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| **TERM SHEET**  This Term Sheet aims to summarize the principal terms of the transaction consisting in the provision of funds to [*Company’s business name*] by [*Investor’s business name*] (the “**Investment**”).  This Term Sheet shall not be deemed as a commitment to invest in or otherwise financially support the Company, which shall be conditional upon the fulfilment of the conditions indicated below to an extent satisfactory to the Investor. | |
| **Company** | The Investment will be made to **[*business name]*** with its registered office in [*city*], [*full address*], entered into the register [*name of the commercial register*] maintained by [*authority/court*] under no. [*register number*], [*other data identifying the target*] (the “**Company**”). |
| **Founders** | The Company has been established and owned by (the “**Founder(s)**”):  **[*name*]** domiciled in [*city*] at [*full address*], holding ID card no./passport no. [*number*], [*other data identifying the founder*],  **[*name*]** domiciled in [*city*] at [*full address*], holding ID card no./passport no. [*number*], [*other data identifying the founder*]. |
| **Investor** | The investment will be made by ***[business name]*** with its registered office in [*city*], [*full address*], entered into the register [*name of the commercial register*] maintained by [*authority/court*] under no. [*register number*], [*other data identifying the investor*] (“the **Investor**”). |
| **Investment Summary** | The Investment will aim at the financing of [*detailed description of the project*]. |
| **State Aid**  *(remove if not applicable)* | The Investment is backed by the financial support of [*name of the institution or fund*] (the “**Institution**”) under the [*BRidge Alfa Program/PFR Starter Program, etc.*] (the “**Program**”) (the “**Investment**”).  The Investment will be subject to the terms and conditions of the Programme resulting from the applicable law, as referred to in the Investment Agreement. |
| **Investment Amount** | *Alternative 1*  The Investor will invest up to PLN [●] for [●]% of the shares in the Company (fully diluted to be calculated on the basis of the Pre-Money Valuation).  *Alternative 2 (in case of BRidge Alfa)*  The Investment will amount up to PLN [●] for [●]% of the shares in the Company (fully diluted to be calculated on the basis of the Pre-Money Valuation) to be arranged in the following way:  a) the Investor will invest PLN [●] as the equity investment;  b) the Investor will arrange a [*grant*] [*another form of state aid under the Program*] from the Institution amounting to PLN [●]. |
| **Pre-Money Valuation** | The fully diluted Pre-Money Valuation of the Company is PLN [●]. |
| **Class of Shares** | The Investor will subscribe for [●] ordinary shares in the increased share capital of the Company (“**Shares**”). |
| **Employee Share Option Plan**  *(remove if not applicable)* | The Founders will implement an employee share option plan in the Company enabling a key employees to acquire shares in the Company corresponding to up to [●]% of the shares in the Company at fully diluted post-money valuation (“**ESOP**”). ESOP may not dilute the shareholding of the Investor. |
| **Liquidation Preference** | Upon liquidation of the Company, sale, exclusive license or other disposal of all or substantially all of assets of the Company, or sale or other disposal of the majority of shares of the Company or a sale of the majority of the Founders’ shares or any other transaction (including a corporate action) having a similar effect (“**Change of Control**”),  *Alternative 1 (recommended)*  *[Non-participating Liquidation Preference]*  the Investor will be entitled to receive, prior to and with preference to all other shareholders of the Company, an amount of the proceeds equal to the Investment Amount plus accrued but unpaid dividends on each Share or, if greater, the amount that the Shares would receive if all shareholders received their *pro rata* share of the proceeds. The balance of the proceeds shall be distributed *pro rata* to other shareholders.  *Alternative 2*  *[Interest]*  the Investor shall be entitled to receive, prior to and with preference to all other shareholders of the Company, an amount of the proceeds equal to the Investment Amount plus (i) interest of [●]% p.a. on the Investment Amount and (ii) accrued but unpaid dividends on each Share or, if greater, the amount that the Shares would receive if all shareholders received their *pro rata* share of the proceeds. |
| **Anti-dilution Protection** | The Investor shall be entitled to the Anti-Dilution Protection on a weighted average basis in the event that the Company, subsequent to the Shares, issues new shares at a price per share resulting from a valuation lower than the Pre-Money Valuation. |
| **Founders’ Lock-Up** | None of the Founders may sell or transfer or dispose of in any other manner any shares in the Company in the Vesting Period (as defined below) without the Investor’s prior consent, subject to customary permitted transfers. |
| **Pre-Emption Rights** | Each shareholder shall have a Pre-Emption Right to subscribe for any new shares issued by the Company on a *pro rata* basis. |
| **Right of First Refusal** | Each shareholder shall have the Right of First Refusal to purchase any shares being sold by another shareholder. If more than one shareholder exercises the Right of First Refusal, such shareholders will have the right to purchase shares *pro rata*. |
| **Tag Along** | *Alternative 1*  If any shareholder intends to sell any of its shares, the Investor will have a tag-along right to sell its shares to a purchaser on a pro rata proportion on the same terms and at the same price.  *Alternative 2*  If any shareholder intends to sell any of its shares, the Investor will have a tag-along right to sell its shares on a pro rata proportion on the same terms and at the same price. However, if any shareholder intends to sell any of its shares to a competitor of the Company, the Investor will have a tag-along right to sell all of its shares to a purchaser on the same terms and at the same price |
| **Drag Along** | If shareholders representing more than [*50%+1*] of the share capital of the Company, including the Investor, intend to sell their shares to a bona fide third party, it will trigger drag-along right so that all remaining shareholders will be required to sell their shares to a purchaser on the same terms and at the same price. |
