



Term Sheet

- En intensjonsavtale mellom investor og selskap om investering
- Eksklusivitet
- Forpliktende, men ikke kontrakt
- Forutsetter tilfredsstillende Due Diligence
- Erstattes av aksjonæravtale og SPA (Share Purchase Agreement)



Shares

- A unit of ownership interest in a corporation or financial asset.
- Price
 - Nominal value
 - Market price
 - Difference (market price-nominal value) can be used by company for development
- Share issue
 - Pre/post
- Valuation
- Terms, classes, voting rights....



Example:

- A company has 10.000 shares
- Nominal value is 10 kr
- Total share capital is 100.000 kr (legal minimum in Norway)
- Investor is offered 20% of company for 200.000 kr.
- Pre-valuation: 800.000
- Post-valuation: 1 mill
- 2.500 new shares are issued at price 80 kr.
- Surplus 70 kr.
- Founders are diluted in %, but the company gets $2500 * 70kr = 175.000$ for development



1: Investor

- Venture (“Investor”)



2: Company

- NewCo (“Company”)



3: Founders

- Defineres for senere å kunne definere lock-up av gründere



4: Investment

- 5 NOK



5: Security and Price

- Pre-valuation 10 MNOK
- Common or preference stock at ... per share, representing ...% in Company after taking account for all issued but unexercised options



6: Preemptive Rights (Right of first refusal):

- Right of first refusal
- Investor will have the right to retain pro rate ownership in any future private financing.



7: Co-sale and Drag-along

- A shareholder is not entitled to sell unless all shareholders are offered to participate on a pro-rata basis.
- If the Investor receives an offer for all shares in the Company, they can collectively force the sale of all such shares



8: Redemption

- Buy-back of shares
- Exit in "living dead" scenario



9: Lock-up

- The Founders are obliged to work full time for the Company, and may not terminate their employment, and may not sell their shares for a period of three years...



10: Liquidation Preference

- A reasonable liquidation preference to be agreed and included in the Shareholders Agreement.



11: Anti-dilution Protection

- A reasonable Anti-dilution Protection to be agreed and included in the shareholders agreement.



12: Options

- An option or share purchase program for existing and future employees to be implemented so that employees have appropriate incentives.
- Investor will have an option to subscribe up to 10% of the Company at ... times the Price within ... years from closing of the transaction.



13: Board Seats

- Investor will have the right to nominate ... of the ... members of the Board of Directors.



14: Reporting

- Investor will have the right to receive audited financial statements, unaudited quarterly and monthly financial statements.



15: Shareholder Agreement

- The investment shall be made pursuant to a Shareholder Agreement reasonably acceptable to both parties, including customary protective provisions for Investor, non-competition, investment representations and warranties by Company shareholders and its employees.



16: Transaction cost

- Company will agree to pay reasonable fees of legal and other counsel of Investor as part of due diligence.



17: Confidentiality and exclusivity

- This offer shall not be communicated to any outside party without the Company's and the Investor' consent and during the Negotiation Period the Company will negotiate exclusively with the Investor.



18: Conditions for closing and expiration

- Closing is subject to satisfactory due diligence investigation and the approval of the Investment by the board of directors of the Investor.
- The Term Sheet will expire on the earlier of (i) 60 days after signing, (ii) the signing of the Shareholders Agreement or (iii) the Company being informed by the Investor of their decision not to pursue the transaction