majority**”) shall have the right, at any time following such date, to require the Board and shareholders of the Company to engage an internationally recognized investment bank in order to initiate a Qualifying IPO or sale of the Company; provided that (i) from the [\_\_\_\_\_]th anniversary of Closing all shareholders shall be required to sell their shares to any acquirer having made an offer for 100% of the share capital of the Company which is accepted by the holders of at least a [\_\_\_\_\_] majority of the Series A and (ii) this clause shall not be subject to the Right of First Refusal.

Information and Audit Rights Each New Investor holding more than [\_\_\_\_\_%] of the shares shall be entitled to receive: (i) annual audited accounts for each group company and on a consolidated basis, together with the related auditors’ report, within 4 months of the end of each year; (ii) semi-annual accounts for each group company within [\_\_\_\_\_] days following the end of each semester; (iii) [quarterly/monthly] reporting within [\_\_\_\_\_] days following the end of each [quarter/month]; and (iv) any change in the share capital or voting rights of the Company or any subsidiary thereof within [\_\_\_\_\_] days of such change.

Each New Investor holding more than [\_\_\_\_\_%] of the shares shall also have the right, at its cost and subject to execution of a customary non-disclosure agreement, to visit the Company and inspect its books and records upon reasonable notice and during normal business hours.

Board Representation: The Company shall be managed by a board of directors (the “**Board**”) of no more than [\_\_\_\_\_] members.

Each New Investor holding more than [\_\_\_\_\_%] of the shares shall have the right to appoint one Board member or one non-voting Board observer who shall initially be [\_\_\_\_\_].

Board Meetings: The Board will meet at least [\_\_\_\_\_] times per quarter, at intervals not exceeding [\_\_\_\_\_] months, with a minimum [\_\_\_\_\_] prior notice except in case of urgency.

Board Decisions: All Board decisions shall be made at a simple majority of the members present or represented except for Material Decisions listed in Appendix B which shall be subject to a qualified majority of the Board.

Leaver: [100]% of the shares held by Founders shall vest on a quarterly basis over a period of [\_\_\_\_\_] years from Closing.

In case of leave of a Founder before the [\_\_\_\_\_] anniversary of Closing,

(i) the Active Founders will have a call option for a period of 3 months over half of the unvested shares at their nominal value,

(ii) the Company will have a call option for a period of 3 months over the other half of the unvested shares at their nominal value

(iii) the Active Founders and the New Investors (pro rata among them) will have a call option for a period of 3 months over all other shares of the leaver at their then fair market value.

Employee Stock Option Plan: Following the new round, an incentive plan for existing and future managers and employees of the Company will be adopted. This plan will represent [\_\_\_\_\_%] of the Company’s capital on a fully diluted basis after Closing. Each stock option will allow its holder to subscribe for one ordinary share at a price at least equal to the Price conditioned upon continued employment and standard vesting terms: 25% after one year and the balance on a quarterly basis over the following three years.

Non-Compete: The Founders shall dedicate substantially all of their professional time to the Company for so long as they are in office and shall be bound by a customary 12-month non-compete obligation after that which may be waived by the Company and shall otherwise be compensated by monthly payments equal to [\_\_\_\_\_%] of their average monthly salary during their last 12 months of employment.

Documentation: Definitive agreements shall be drafted by counsel to the Company and shall include customary representations and warranties of the Founders who shall have the option to pay in cash or in shares of the Company and, in case of payment in shares, shall not be liable beyond the lesser of the investment amount and the value of their shares except in case of fraud. The documents other than corporate documents shall be in English.

Exclusivity: The Company and the Founders agree not to solicit or receive any funding from any investors other than the New Investors for a period of [\_\_\_\_\_] weeks from the date this term sheet is signed by the Company; provided that the New Investors shall promptly inform the Company of their decision not to pursue their proposed investment in the Company, as the case may be, in which case such exclusivity period shall immediately lapse.

Expenses: Upon transaction completion, the Company shall pay the New Investors’ external fees and expenses incurred in connection with the transaction not to exceed $[\_\_\_\_\_] in the aggregate.

Confidentiality: The parties agree to treat this term sheet confidentially and will not distribute or disclose its existence or contents, except to their respective shareholders and professional advisors as reasonably required to complete the Financing.

Applicable Law: This Summary of Terms and the definitive agreements shall be governed and construed in accordance with the laws of [\_\_\_\_\_]. Any dispute arising therefrom or in connection therewith shall be submitted to the exclusive jurisdiction of the commercial court of [\_\_\_\_\_].

Acknowledged and agreed:

**COMPANY**

By:

Name:

Title:

Date:

**INVESTOR A**

By:

Name:

Title:

Date:

**INVESTOR B**

By:

Name:

Title:

Date: