



TERM SHEET TEMPLATE - LISBON CHALLENGE ACCELERATOR

The following template term sheet is applicable to all projects submitted to the Lisbon Challenge Accelerator (LCA) that are approved for a seed investment by the LCA Investment Committee (LCAIC).

This term sheet sets out the basic terms agreed between the Founders and the Investors up front, with these matters being reflected in subsequent legal documentation, namely the Shareholders' Agreement, immediately before the Investors transfer the corresponding capital into the company.

The text in square brackets indicates that information needs to be added or confirmed. Please provide to the LCA team all required information to ensure that all such fields are completed otherwise it will not be possible to sign the term sheet.

The Lisbon Challenge Accelerator Team
July 17th, 2018

[FULL COMPANY NAME]**IMPORTANT NOTICE**

Lisbon Challenge (the “Program”) results from the efforts and work of many people.

An entire team is allocated to Founders, Projects and Start-ups throughout the entire Program.

The Lisbon Challenge Accelerator (LCA) and the LCA Investment Committee (LCAIC), (the “Accelerator”), have strategic partner Investors (the “Investors”) who contribute financially for the Program, which presently has a cost of 15,000€ (fifteen thousand euros) per Company or Project attending the Program (the “Program Fee”).

The Investors contribute financially to the Program and legitimately expect to be able to invest in certain companies and/or founders of their choice. Company and the Founders in turn, desire to enrol in the Program in view of attracting an investment by the Investors.

It is therefore an assumption of the Program that the Investors may (though they are not obliged to) invest in the Company and that the Company and the Founders want to be invested by the Investors.

When/if the Investors decide to invest, Company and Founders should enable investment subject to the terms of the Program (included those herein).

Failure by Company and/or Founders to enable the Investor’s investment shall be regarded as a withdrawal from the Lisbon Challenge Accelerator, and all the associated costs shall be fully reimbursed by withdrawing Company and Founders.

**SUMMARY OF TERMS FOR
SUBSCRIPTION OF ORDINARY SHARES**

This summary of terms represents the understanding of the Parties with respect to certain relevant matters relating to the proposed investment in the Company (as defined below) that will be a part of a more detailed and definitive shareholders' agreement to be entered into by the Parties in up to 30 days. The Parties shall conduct the negotiation in good-faith and undertake as expeditiously as possible all steps required for the investment to be concluded, conditional to the Conditions to Close defined below.

Nothing in this summary of terms constitutes an offer to sell or a solicitation of an offer to buy securities in any jurisdiction where the offer or sale is not permitted.

Company	<i>[Full Company Name]</i>
Founders	<i>[Full Name Founder 1]</i> , with <i>[Passport Nr./ Citizen Card Nr.] [NNNNNN]</i> valid until <i>[DD/MM/YYYY]</i> , as Founder 1, <i>[Full Name Founder 2]</i> , with <i>[Passport Nr./ Citizen Card Nr.] [NNNNNN]</i> valid until <i>[DD/MM/YYYY]</i> , as Founder 2, and <i>[Full Name Founder 3]</i> , with <i>[Passport Nr./ Citizen Card Nr.] [NNNNNN]</i> valid until <i>[DD/MM/YYYY]</i> , as Founder 3.
Investors	Lean Company Ventures, SCR, SA, VAT NR. 513 325 611, (the “ Lead Investor ”), in conjunction with <i>[PARTNER INVESTOR A]</i> and <i>[PARTNER INVESTOR B]</i> as “ Partner Investors ” (the three

entities jointly referred to as the “**Investors**”), mutually agreeable to the Lead Investor and the Founders.

