Term Sheet - Equity Investment

Summary of principal terms for a seed or early-stage equity round

Novos Ventures · novosventures.com · hello@novosventures.com

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Company: [Company legal name], a private company limited by shares registered in Ireland, [company number] (the "Company").

Founders: [names] (the "Founders").

Investors: [names] (the "Investors"), and any other investors approved by the Company and the Lead Investor.

Lead Investor: [name].

Date: [date].

1. Status

1.1 This term sheet is not legally binding, except for clauses 9 (Confidentiality), 10 (Exclusivity), 11 (Costs) and 12 (Law). It is subject to due diligence, final documents and any approvals needed.

2. The investment

2.1 Amount: [amount] in aggregate, of which the Lead Investor will invest [amount].

2.2 Security: [ordinary shares / A ordinary shares / preferred shares] (the "Investor Shares").

2.3 Pre-money valuation: [amount] on a fully diluted basis, including an unallocated employee option pool of [__]% of the post-money share capital [created before / after] the investment.

2.4 Price per share: [amount], based on the pre-money valuation.

2.5 Tax relief: [The Company intends to qualify for EIIS relief / not applicable]. The Company will provide the information investors need to claim any relief.

2.6 Tranches: [single completion / tranches on milestones - describe].

3. Rights of the Investor Shares

3.1 Liquidation preference: [none / 1x non-participating] - on a sale or winding up, holders of Investor Shares receive the greater of their subscription amount and their pro rata share of the proceeds.

3.2 Anti-dilution: [none / broad-based weighted average] protection on any issue of shares at a price below the price per share.

3.3 Dividends: [no preferred dividend / non-cumulative, paid pari passu with ordinary shares].

3.4 Voting: one vote per share.

4. Board and information

4.1 Board: [__] directors - [__] appointed by the Founders, [__] by the Lead Investor [and [__] independent director appointed jointly].

4.2 Observer: the Lead Investor may appoint a board observer [if it does not appoint a director].

4.3 Information: monthly management accounts within [__] days of month end, annual audited accounts within [__] days of year end, and an annual budget approved by the board.

5. Investor consent matters

5.1 Certain actions require Investor approval (by holders of a majority of the Investor Shares), including: changing the constitution or share rights; issuing new shares other than under the agreed option pool; selling the business; taking on debt above [amount]; paying dividends; changing the business; and related party transactions.

6. Shares and transfers

6.1 Pre-emption on new issues: shareholders may subscribe pro rata for new shares, subject to customary exceptions.

6.2 Transfers: right of first refusal for existing shareholders; tag-along right for minority shareholders on a sale of a majority; drag-along right where holders of [__]% of shares (including Investor approval) accept an offer for the whole Company.

7. Founders

7.1 Vesting: [__]% of each Founder's shares vest [over [__] months with a [__]-month cliff], with good leaver / bad leaver provisions.

7.2 Restrictive covenants: non-compete and non-solicit for [__] months after a Founder leaves, to the extent enforceable.

7.3 Each Founder will enter into a service agreement and assign all relevant intellectual property to the Company.

8. Documents and conditions

8.1 Subscription Agreement (with customary warranties from the Company [and Founders], capped at [amount]), Shareholders' Agreement and amended constitution.

8.2 Conditions include: satisfactory due diligence; board and shareholder approvals; Founders' service agreements and IP assignments; [other].

9. Confidentiality

9.1 The terms of this term sheet are confidential and may only be disclosed to the parties' advisers and existing shareholders, or as required by law.

10. Exclusivity

10.1 For [__] days from signing, the Company and the Founders will not solicit or negotiate any other equity investment or sale of the Company.

11. Costs

11.1 Each party bears its own costs. [On completion the Company will pay the Lead Investor's reasonable legal costs up to [amount] + VAT.]

12. Law

12.1 This term sheet is governed by Irish law and the Irish courts have exclusive jurisdiction.

Signed for and on behalf of
[Company legal name]

Signature: _____
Name: _____
Title: _____
Date: _____

Signed for and on behalf of
[Lead Investor]

Signature: _____
Name: _____
Title: _____
Date: _____

Signed for and on behalf of
[Founder 1]

Signature: _____
Name: _____
Title: _____
Date: _____

Signed for and on behalf of
[Founder 2]

Signature: _____
Name: _____
Title: _____
Date: _____

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