

TEMPLATE

DanBAN Term sheet

Guide

This term sheet serves as a streamlined template designed to align with DanBAN's Light Shareholders' Agreement and Investment Agreement. It provides a solid starting point for investments but should always be tailored to reflect the specific context and needs of each case.

At the end of the document, you'll find an appendix – a "toolbox" of additional provisions that fall outside the standard term sheet. These can be considered in more complex situations or where enhanced minority protection is warranted.

TEMPLATE

Term sheet

Proposed investment in [Name of the company]

[We, at DanBAN are very impressed with you as founders and your company and therefore we intend to invest in you and your company.]

This Term Sheet is a statement of intentions only and nothing in this Term Sheet creates any obligation on the Company, its Existing Shareholders, the Founders and Founder Holdings or the [Investor/Investors] (all as defined below) except for the sections titled Legal Fees and Expences, Exclusivity, Confidentiality and Governing Law that constitute legally binding obligations. Legally binding obligations in respect to the Investment will only be made pursuant to an agreement to be negotiated and executed by the parties.

Company	[Name of the company] [Cvr no] [Adress]	
Founder[s] and Founder Holdings	[Founder 1 name] [Name of the Founder 1 Holding 1] [Cvr no] [Adress]	[Founder name] [Name of the Founder 2 Holding] [Cvr no] [Adress]
Existing Shareholders	[Name of the company] [Cvr no] [Adress]	[Name of the company] [Cvr no] [Adress]

Investor[s]	<p>[Alt 1] “[Name of expected investor consortium company]”, a yet to be formed company representing a number of business angels [organized in DanBan].</p> <p>Or</p> <p>[Alt 2] A number of individual holding companies owned by business angels [organized in DanBan], each to be a direct investor in the Company.</p>																																
Lead Investor[s]	[Lead Investor[s] Name] who will lead the negotiations of the Investment on behalf of the business angels in Investor.																																
Investment and Investor Shares	DKK [...] in equity investment by way of issuing new Investor Shares.																																
Tranche[s] [and Milestones]	The Investment is to be made in one tranche																																
Pre-money Valuation	DKK [...] fully diluted debt free pre-money valuation (including the effects of shares issuable to holders of warrants and other convertible securities of the Company, if any).																																
Shareholder Structure <u>before</u> Investment round	<table border="1"> <thead> <tr> <th>Shareholder</th> <th>Nominal share capital (DKK)</th> <th>Number of shares</th> <th>Ownership (%)</th> </tr> </thead> <tbody> <tr> <td>[Founder 1]</td> <td>[...]</td> <td>[...]</td> <td>[...]</td> </tr> <tr> <td>[Founder 2]</td> <td>[...]</td> <td>[...]</td> <td>[...]</td> </tr> <tr> <td>[Existing Shareholder 1]</td> <td>[...]</td> <td>[...]</td> <td>[...]</td> </tr> <tr> <td>[Existing Shareholder 2]</td> <td>[...]</td> <td>[...]</td> <td>[...]</td> </tr> <tr> <td>Non-issued warrants</td> <td>[...]</td> <td>[...]</td> <td>[...]</td> </tr> <tr> <td>Total</td> <td>[...]</td> <td>[...]</td> <td>100</td> </tr> </tbody> </table>	Shareholder	Nominal share capital (DKK)	Number of shares	Ownership (%)	[Founder 1]	[...]	[...]	[...]	[Founder 2]	[...]	[...]	[...]	[Existing Shareholder 1]	[...]	[...]	[...]	[Existing Shareholder 2]	[...]	[...]	[...]	Non-issued warrants	[...]	[...]	[...]	Total	[...]	[...]	100				
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	*Warrant pool to be updated as per this termsheet prior to the investment.
Warrant Pool	<p>The warrant pool for non-Founder members of the management and key employees as well as [independent] members of the Board can represent up to [...] % of the outstanding share capital from time to time and shall be included in the articles of association to be implemented at closing. Maximum [20-30%] of the total warrant pool can be allocated to board members.</p> <p>[Board members appointed by the Investor will each be granted [...] % warrants with a vesting period of [...] months.]</p>
Due Dilligence and Warranties	<p>Completion of the final agreement will be subject to a due diligence review of the Company and its Founders, with the purpose of verifying key information provided during the investment process and identifying any material risks.</p> <p>The Company and its shareholders will be expected to provide standard warranties, including but not limited to the accuracy and completeness of information shared, ownership of intellectual property, compliance with laws, and the absence of undisclosed liabilities. In addition, the Founders will be asked to personally provide fundamental warranties relating to core matters such as IP ownership and corporate authority.</p>
Business Plan	In order to invest, the Founders and the Investor need to agree on a business plan and budget, and this will be part of the final documents.
Board	<p>The Board shall comprise a maximum of [...] directors.</p> <p>Investor shall have the right to be represented on the Board by [...] director[s].</p> <p>The Founders shall have the right to be represented on the Board by [...] director[s].</p>
Material Decisions and Protective Rights	<p>Material decisions concerning the Company shall require the affirmative vote of the non-founder shareholders at an Extraordinary General Meeting (EGM).</p> <p>Such material decisions may include, but are not limited to: capital increases (e.g. issuance of new shares), amendments to the company's articles of association (bylaws), and the creation or expansion of warrant or option pools.</p>
Information Rights	The Company shall provide each shareholder with a [monthly] investor report containing pre-determined KPIs.
General Transfer Restrictions	No transfer other than transfers in accordance with customary transfer restrictions set forth in the Shareholders' Agreement can be made.

