**TERM SHEET**

**(non-binding)**

This Term Sheet summarizes the principal terms of the possible financing of the project “[**●**]” of a Slovak company [**●**].

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| --- | --- |
| Company  (target of Investment) | A newly established Slovak company **[●]**, with its registered seat at [**●**], [**●**] Bratislava, Slovak Republic, that implements the Business Purpose (hereinafter as the “**Company**”). |
| Business Purpose | The business purpose of the Company is [**●**]. |
| Founder | [**●**], born on [**●**], residing at [**●**], [**●**], Slovak Republic (hereinafter as the “**Founder**”). |
| Investment | A company **[●]**, BIN: [**●**], will invest EUR [**●**] (at post-money valuation EUR [**●**]) for which it acquires a [**●**]% share in the Company (i.e. [**●**]% of the registered capital of the Company); to be carried out in the form of a contribution to the Company's registered capital and/or a contribution to the Company's other capital funds (hereinafter as the “**Lead Investor**”).  A natural person, [**●**], will invest EUR[**●**] (at post-money valuation EUR [**●**]) for which it acquires a [**●**]% share in the Company (i.e. [**●**]% of the registered capital of the Company); to be carried out in the form of a contribution to the Company's registered capital and/or a contribution to the Company's other capital funds (hereinafter as the “**Investor 2**”).  A natural person, [**●**], will invest EUR [**●**] (at post-money valuation EUR [**●**]) for which it acquires a [**●**]% share in the Company (i.e. [**●**]% of the registered capital of the Company); to be carried out in the form of a contribution to the Company's registered capital and/or a contribution to the Company's other capital funds (hereinafter as the “**Investor 3**”).  (The Lead Investor, Investor 2, Investor 3 and the further investors hereinafter collectively referred to as the “**Investors**”). |
| Closing Date | [**●**] or as soon as practicable. |
| Use of Investment | The Investment shall be used for the development of the Business Purpose of the Company, mainly [**●**]. |
| Liquidation preference | If a Liquidation Event occurs, each Investor is entitled to choose between:   1. the preferential payment of the amount of the proceeds of the Liquidation Event with precedence over the payment of the proceeds of the Liquidation Event to any other shareholders of the Company, in the amount equal to one time the investment provided by the Investor to the Company, OR 2. the amount of the pro-rata proceeds of the Liquidation Event according to their share in the Company's registered capital.   *Liquidation Event*means any liquidation, dissolution, winding up, sale of business, merger/division/change of the legal form of the Company, sale of shares associated with the change of control over the Company. |
| Anti-dilution | If any new shareholder becomes a shareholder of the Company at a price lower than paid by the Investor, the Investor should be entitled to additional shareholding calculated according to broad based weighted average formula. |
| Dividends | Profit Share of the Investors is in proportion to their contribution to the registered capital of the Company.  It is not expected that any dividends are distributed between shareholders of the Company earlier than after 2 years as of Closing Date. |
| Employee Share Option Pool (ESOP) | The ESOP will be created representing [**●**]% of equity, which will be structured to retain and incentivise key employees and advisors. The terms of the ESOP, including vesting schedule and allocations will be determined by the Director of the Company at their sole discretion. Establishing the ESOP will mean a pro-rata decrease in the amount of share of each shareholder (including the Founder and the Investors). |
| Voting Rights | The Investors have votes in proportion to their contribution to the registered capital of the Company. |
| Executive Director | One director to be elected by the Founder. |
| Pre-approval requirement | The following activities will require a pre-approval of [the majority of Investors (according to their shareholding)] OR [the Supervisory Body]:   1. acquisition or transfer of any share; 2. the transfer of a business (or any part of a business) of the Company; 3. appointment and recall of the Company's Director; 4. performing any act that will result in a change of control over the Company; 5. transfer of intellectual property in the possession of the Company; 6. change of the Business Purpose; 7. merger or amalgamation of the Company with other legal entity; and 8. any amendment or change of the corporate documents including articles of association or by-laws in respect to the voting rights of any nature and/or profit distribution. |
| Pre-emption right | The Founder and Investors (as shareholders in the Company) have the right, in proportion to their contribution to the Company's registered capital, to participate in any increase in the Company's registered capital. Any unsubscribed portion of the contemplated increase shall be distributed *pro rata* amongst shareholders who used their right to subscribe. |
| Right of First Refusal | The Founder and Investors (as shareholders in the Company) have a right of first refusal, in proportion to their contribution to the Company's registered capital, with respect to shares of a leaving shareholder. Any unsubscribed portion of the leaving shareholder’s equity shall be distributed *pro rata* amongst shareholders who used their right. |
| Tag-along Right | If any shareholder wishes to accept an offer to sell their share to a third party, all other shareholders of the Company have a right to sell their shares together with the share of the selling shareholder on the same terms and conditions or to consent to the transaction. |
| Drag-along Right | If shareholders holding the shares corresponding to two-thirds (2/3) of the entire registered capital wish to accept an offer to sell their share to a third party, all other shareholders of the Company may be required b to sell their shares on the same terms and conditions. |
| Supervisory Body | The Company has a Supervisory Board consisting of three members, and its members are proposed for appointment to the General Meeting as follows:   1. the Founder proposes the appointment of one member of the Supervisory Board; 2. the Lead Investor proposes the appointment of one member of the Supervisory Board; and 3. The Investors (excluding the Lead Investor) jointly propose to appoint one member of the Supervisory Board.   The Supervisory Board has a quorum if at least two members of the Supervisory Board are present at the meeting. The Supervisory Board decides by at least a two-thirds (2/3) majority of all its participating members. Each member has one vote. |
| Representations and Warranties | Founders shall issue, within transaction documentation, a standard set of representations and warranties with market standard limitations of liability. |
| Information Right | The Investors are provided with the budget proposed for the next financial year of the Company no later than 30 days before the beginning of each financial year of the Company. |
| Permitted Transfers | The Founders shall be entitled to transfer, regardless of any restrictions agreed in this Term Sheet, their shares to their controlled or controlling legal entities. |
| Governing Law and General Provisions | This Term Sheet shall be governed in all respects by the laws of Slovak Republic.  This Term Sheet is not a commitment to accept investment and it is not binding save for clause on [\*] .  The Founders and Investors are bound by confidentiality obligation in respect of any and all matters covered under this Term Sheet (including any information disclosed in respect thereto).  Each of the Investors and Founders shall bear its own costs incurred in respect of the conclusion of this Term Sheet. |

[*SIGNATURE PAGE FOLLOWS*]

**SIGNATURE PAGE**

**THE COMPANY:**

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**THE FOUNDER:**

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**THE LEAD INVESTOR:**

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**THE INVESTOR 2:**

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**THE INVESTOR 3:**

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_