Structure of Financing	<p>The First Financing, at the beginning of the program, will be of an amount of € 15,000 at a fully diluted pre-money valuation of € 735,000, including any unallocated employee stock option plan (“SOP”). The Investors (either the Lead Investor and the Partner Investors or the Lead Investor and one of the Partner Investors) will invest €15,000 and will hold the corresponding percentage (2%) of the Company on a fully diluted basis.</p> <p>The Second Financing, at the end of the program, will be of an amount of € 55,000 at a fully diluted pre-money valuation of €1.023.000, including any unallocated employee stock option plan (“SOP”). The Investors (either the Lead Investor and the Partner Investors or the Lead Investor and one of the Partner Investors) may invest € 55,000 and will hold the corresponding percentage (5.1%) of the Company on a fully diluted basis. In the case that the three Investors decide to invest, they may propose to the Founders that the Second Financing is increased by an additional €20,000, thus totalling €75,000. In that case, the conditions will remain the same, including the pre-money valuation.</p>
Conditions to Close	<p>(i) completion of confirmatory due diligence and anti-money laundering checks, (ii) all employees having entered into service agreements containing IP assignment provisions, (iii) receipt of all necessary consents, (iv) the Investors having obtained from IFD - Instituição Financeira de Desenvolvimento, S.A. the necessary consent, and iv) if needed, incorporation in a country and/or region from the list provided by the Lead Investor.</p>
Estimated Closing Date	October 19 th , 2018.
Type of Equity Interest	Shares or a <i>quota</i> (the “Ordinary Shares”) – depending on the type of limited liability company chosen.
Lisbon Challenge Accelerator	The Founders and Company must qualify for investment under the Lisbon Challenge Accelerator. In particular, the Founders undertake to work together in order to comply with the eligibility requirements described under Appendix B.
Priority Payment on Exit	In the event of a (i) liquidation, (ii) sale, (iii) merger, (iv) Change of Control or (v) exclusive license or other sale of at least half of the assets of the Company (an “Exit”), the Investors shall be entitled to receive the higher of:

(i) The original purchase price paid by the relevant Investor; or

(ii) The Investor's pro rata share, based on its ownership of the shares, of such assets or proceeds.

Specific Investors' Rights

The following resolution by the Company shall require the consent of the Investors, including amongst any others to be agreed upon:

(i) alter the rights of the Shares; (ii) decide on a share capital increase of the Company and any other decision that may have as result the dilution of the Investors shareholding without the pro-rata right, including convertibles or any other third party promises or alike; (iii) alter the registered office or the place of business; (iv) effect any material change to the nature of a Business Plan and/ or the Annual Budget; (v) sale of assets representative of more than 10% of the value of total assets or of any business area of the Company or, irrespective of the value, the sale of any Intellectual Property rights; (vi) loans or issue of bonds that either individually or combined with past or already agreed issuing, represent more than 25% of the total capital raised or more than 10% of Revenue, whichever is greater; (vii) adopt any decisions that may affect compliance by the Company with regulation the Investors may abide by when funding the company.

Pre-emption

All shareholders will have a pro rata right, but not an obligation, based on their ownership of issued capital, to participate in subsequent financings of the Company (subject to customary contractual exceptions). Any shares not subscribed for may be reallocated among the other shareholders. The Investors may assign this right to another member or entity that either they are shareholders of or that is their shareholder.

Right of First Refusal and Co-Sale

The Investors shall have a pro rata right, but not an obligation, based on their ownership of Ordinary Shares, to participate on identical terms in transfers of any shares of the Company, and a right of first refusal on such transfers (subject to customary permitted transfers, including transfers by Investors to affiliated funds). Any shares not purchased by the Investors would then be offered to the other holders of Ordinary Shares.

Drag Along

In the event that the holders of a qualified majority of the ordinary shares wish to accept an offer to sell all of their shares to a third party, at a defined sell price, then subject to the approval of the Investors and the Board, all other shareholders shall be required to sell their shares or to consent to the transaction on the same terms and conditions, subject to applicable liquidation preferences (if any).