| **Founder Vesting** | The Founders’ shares will vest as follows:   1. 25% of Founders’ shares will vest within [*12 months*] from the Closing Date; and 2. 75% of Founders’ shares will vest [*quarterly*] over the following 3 years;   ("**Vesting Period**").  If a Founder leaves his or her position at the Company before all his or her shares vest (“**Leaving Founder**”), and a Leaving Founder is:   1. a Good Leaver – then all of the Leaving Founder’s shares which have not vested, or 2. a Bad Leaver – then all of the Leaving Founder’s shares,   will be subject to a repurchase option by the remaining [*Founders*] [or] [*shareholders*] *pro rata* (assuming that shares held by the [*Founders*] [or] [*shareholders*] other than the Leaving Founder constitute 100% shares in the Company).  The price per share of this repurchase option will depend on whether a Founder is:   1. a Good Leaver – the price per share will equal the market price of a share in the Company, or 2. a Bad Leaver – the price per share will equal the lower of the market price of a share in the Company or the subscription price of a share in the Company.   Vesting will accelerate and all shares of a Founder will vest immediately if the two following events both occur: (i) the Change of Control and (ii) a Founder’s employment is terminated and/or the Founder is dismissed from the Management Board without a justifiable cause within [*12 months*] following the Change of Control (double trigger accelerated vesting).  Customary definition of a Good Leaver and a Bad Leaver will apply. |
| **Governing Bodies** | The Management Board will consist of minimum [●] members. Members of the Management Board will be appointed or dismissed by the Shareholders’ Meeting of the Company. The Founders will be members of the Management Board throughout the period of the Investment.  If the Supervisory Board is appointed in the Company, it will consist of [*3*] members. As long as the Investor is a shareholder of the Company, it will be entitled to appoint [*2*] members of the Supervisory Board. Remaining member will be appointed or dismissed by the Shareholders’ Meeting of the Company. |
| **Right of Approval** | As long as the Investor is a shareholder of the Company, decisions in following matters will require the consent of the Shareholders’ Meeting or Supervisory Board (if appointed) with a vote in favor from the Investor or a representative of the Investor to the Supervisory Board (if appointed):   1. change of the articles of association of the Company; 2. change of the share capital of the Company; 3. change of the legal form of the Company; 4. merger, demerger, transformation or liquidation the Company; 5. change of the principal business of the Company; 6. disposal or encumbrance of an enterprise or an organized part of the enterprise of the Company; 7. disposal or encumbrance of a [*real estate, trade mark, copyrights, material technology, other than licenses sold in the ordinary course of business*] of the Company; 8. acquiring rights or incurring obligations or making payments by the Company, which amount exceeds [*currency and amount*] or are not on arm’s length; 9. change of the compensation of the Management Board and the Supervisory Board (if appointed). |
| **Management Compensation** | Members of the Management Board will be compensated in accordance with principles agreed in the Investment Agreement. |
| **IP Rights** | All IP rights key to the operation of the Company will be transferred to the Company at no expense on its part. |
| **Information rights** | The Investor shall be entitled to receive the following financial information from the Company:   1. annual statutory financial statements, 2. quarterly balance sheets and profit and loss accounts; 3. monthly KPI reporting 4. Business Plan performance reporting |
| **Non-competition** | Each Founder, as long as it is a shareholder of the Company and within [*24 months*] following a date on which the Founder ceased to be a shareholder of the Company, will be bound by a non-competition undertaking in respect of [*a business model of the Company*] in the territory of [*Poland*] [*European Union*] [*United States*]. |
| **Non-solicitation** | Each Founder, as long as it is a shareholder of the Company and within [*24 months*] following a date on which the Founder ceased to be a shareholder of the Company, will be prohibited from soliciting employees of the Company. |
| **Conditions of Investment** | The Investment is conditional on:   1. satisfactory completion of due diligence; 2. approval by respective bodies or officers of the Investor; 3. entering into the Investment Agreement and Shareholders’ Agreement; 4. satisfaction of conditions precedent from the Investment Agreement. |
| **Investment Agreement and Shareholders’ Agreement** | Detailed rights and obligations of the Parties in connection with the Investment will be regulated in the Investment Agreement.  Each Founder and the Company will provide the Investor with customary representations and warranties regarding the Company and its business as well as the Shares as part of the Investment Agreement. |
| **Timetable** | The Company, Founders and the Investor will use reasonable endeavors to finalize the Investment within [●] based on the following time line:   1. completion of due diligence of the Company: [●]; 2. decision of the investment committee [*or other competent body*] of the Investor: [●]; 3. negotiations and execution of the Investment and Shareholders’ Agreement: [●]; 4. completion of the Investment and disbursement of the Investment Amount: [●]. |
| **Confidentiality** | The Company, Founders and the Investor will not disclose, within a period of [*2 years*] from the date on which this Term Sheet is accepted, the terms of this Term Sheet to any person or entity without the prior written consent of all other parties hereto. |
| **Exclusivity** | The Company and the Founders agree and undertake that they shall not, for a period of [*45 days*] from the date on which this Term Sheet is accepted, solicit or participate in negotiations or discussions with any person or entity other than the Investor regarding the equity investment in the Company or acquisition of all or any portion of the Company or its assets. |
| **Expenses** | The Company and the Investor will bear their own costs related to the Investment. |
| **Binding force** | The Term Sheet shall not constitute a legally binding agreement, without prejudice to Confidentiality and Exclusivity clauses. |
| **Applicable Law** | This Term Sheet shall be governed in all respects by the laws of the Republic of Poland.  All disputes arising out of or in connection with this Term Sheet shall be settled amicably by the Parties. If any dispute cannot be settled in this manner, the Parties will refer such dispute to a Polish common court competent for the registered office of the Company. |