Right of First Refusal	Existing shareholders will have the right of first refusal to purchase any shares any shareholder wishes to dispose of in a third party transaction . This shall not apply to transfers made to wholly-owned subsidiaries of the shareholder who wishes to transfer.
Participation rights	In the event of a capital increase or the Company's issue of Securities, except for the issuance of warrants in connection with incentive programs, the Parties hold pre-emption rights in proportion to their shareholdings at the time of the adoption of the capital increase. In case of one Party waiving its pre-emption rights, the pre-emptive rights of the other Parties shall be deemed increased accordingly on a pro-rata basis.
Tag-Along Right	Each of the shareholders shall have the right to participate, on a pro rata basis on identical terms, in any transfer or sale of shares by other shareholders provided such transfer or sale of shares would result in a change of control.
Drag-Along Right	<p>If a shareholder or a group of shareholders solely or jointly holding more than 50% of the outstanding share capital of the Company wishes to transfer all its shares to a proposed acquirer, who wishes to acquire all shares in the Company, pursuant to a bona fide purchase offer, such shareholder(s) shall have the right to require all other shareholders to sell all of their shares to the proposed acquirer for the same price.</p> <p>However, no shareholder shall be obliged to sell their shares pursuant to this drag-along provision at a valuation lower than the valuation at which they originally invested, unless they otherwise consent in writing.</p>
Key Man and Reverse Vesting	<p>As the Investor is investing in the Founders as a team, a Founder leaving the Company within [36] months after the date of the Investment shall be subject to a reverse vesting scheme whereby the Founder Holding's shares will vest reversely in equal monthly instalments with a cliff.</p> <p>The Shareholders' Agreement will set out principles in relation to good and bad leave, and a bad leaver shall offer his/her (directly or indirectly owned) shares not being vested at par value, while a good leaver shall offer the part of his/her shares not being vested at market value minus a discount.</p>
Non-Competition	Founders and other working shareholders shall commit to a [36] month non-competition from the date they cease to directly or indirectly hold shares in the Company.
Founder Employment Terms	The Founders' remuneration shall be specified in a formal employment contract prior to the investment.