Most Favoured Nation	In the case that the Company or one of its current or future Subsidiaries shall enter into any additional, or modify any existing, agreements with any existing or future investors in the Company or any of its Subsidiaries that have the effect of establishing rights or otherwise benefiting such investor in a manner more favourable in any material respect to such investor than the rights and benefits established in favour of the Investors by this Agreement, the First Financing and/or Second Financing , as applicable, made by the Investors shall be amended so that the Investors also benefit from such improved rights or terms.
Restrictive Covenants and Founders Undertakings	Each Founder will enter into a non-competition and non-solicitation agreement, and a service agreement in a form reasonably acceptable to the Investors, and shall agree to devote their entire business time and attention to the Company and to not undertake additional activities without the consent of the Investors. A breach of any of the foregoing restrictive covenants or undertakings by a Founder shall result in immediate dismissal for cause of such Founder. The Founders will undertake to transfer to the Company all intellectual proprietary rights or interest of all kind in companies that are connected with the Business.
Anti-dilution	The Company shall issue additional ordinary shares to the Investors in <i>pro rata</i> , such that the Investors ownership of outstanding ordinary shares Stock shall not fall below the original valuation on a fully diluted basis, as calculated after giving effect to the anti-dilutive issuance. Such issuances shall continue whenever there is a capital increase or a transfer of shares that implies a lower valuation than that of the Investor's entry.
Raising Future Rounds	During the twenty four (24) months after the Closing Date, the Lead Investor and the Partner Investors, either jointly or individually, are entitled to participation in any future rounds of financing for the Company, with a twenty percent (20%) discount on the lowest pre-money valuation offered to any other party. This discount is limited to a maximum accumulated amount of €250,000 (two hundred and fifty thousand euros), computed across all rounds.
Founder Shares	Shares or quotas held by the Founders will be subject to reverse vesting provisions over four years as follows: 25% to vest one year after Closing and the remaining 75% to vest in

equal monthly instalments over the next following three years (“the **Vesting Period**”).

During the Vesting Period and to the fullest extent legally admissible, any vested and unvested shares shall be bought back by the Company or pro-rata by the remaining Shareholders.

A **Good Leaver Founder** shall offer for sale to the Company (with a secondary purchase option for the Investors) all of the unvested shares held at the lower of the fair market value or the book value of the Company

A **Bad Leaver Founder** shall offer for sale to the Company (with a secondary purchase option for the Investors) all of the of the vested and unvested shares at the lower of the nominal value of the shares, the subscription price paid by the Founder, the fair market value or the book value of the Company.

Immediately prior to the occurrence of an Exit Event, any Founder’s Shares that are unvested, shall be deemed to be vested.

Board of Directors

The Investors may appoint up to two non-voting observer to attend meetings of the Board of Directors of the Company (“Gerência” or “Conselho de Administração”, as applicable). The shareholders may also invite the Investors to indicate a Director.

Information and Management Rights

The Investors shall receive quarterly reporting (using a pre-indicated format and medium), monthly information regarding the main metrics and achievements (using a pre-indicated format and medium) and a management rights letter to satisfy its venture capital operating company requirements. Such management rights include the ability to attend, advise and consult with management of the company, attend board meetings and inspect the company’s books and records.

Documentation and Warranties

Definitive agreements shall be drafted by counsel to the Lead Investor and shall include customary covenants, representations and warranties of the Company (which shall be liable up to a maximum of the investment amount) reflecting the provisions set forth herein and other provisions typical to venture capital transactions.

Expenses

Each party shall pay their own legal and other fees and expenses in the transaction. If the financing does not complete within 60 days or because the Company withdraws from negotiations (except as a result of the Investors making a material change in the terms), the Company shall bear the Investors’ documented legal costs incurred to that date.

- Exclusivity** In consideration of the Investors committing time and expense to put in place this financing, the Company and Founders agree not to discuss, negotiate or accept any proposals regarding the sale or other disposition of debt or equity securities, or a sale of material assets of the Company for 45 days from the date of the Company's signature below.
- Confidentiality** The Company and the Founders agree to treat this term sheet confidentially and will not distribute or disclose its existence or contents outside the Company without the consent of the Lead Investor, except as required to its shareholders and professional advisors.
- Binding Effect** This Summary of Terms is intended to be legally binding upon the Parties, conditional only to Conditions to Close.
- Applicable Law and jurisdiction** This Summary of Terms shall be governed and construed in accordance with the laws of Portugal and subject to the Portuguese judicial courts in Lisbon, Portugal.

