

# PIXELME

## Term Sheet Seed Round

Issuer	PIXELME SAS – <i>en cours de constitution</i> - (the " <u>Company</u> ")
Founders	Maxime Berthelot, Tom Benattar, Jérémie Doucy (individually a " <u>Founder</u> " and collectively the " <u>Founders</u> ").
Type of Security	Seed preferred shares (the " <u>Seed</u> ").
Structure of Financing	<p>The Seed round will amount to an aggregate of € 1M in newly issued Seed based on a fully diluted pre-money valuation of €3,5m, i.e., €35,00 per share of Seed (the "<u>Price</u>"), allocated as follows (see Appendix A).</p> <p>A new stock option pool of 10% (on a fully diluted basis) will be allocated to new employees.</p>
New Investors	<ul style="list-style-type: none"><li>- Serena Capital : a maximum of 900k€</li><li>- Business Angels a maximum of 100k€</li></ul>
Closing Conditions	(i) satisfactory completion of confirmatory due diligence;

- (ii) negotiation of customary legal documentation in compliance with this term sheet (including a simplification of the Company's by-laws, to the extent relevant);
- (iii) approval of the proposed investment/definitive agreements by the New Investors' respective investment committees or other competent bodies, if applicable;
- (iv) receipt by the Investors of anti-money laundering documents reasonably satisfactory to them;
- (v) receipt of waiver of any existing pre-emptive rights and/or other necessary approvals and consents;
- (vi) no criminal records for the Founders,
- (vii) no unanticipated material adverse events.

#### Liquidation Preference

Upon the occurrence of an exit (sale of a number of shares of the Company representing 50% or more of the share capital of the Company, merger or assimilated transactions, an "Exit") and **if the fully diluted value per share is lower than the A Share Subscription Price**, the sale proceeds will be distributed as set forth below:

- 1) first, 20% of the proceeds shall be distributed to all shareholders pro rata;
- 2) then, to each Seed then outstanding and being transferred under the Exit, for an amount respectively equal to up to the Seed Subscription Price;
- 3) then, the remaining proceeds (if any) will be distributed among all shareholders pro rata, except for the preferred shares.

In the event of the liquidation or winding-up of the Company, the rules governing the allocation of the proceeds mentioned above shall be applicable.

#### Automatic Conversion

The Seed shall automatically convert into ordinary shares upon the closing of a firmly underwritten public offering of shares of the Company with aggregate net proceeds to the Company

based on a price per share at least equal to 5 times the Price (a "Qualifying IPO").

Optional Conversion	Each holder of the Seed shall have the right to convert its shares at any time into ordinary shares. The conversion ratio shall be 1:1, subject to adjustment in the event of stock split or grouping.
Anti-dilution	One anti-dilution equity warrant (a "Ratchet Warrant") will be attached to each Seed, entitling its holder to subscribe for a variable number of new Seed at par value in case a new round of financing shall be completed by the Company within 3 years of the Seed round at price below the Seed round, thereby obtaining an adjustment of the cost of such holder's shares based on a customary broad based weighted average ratchet formula; provided that holders of Ratchet Warrants shall only be entitled to exercise them to the extent that they participate in the relevant down round pro rata.
Redemption	The Seed will not be redeemable consistent with applicable French law.
Dividends	The Seed shall be entitled to participate in any dividend distribution on a pro rata basis.
Voting	The Seed shall carry the same number of votes as the other shares of the Company issued and outstanding consistent with applicable French law.
Seed Majority Approval	The consent of holders of at least 4/5 of the Seed voting as a separate class shall be required for any action which alters or amends any of the rights, preferences or privileges of the Seed.

A shareholders' agreement (the "Agreement") will be entered into on the Closing date among the Founder, the shareholders owning more than 10% of the share capital and the New Investors, for a term of 15 years renewable. The Agreement will replace and supersede in all respect any and all pre-existing shareholders agreements entered into between the shareholders of the Company. The Agreement shall automatically terminate upon the listing of the Company's shares on a regulated market or a foreign stock exchange/ a Qualifying IPO.

All other shareholders including Existing Investors owning less than 10% of the share capital and option holders (the "Minority Holders") shall sign with the parties to the Agreement (represented for this purpose by the Company) a separate, shorter shareholders' agreement under which the Minority Holders shall have a full tag along right in case of transfer of more than 50% of the shares of the Company and, in return, shall be subject to all major obligations provided for in the Agreement. Also, the Minority Holders will agree in such short-form shareholders agreement to be bound by the terms of any lock-up obligation which the banks in charge of the IPO and the Board may reasonably see fit.