Confidentiality	The terms and existence of this Term Sheet are confidential and will not be disclosed by the undersigned except as otherwise agreed in advance by each of the parties hereto.
Exclusivity	<p>As all Parties invest time and effort into completing the Investment, the Founders and the Company are obliged not to negotiate with or contact any other potential investors without the Investor's prior written approval until [...] weeks after the date of this Term Sheet.</p> <p>In case the Company or the Founders negotiate with or enter into agreements with other potential investors in the Company before such date, without the prior written consent of the Investor, the Founders or the Company will be obliged to pay to the Investor all reasonable and documented internal and external expenses up to DKK [...] incurred by the Investor in connection with performing the due diligence and preparing the legal documents.</p>
Documentation	<p>The investment into the Company is subject to the agreements and documents listed below drafted by the counsel of Investor[s]:</p> <ol style="list-style-type: none"> 1. Investment Agreement; 2. Shareholders' Agreement; 3. Articles; 4. Board Regulations; 5. [Warrant Agreement;] 6. Service Agreements with the Founders; and 7. such ancillary documents and annexes related thereto as required or deemed appropriate by the Investor.
Conditions to Closing	The consummation of the Investment contemplated by this Term Sheet shall be subject to satisfactory due diligence and the Investor's approval of legally binding Documentation presented by the Company and/or the Founders.
Legal Fees and Expenses	<p>The Company will reimburse the Investor for, or upon request by the Investor pay reasonable legal fees and expenses incurred by counsel to the Investor, not to exceed DKK [...], payable at Closing.</p> <p>If the investment is not carried out each side shall pay for their own costs.</p>
Expected Timing	<p>Due Diligence: [date]</p> <p>Negotiations: [date]</p> <p>Signing: [date]</p> <p>Closing: [date]</p>

Governing Law

This Term Sheet is governed by the laws of Denmark without regard to its principles and rules on conflict of laws.

[As Founder 1, for Founder 1 Holding]

By: _____
Names: _____
Titles: _____

[As Founder 2, for Founder 2 Holding]

By: _____
Names: _____
Titles: _____

[Existing Shareholder 1]

By: _____
Names: _____
Titles: _____

[Existing Shareholder 2]

By: _____
Names: _____
Titles: _____

[Company]

By: _____
Names: _____
Titles: _____

[Investor (under formation)]

By: _____
Names: _____
Titles: _____

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Appendix - toolbox

This appendix contains a selection of optional clauses that can be used to supplement DanBAN's standard term sheet in cases where the complexity of the investment, the size of the round, or specific risk factors (e.g. a high valuation) warrant additional safeguards or structuring.

These provisions are not part of the default DanBAN termsheet, but serve as a toolbox for members and startups to draw from where relevant. Each clause should be assessed on a case-by-case basis and tailored to the specific needs of the deal. The aim is to strike a fair balance between founder flexibility and investor protection, especially in early-stage investments where dynamics can shift rapidly.

Below is an overview of the optional provisions:

Ranking & voting rights	<p>Investor Shares rank senior to common shares in relation to exit, liquidation, and dividend rights.</p> <p>Unless otherwise agreed, all shares carry equal voting rights (1 vote per share), regardless of share class.</p>
Tranche[s] [and Milestones]	<p>Tranche-based or milestone-triggered investments can help align founders with key KPIs or stages of the business plan. These structures should remain simple and adaptable, given the fast-moving nature of early-stage startups.</p> <p>Tranches may be structured based on e.g. time, valuation, or specific pre-defined KPIs.</p>
Material Decisions and Protective Rights	<p>Given the early-stage nature of startup investments – where investors typically hold a minority stake – it is important to ensure adequate minority protection. As such, material decisions for the Company shall require not only the affirmative vote of the board member(s) appointed by the Investor(s), but also the approval of a majority of the Investor(s) at an Extraordinary General Meeting (EGM), where applicable.</p>

	This ensures that key decisions affecting the company's direction, structure, or shareholder rights are made with appropriate investor oversight and alignment.
Anti-Dilution	In the event the Company issues, in any subsequent equity financing below the issue price of the current Investment, each holder of Investor Shares shall be entitled to an anti-dilution adjustment [provided that such holder of Investor Shares participates in such subsequent equity financing round at least on a pro rata basis.]
Tail investment	In the case of a substantial investment of no less than DKK [amount] approved by the Board, the parties waive any statutory subscription rights it may have and consent to the granting of equal or higher-ranking preferential rights in respect of newly issued shares for the benefit of any (new) investor.
Sales process	If no exit has occurred before [8] years, the Investor majority shall be entitled to engage and instruct a well-reputed investment bank or advisor on behalf of the Company to sell the shares or the assets in the Company.