



PureLaser ApS Term Sheet

On the date below written the following Term Sheet has been entered into by and between

- Dan Jensen (“Key Man”)
- Jes Broeng
- Niels Kristensen
- Jakob Hansen

as the Founders and

- RedHot Ventures
- Light Ventures

as the Investors

(Founders and Investors are jointly referred to as “Parties”)

regarding the founding of a joint company PureLaser ApS (the “Company”).

1 The Parties and the Business Plan

1.1 The Parties are:

1.1.1 The Founders are Jes Broeng, Dan Jensen, Niels Kristensen, Jakob Hansen.

1.1.2 The Investors are RedHot Ventures and Light Ventures represented by Ole Kring.

1.2 The business plan is PureLaser dated 12.12.2012.

1.3 The purpose of the investment is to cover the current and medium term funding needs of the Company.

2 Investment and Capitalization Table

2.1 The Founders inject the following assets as contribution in kind into the Company in return for receiving 80,000 A-shares of DKK 1 in the Company:

2.1.1 Danish Patent Application No. 123456789

2.1.2 Concept for development of Laser for medical applications

2.2 The Investors subscribe B-shares of DKK 100 in the Company for a price per B-share of DKK 1 upon fulfillment of milestones to be further defined:

2.2.1 Upon signing of the investment agreement subscription of 4.500 shares against DKK 450.000 (Tranche 1)



- 2.2.2 Upon achievement of milestone #1 subscription of 9.000 shares against DKK 900.000 (Tranche 2)
- 2.2.3 Upon achievement of milestone #2 subscription of 31.500 shares against DKK 3.500.000 (Tranche 3)
- 2.3 The capitalization table below shows the evolution of the Parties' ownership of the Company:

	Shares	%	DKK	Rate
Founding	80.000	64%	In kind	1
Tranche 1	4.500	4%	450.000	100
Tranche 2	9.000	7%	900.000	100
Tranche 3	31.500	25%	3.150.000	100
Total	125.000	100%	4.500.000	

Option	40.000	52%	8.000.000	200
Total	165.000		12.500.000	

3 Documents to Be Drawn Up

- 3.1 Provided the Parties agree to found the Company, an Investment Agreement with the following schedules shall be entered into:
- 3.1.1 Business Plan with a budget
- 3.1.2 The Founders' Representations and Warranties, including a guarantee that all information disclosed in the context of evaluation of the investment (i) is accurate as of the date of entering into the investment agreement; and (ii) is complete as to enable an informed investment decision by Investor
- 3.1.3 Shareholders' Agreement
- 3.1.4 Corporate Documents, including Minutes of General Meeting with Articles of Association, Assessment Report, Minutes of the First Meeting of the Board of Directors, and the Board's Rules of Procedure
- 3.1.5 Service Contract between the Company and Jess Broeng as CEO
- 3.1.6 Consultancy Contract between the Company and Dan Jensen, Niels Kristensen and Jakob Hansen
- 3.1.7 Collaboration Agreement between the Company and DTU
- 3.1.8 Reporting Guidelines

4 Key Terms

- 4.1 The agreements shall among other issues govern the following:
- 4.1.1 Competitive restraints for the Founders (including the person(s) owning the Founders); the restraints shall extend for two years after possible expiry of ownership