Pre-emptive Rights                      Each Founder for so long as he remains active in the Company (an "Active Founder") and the New Investors shall have a pre-emptive right to purchase their pro rata share of any new securities of the Company other than securities issued to officers, employees, directors or consultants, shares issued for acquisitions or to strategic partners, in each case pursuant to plans or agreements approved by the Board.

Lock Up                                      No shares may be transferred by the Founder until the Third anniversary of Closing, except for transfers by the Founder not exceeding 10% of their stake in the aggregate on Closing, Free Transfers, Leaver, Co-Sale and Drag Along situations.

Right of First Refusal                      The New Investors and the Active Founder will have a right of first refusal on any shares proposed to be transferred by any shareholder, with a right of oversubscription, except for transfers (i) to an affiliate entity, (ii) to the Company, (iii) to a fully own holding company for estate purposes or (iv) by any investment fund to a secondary fund in the context of the liquidation of the transferor ("Free Transfers"), in all cases subject to customary limitations and provided that the Active

Founder shall have priority over any shares proposed to be transferred by the Existing Investors or the Founder.

#### Co-Sale

In case of a change of control or sale to an industrial acquirer not approved by the New Investors and Active Founder, all shareholders shall have a full tag-along right.

The rights of first refusal and co-sale shall not apply to Free Transfers.

#### Drag Along

If a bona fide arms' length offer is made by any third party to acquire all of the shares in the Company, which is accepted by the holders of more than [75]% of the shares of the Company and by at least 4/5 of the Seed preferred shares voting as a separate class, all shareholders shall be required to sell their shares on the same terms and conditions subject to the Liquidation Preference. In this case, the rights of first refusal shall not apply.

#### Liquidity

The Company and its shareholders will use their reasonable best efforts to achieve a sale of the Company or initial public offering of its shares on a recognized stock exchange (an "IPO") on or before the 5th anniversary of Closing.

If a liquidity event for the Seed has not been achieved by the 4<sup>th</sup> anniversary of Closing, the holders of a 4/5 majority of the Seed then outstanding (the "Investor Majority") shall have the right, at any time following such date, to require the Board and shareholders of the Company to engage an internationally recognized investment bank in order to initiate a Qualifying IPO or sale of the Company; provided that (i) from the 4th anniversary of Closing all shareholders shall be required to sell their shares to any acquirer having made an offer for 100% of the share capital of the Company which is accepted by the holders of at least a 4/5 majority of the Seed and (ii) this clause shall not be subject to the Right of First Refusal.

Information and Audit Rights Each New Investor holding more than 10% of the shares shall be entitled to receive: (i) annual audited accounts for each group company and on a consolidated basis, together with the related auditors' report, within 4 months of the end of each year; (ii) quarterly reporting within 30 days following the end of each quarter; and (iii) any change in the share capital or voting rights of the Company or any subsidiary thereof within 20 days of such change.

Each New Investor holding more than 10% of the shares shall also have the right, at its cost and subject to execution of a customary non-disclosure agreement, to visit the Company and inspect its books and records upon reasonable notice and during normal business hours.

## BOARD OF DIRECTORS

Board Representation The Company shall be managed by a board of directors (the "Board") of no more than 6 members.

The Founders, for so long as they individually hold more than 10% of the outstanding share capital of the company, shall have the right to appoint three Board members and up to two non-voting Board observers.

Serena Capital shall have the right to appoint one Board member.

Board Meetings The Board/Business Review will meet at least 3 times per quarter, at intervals not exceeding 1 months, with a minimum 8-day prior notice except in case of urgency.

Board Decisions All Board decisions shall be made at a simple majority of the members present or represented except for Material Decisions listed in Appendix B which shall be subject to a qualified majority of the Board including Serena Capital's board member

Leaver 100% of the shares held by Founders shall vest on a quarterly basis over a period of four years from Closing.

In case of leave of a Founder before the fifth anniversary of Closing,

- (i) the Active Founders will have a call option for a period of 3 months over half of the unvested shares at their nominal value.
- (ii) the Company will have a call option for a period of 3 months over the other half of the unvested shares at their nominal value.
- (iii) the Active Founders and the New Investors (pro rata among them) will have a call option for a period of 3 months over all other shares of the leaver at their then fair market value.

As an exception to the above, in case of dismissal of a Founder for gross misconduct (faute lourde) before the fifth anniversary of Closing, all shares held by such Founder, whether vested or unvested, may be purchased at their nominal value.

