

Sample Form Non Binding Draft For Negotiation Purposes Only

This sample term sheet is intended to serve as the basis for potential investments, however BRM reserves the right to make such changes and amendments that it sees fit in its sole discretion with respect to any specific potential investment. This sample term sheet has been provided for informational purposes only and does not constitute advertising, solicitation, or legal advice. This term sheet does not serve as an undertaking or commitment by BRM to make any investment or conduct any business with any entity.

_____ *Ltd.*

Non-Binding Summary of Terms

Company: _____ *Ltd.*, an Israeli company (the "*Company*").

Founders:

Investors: BRM Group Ltd. ("*BRM*").

Amount of Financing: \$ _____

The proceeds of the investment shall be used by the Company in accordance with the annual budget approved by BRM prior to Closing, and as may be amended from time to time by the Company's Board of Directors (the "**Board**").

Type of Security: Ordinary A shares, nominal value NIS _____ per share, of the Company (the "*Ordinary A Shares*").

Price: \$ _____ per share ("*PPS*"), representing a fully-diluted pre-money valuation of \$ _____, treating all existing convertible securities, options, warrants and rights to purchase securities of the Company as well as the ESOP Pool (as defined below), on an as-exercised and as-converted basis and after giving effect to all anti-dilution rights and adjustments that may be activated as a result of the financing. A capitalization table of the Company, as of the date of this summary of terms and after the consummation of the Closing (as defined below), is attached hereto as **Exhibit A**.

Anticipated Closing Date: The closing is anticipated to occur within 45 days of the date of this summary of terms (the "*Closing*"), subject to the completion of business, technological and legal due diligence, including intellectual property review and patent search, to the satisfaction of BRM, and the execution of definitive binding agreements.

Liquidation Preference: In the event of (i) a liquidation, winding up or bankruptcy of the Company, or (ii) a Deemed Liquidation (as defined below), or (iii) any distribution in cash or in kind to shareholders of the Company, the available assets and proceeds shall be distributed pro rata to the holders of the Ordinary Shares and Ordinary A Shares, *provided, however*, that in the event the assets and proceeds available for such pro rata distribution per Ordinary A Share results in an amount that is less than the PPS, each holder of Ordinary A Share shall

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receive a liquidation preference with respect to each Ordinary A Share held by such holder up to an amount equal to the PPS prior to any distribution on account of other securities.

"**Deemed Liquidation**" shall mean (i) a sale of all or substantially all of the shares of the Company, or a merger or consolidation of the Company, (ii) a sale, lease or other disposal of all or substantially all of the Company's assets or its intellectual property, including an exclusive license to the Company's intellectual property which has the economic effect of a sale of all or substantially all of the Company's intellectual property.

Anti-dilution:

The Ordinary A Shares shall have no anti-dilution adjustment rights, provided that any existing anti-dilution rights shall be terminated.

Board of Directors:

The Board will be comprised of ___ directors, as follows: (i) ___ to be appointed by BRM, (ii) ___ to be appointed by the Founders, one of which shall be one of the Founders and the other shall be the then acting CEO, ex-officio, and (iv) one shall be an industry expert appointed by BRM and the Founders. The directors appointed by BRM shall be entitled to be members of each committee of the board. The Board of Directors of each subsidiary of the Company shall mirror that of the Company.

The Company will enter into an indemnification agreement with each of its directors and executive officers (which shall include an exemption from liability to the maximum extent permitted by law), and obtain and maintain D&O insurance with coverage satisfactory to BRM.

Other Rights:

The Articles of the Company and a shareholders agreement shall provide for (i) standard preemptive rights, with over allotment rights, (ii) BRM receiving co-sale rights and a right of first refusal, and (iii) standard no-sale terms to apply with respect to dispositions of shares by the Founders.

Additionally, BRM shall be entitled to standard information and visitation rights and "demand", "shelf registration" and "piggyback" registration rights.

Significant Decisions:

The Company and its subsidiaries shall not adopt resolutions or take actions with respect to the matters listed below, without the affirmative vote or written consent of the holders of at least 51% of the issued and outstanding Ordinary A Shares:

- Deemed Liquidation or an IPO;
- the voluntary liquidation or dissolution of the Company or the cessation of a substantial part of the Company's business;
- amendment to the Company's Articles;
- the declaration or payment of any dividend or other distribution of cash, assets or shares;
- related-party transaction(s);
- issuing securities (except under the ESOP Pool); and
- the creation of any pledge or security interest in any material asset

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of the Company.

(i) The approval of the Company's budget and annual operating plan and material deviation therefrom, (ii) adoption or changes to signatory rights, and (iii) appointment and removal of the CEO and other senior officers of the Company, shall require the affirmative vote or written consent of the director appointed by BRM.