CHALLENGE
LISBON

Acknowledged and agreed on [DD/MM/YYYY]:

LEAD INVESTOR

FOUNDER 1

By: _____

By: _____

Print Name: [Manager 1 and Manager 2]

Print Name: _____

Title: Managers

[PARTNER INVESTOR A]

FOUNDER 2

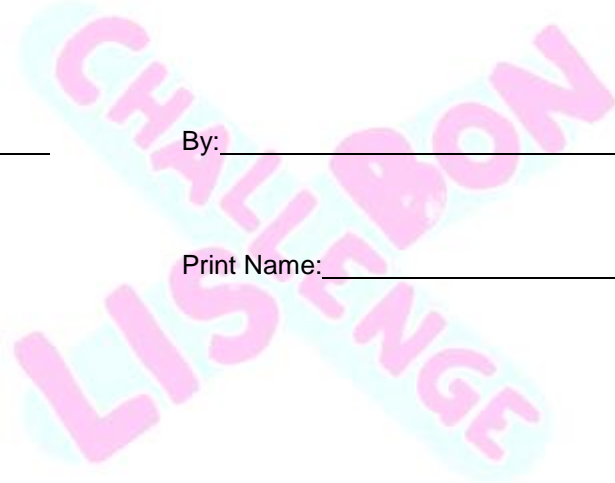
By: _____

By: _____

Print Name: [Manager 3]

Print Name: _____

Title: Manager



[PARTNER INVESTOR B]

FOUNDER 3

By: _____

By: _____

Print Name: [Manager 4]

Print Name: _____

Title: Board Member

APPENDIX A
CAPITALISATION TABLE FOR FIRST FINANCING

Shareholder	Class of Shares	Category of Ordinary Shares	No. of Shares.	Ownership (%)
[FOUNDER 1]	Ordinary Shares	B	•	•%
[FOUNDER 2]	Ordinary Shares	B	•	•%
[FOUNDER 3]	Ordinary Shares	B	•	•%
Lead Investor	Ordinary Shares	A	•	•%
[PARTNER INVESTOR A]	Ordinary Shares	A	•	•%
[PARTNER INVESTOR B]	Ordinary Shares	A	•	•%
Option Pool	Ordinary Shares	B	•	•%
Total			•	100%

[In the case that the Company is a Portuguese Limited Liability Company (“*sociedade por quotas*”), DELETE the previous table and use the following table]

Shareholder	Nominal value of each Share (<i>quota</i>)	Ownership (%)
[FOUNDER 1]	€ •	•%
[FOUNDER 2]	€ •	•%
[FOUNDER 3]	€ •	•%
Lead Investor	€ •	•%
[PARTNER INVESTOR A]	€ •	•%
[PARTNER INVESTOR B]	€ •	•%
Option Pool	€ •	•%
Total	€ •	100%

APPENDIX B

ELIGIBILITY REQUIREMENTS

The Investors will invest through either Business Angels Investment Vehicles or Risk Capital Funds which may have country or regional restrictions in terms of the final beneficiary of the investment, as defined by FC&QC (Fundo de Capital e Quase Capital) which is managed by IFD – Instituição Financeira de Desenvolvimento, S.A. These may change over time and a list of eligible countries and regions will be regularly updated.

Currently the list of countries and regions that are eligible are the following:

- a) Portugal (North, Center and Alentejo regions);
- b) Portugal (Lisboa region);
- c) European union countries - provided that the Company creates a subsidiary in Portugal in one of the regions indicated in a) or b) above;
- d) Non-European union countries provided that the Company creates a subsidiary in Portugal in one of the regions indicated in a) or b) above.

In the case of c) and d) above, the Investors will have the right to the roll-up of their ownership of the Portuguese subsidiary to a holding company either after a given date (2023, Dec 31st) or immediately before a liquidity event.

It is also required that the Company is qualified as an SME (Small and Medium-sized Enterprise), according to the criteria set out in the EU recommendation 2003/361:

Company category	Staff headcount	Turnover Or	Balance sheet total
Medium-sized	< 250	≤ € 50M	≤ € 43M
Small	< 50	≤ € 10M	≤ € 10M
Micro	< 10	≤ € 2M	≤ € 2M