Employee Stock Option Plan Following the new round, an incentive plan for existing and future managers and employees of the Company will be adopted. This plan will represent 10% of the Company's capital on a fully diluted basis after Closing. Each stock option will allow its holder to subscribe for one ordinary share at a price at least equal to the Price conditioned upon continued employment and standard vesting terms: 25% after one year and the balance on a quarterly basis over the following three years.

Assignment of IP Rights The Closing shall be subject to the assignment of all intellectual property rights related to the business of the Company to the Company by the Founder or any entity controlled or owned by the Founder.

Non-Compete/Exclusivity	The Founder shall dedicate substantially all of his professional time to the Company for so long as they are in office and shall be bound by a customary 12-month non-compete obligation after that which may be waived by the Company and shall otherwise be compensated by monthly payments equal to 50% of their average monthly salary during their last 12 months of employment.
Documentation	Definitive agreements shall be drafted by counsel to the New Investors and shall include customary representations and warranties of the Founder who shall have the option to pay in cash or in shares of the Company and, in case of payment in shares, shall not be liable beyond the lesser of the investment amount and the value of their shares except in case of fraud or willful omission.
Exclusivity	The Company and the Founder agree not to solicit or receive any funding from any investors other than the New Investors for a period of 6 weeks from the date this term sheet is signed by the Company; provided that the New Investors shall promptly inform the Company of their decision not to pursue their proposed investment in the Company, as the case may be, in which case such exclusivity period shall immediately lapse.
Expenses	Upon transaction completion, the Company shall pay the New Investors' external fees and expenses incurred in connection with the transaction not to exceed €30,000 (before VAT) in the aggregate.
Confidentiality	The parties agree to treat this term sheet confidentially and will not distribute or disclose its existence or contents, except to their respective shareholders and professional advisors as reasonably required to complete the Financing.



Applicable Law

This Summary of Terms and the definitive agreements shall be governed and construed in accordance with the laws of France. Any dispute arising therefrom or in connection therewith shall be submitted to the exclusive jurisdiction of the commercial court of PARIS, France.

Paris, September 26th 2018

This Term Sheet runs until September 27th 2018, 4:00 PM (Paris-Time)

Acknowledged and agreed:

**MR MAXIME BERTHELOT**

**SERENA CAPITAL**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**MR JÉRÉMIE DOUCY**

**MR KAMEL ZEROUAL**

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**MR TOM BENATTAR**

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

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

## Appendix A - Cap table

### Appendix B – List of Material Decisions subject to qualified Board approval

- i. Voting the budget or material deviations from previously approved plan or budget,
- ii. effecting a merger, consolidation, sale of all or substantially all of the assets, or other reorganization of the Company (or a subsidiary) in which control of the Company (or a subsidiary) is transferred to a third party,
- iii. authorizing a liquidation or winding-up of the Company,
- iv. any material amendment, alternation or repeal of the Company's bylaws,
- v. creating or authorizing the creation of any security senior to or on parity with the Seed (including any convertible into or exercisable for such series) or reclassifying, altering or amending any existing security that is junior to or on parity with the Seed, if such reclassification, alteration or amendment would render such other security senior to or on parity with the Seed,
- vi. any increase or decrease (other than by conversion) in the total number of shares and securities (including BSPCE, BSA, etc.),
- vii. the transfer or issuance of Shares to an Industrial Investor,
- viii. distributing dividends,
- ix. purchasing or redeeming any capital stock other than stock repurchased from former employees or consultants in connection with the cessation of their employment/ services, at the lower of fair market value or cost,
- x. any increase in the number of shares issuable pursuant to the Company's Stock Option Plan,
- xi. authorizing any financial commitment not provided for in the budget and greater than 50k€,
- xii. creating or authorizing the creation of any debt security and/or other borrowings not provided for in the budget and greater than 100k€ in aggregate,
- xiii. creating any subsidiary, that is not a wholly-owned subsidiary,
- xiv. increase or decrease the size of the Board,
- xv. any acquisition or disposition of assets (including but not limited to a majority or minority stake stake in another company) for more than 100k€,
- xvi. any transfer or license of the Company's technology or intellectual property rights outside the ordinary course of business,
- xvii. the appointment of any financial intermediary in an advisory role relating to sale or listing of the Company shares,
- xviii. undertaking an initial public offering or listing of Company shares,

- xix. any transaction between the Company and any officer, director or affiliate of the Company other than entered into at arm's length and in the ordinary course of business,
- xx. compensation or dismissal of the Founder[s] and other members of the Company's senior management team.
- xxi. any of the foregoing actions performed indirectly through a subsidiary of the Company.