Conversion:

The Ordinary A Shares shall be convertible into Ordinary Shares at any time, at the election of the holders thereof. Initially, such conversion shall be on a one-to-one basis, but such conversion ratio shall be adjusted in the event of any recapitalization event (such as share split, reverse share split, bonus shares etc.).

Ordinary A Shares shall automatically convert into Ordinary Shares upon: (i) the election of the holders of a majority of the outstanding Ordinary A Shares, or (ii) the consummation of underwritten public offering representing a pre-money valuation of the Company of at least \$200,000,000 and with respect to which the Company receives aggregate net proceeds of not less than \$40,000,000 (a “**QIPO**”).

Voting

Each Ordinary A Share shall have votes in such number as if then converted into Ordinary Shares (on an as-converted basis). With the exception of matters subject to the Significant Decisions set forth above, all matters brought before the shareholders of the Company will be decided as a single class by a simple majority, by all shareholders of the Company.

Drag Along:

Subject to the provisions governing Significant Decisions above, prior to a QIPO, in the event that the holders representing at least ___ of the outstanding share capital of the Company wish to sell all of their shares to a third party, where such offer is conditioned upon the sale of all of the shares of the Company, or support a transaction in which the Company is to sell all or substantially all of its assets, then all other shareholders shall be required to sell their shares in such transaction (subject to the same terms and the Liquidation Preference provisions) or vote in favor of such shares or asset sale.

Repurchase Right:

All of the shares of each of the Founders shall be subject to a right of repurchase and vesting mechanism of 4 (four) years as of the Closing, with the following release mechanism: (i) a 12 month cliff for 40% of the shares, and (ii) quarterly vesting over the remaining period, with 20% of the shares released on each of the second, third and fourth anniversary of the closing.

Employment Agreements:

Each of the Founders and other key employees to be identified by BRM in the course of due diligence, shall enter into employment agreements on terms satisfactory to BRM (including with respect to proprietary information, non-competition and invention assignment terms).

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- ESOP:** As part of the investment contemplated herein, within sixty (60) days of the Closing, the Company shall adopt a share and share option plan and shall reserve ___% of its fully-diluted post-money share capital (the "**ESOP Pool**"), including ___% for future grants of unallocated options to employees, directors and consultants of the Company and its subsidiaries.
- The shares and options granted under the plan shall be subject to a 4 year term vesting mechanism with a one year cliff.
- Confidentiality:** The Company shall keep the existence of this summary of terms, its terms and any related correspondence in strict confidence.
- Non-Binding & Definitive Agreements:** This summary of terms is not intended to create any legal obligation (including any obligation to continue the negotiations regarding the proposed transaction) or be binding, other than the provisions labeled "Confidentiality" and "No Shop" (the "**Binding Provisions**"), which shall be valid and binding obligations of the parties hereto and shall survive the termination of this summary of terms. A legal obligation and a binding commitment with respect to the financing and the transactions contemplated hereunder (other than as set forth in the Binding Provisions) or any related transaction will be created only if and when definitive agreements with respect thereto are executed by the parties.
- The definitive agreements shall contain additional provisions, conditions and terms customary in transactions of this type, including, without limitation, representation and warranties made by the Company and the Founders (with the reps of the Founders limited to capitalization, IP, litigation, debts, liabilities, commitments and obligations) and customary conditions for closing including counsel opinion and adoption of new signatory rights, and others as may arise from due diligence.
- Fees and Expenses:** The Company shall bear its own fees and expenses, and shall pay at the Closing the legal and other fees and costs incurred by BRM in connection with the investment, including its business, and technological examination, IP review and patent search (as evidenced by receipts provided by BRM); *provided, however*, that such amount shall not exceed in the aggregate US \$ _____ plus VAT.
- No-Shop:** During a period of 45 days following the date hereof, the Company shall not, and the Founders shall ensure the Company shall not, without the consent of BRM, directly or indirectly: *(a)* issue any new shares of the Company or other securities convertible into shares, cause or permit any sale, transfer or other conveyance of any of the outstanding shares of the Company or other securities convertible into shares, or sell, transfer or convey any of the assets of the Company; or *(b)* solicit any offers for, respond to any unsolicited offers for, or enter into or conduct any negotiations in respect of any of the foregoing, any financing of the Company or other transaction that conflicts with the transaction contemplated herein. Such period of time shall be

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automatically extended by an additional 15 days if the parties are still negotiating the definitive agreements at the conclusion of such 45 day period.

Governing Law:

This summary of terms, as well as the definitive documentation, shall be governed by, and construed in accordance with, the laws of Israel.

[_____]

[_____]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

FOUNDERS

Date: _____

Date: _____

DRAFT