

Term Sheet

We, Silicon Balls Pty Ltd, want to invest money in your company, _____.
These are the main terms under which we'd invest. This is not a legally binding agreement.

Investment

We are offering to invest \$_____ at a pre-money, fully diluted valuation of \$_____.

Rights of A Preference Shareholders

We would like A Preference Shares with the following rights:

1x Liquidation Preference (Non-Participating)

If the company is sold, liquidated, dissolved, wound-up, merged with another company, has its capital reduced, or sells substantially all of its assets, we would get the higher of either our original investment amount or our ownership percentage of the proceeds.

Conversion

We could, at any time, choose to convert our A Preference Shares into Ordinary Shares on a 1:1 basis.

Voting Rights

We would vote together with holders of Ordinary Shares on all matters, on an as-converted basis.

Certain actions would require the approval of a majority of A Preference Shareholders:

- Changing the rights, privileges, or powers of A Preference Shares;
- Issuing additional A Preference Shares or shares of a new class whose rights are on parity with or senior to A Preference Shares;
- Redeeming or buying-back any shares;
- Declaring or paying any dividend.

Rights of All Shareholders

Access to Information

You should send unaudited quarterly financial statements to all Shareholders. Any Shareholder could, at his or her own expense, arrange for accountants to look through and audit the company's accounts and speak to the company's accountants.

Pre-Emptive Rights on New Issuances

If the company issues new shares, existing Shareholders would have the right to buy as many of such shares as would be required to maintain their proportional shareholding.

Tag-Along

If any Shareholder arranges to transfer or sell their shares to a third-party, the other Shareholders would have the right to participate in that transfer or sale, on a pro-rata basis.

Founders & Employees

IP Assigned to Company

The Founders and any Employees will assign to the company, at no cost, all Intellectual Property relating to or used in connection with the business.

Vesting

The Founders' Shares and any employee shares or share options will vest over 4 years: 25% will vest after one year, and the remaining 75% will vest monthly over the next 36 months.

Employee Option Pool

Before we invest, the Company will establish an Option Pool equal to 15% of the post-money, fully diluted capitalization.

Offered By

Silicon Balls Pty Ltd

Date: _____

Accepted By

Name

Company

Signature

Date: _____