- 4.1.2 The Investors' option to subscribe for additional 40.000 shares B-shares of DKK 1 at a price per B-share of DKK 200
- 4.1.3 Transfers of shareholdings, including Investors' right of first offer if a Founder contemplates or proposes to sell any of its shares, in which event such selling shareholder shall be obliged to inform Investors on the terms and conditions of such proposed sale, and Investors shall have the right to purchase the shares offered in such a proposed sale
- 4.1.4 Provisions regarding the Investors' right to tag along in the event of a sale of shares in the Company (i.e. a duty for the selling shareholders to ensure that Investors' shares are also acquired by a purchaser of shares in the Company)
- 4.1.5 Founders' duty to be dragged along if Investors' sell their shares in the Company (i.e. a duty for the Founders to sell their shares to a purchaser of Investors' shares in the Company)
- 4.1.6 Composition of the Board of Directors, including Investors right to appoint the chairman
- 4.1.7 The Company's management's reporting duties and Investors' information rights
- 4.1.8 Procedures and majority requirements with regard to important decisions for the Company which require Investors' approval; see appendix attached hereto
- 4.1.9 Preferences for Investors with regard to the paying of dividends and other cash proceeds from the Company giving Investors an amount equal to 2x the original subscription price + a compounded interest of 10% p.a. Any additional proceeds shall be shared pro rata to ownership.
- 4.1.10 Provisions safeguarding Investors against dilution of their ownership share if other parties subscribe shares in the Company at a rate lower than the rate subscribed by Investors by securing Investors an ownership share of the Company as if Investors had subscribed their shares at the same lower rate
- 4.1.11 Exit terms, including a mandatory redemption of shares giving Investors an amount equal to 2x the original subscription price + a compounded interest of 10% p.a. if an exit has not been completed within five years
- 4.1.12 Lock-up period of three years for Founders' shareholdings
- 4.1.13 Key man-clauses allowing Investors to buy Key Men's shareholdings in the event of an untimely departure from the Company
- 4.1.14 Choice of public accountant



5 Time Schedule

- 5.1 The Parties have agreed on the following time schedule for their negotiations:

Due by (date)	Activity
20/12 2012	Signing of this Term Sheet
3/1 2013	Agreements drawn up
10/1 2013	Agreements entered into

6 Exclusivity

- 6.1 The Founders (including the person(s) owning the Founders) refrain from negotiating with other investors concerning this project until 31/2 2013.
- 6.2 If negotiations with the Investors extend beyond the above-mentioned date, the Founders undertake to inform the Investors if they commence negotiations with other potential investors.

7 Confidentiality

- 7.1 The Parties undertake to treat and maintain information about each other, which is not in the public domain, as confidential, including the contents of the negotiations carried out between the Parties, the fact that negotiations are being carried out and the documents and other information exchanged between them.
- 7.2 The Parties' advisors shall be subject to a similar duty of confidentiality.

8 Conditions

- 8.1 The entering into of a final investment agreement requires the fulfillment of the following conditions:
- 8.1.1 Investors are satisfied with a limited due diligence of the Company,
 - 8.1.2 The Parties reach agreement on the contents of the documents to be drawn up, and
 - 8.1.3 The approval by the Investors' Boards of Directors of the final Investment Agreement with schedules

9 Limited Binding Effect

- 9.1 This Term Sheet only expresses the Parties' intention of entering into an Investment Agreement, but it does not oblige any of the Parties to actually execute such an agreement.



9.2 However, the conditions set out in clauses 5 (Exclusivity), 6 (Confidentiality), 8 (this clause), 9 (Costs), and 10 (Resolution of Disputes) are binding for the Parties.

10 Costs

10.1 The Founders carry their own costs.

10.2 If the Parties conclude the agreements assumed by this Term Sheet, reasonable costs to public accountant and attorney-at-law concerning the drawing up of the various agreement and schedules shall be borne by the Company.

10.3 If the Parties do not conclude the agreements assumed by this Term Sheet, the Parties shall carry their own costs. However, the Investors shall be entitled to reimbursement by the Founders for 50% of the Investors' costs to public accountant and attorney-at-law concerning the drawing up of the various documents.

11 Resolution of Disputes

11.1 Unless the Parties agree otherwise, any dispute arising out of or in connection with this Term Sheet that cannot be settled amicably shall be finally settled in Copenhagen, Denmark, in accordance with the Rules of Procedure of the Danish Institute of Arbitration (Copenhagen Arbitration). Danish law, except its choice of law rules, shall apply. The above provisions shall not prevent a Party from seeking equitable relief, including both temporary and permanent injunctions, at courts of competent jurisdiction.

20/12 2012

For Founders:

For Investors:



Appendix to PureLaser Term Sheet: Important Decisions

Board Matters

The following matters will require approval by the Board with a simple majority, including the vote of the board member designated by Investor:

1. Loans received by or given by the Company in excess of EUR 10,000;
2. Sale or encumbrance of any of the Company's assets (including intellectual property and shares in subsidiaries);
3. Entering into license, patent or know-how agreements outside the ordinary scope of business;
4. Agreements between the Company and its shareholders or persons and entities affiliated with such shareholders;
5. Formation or dissolution of subsidiaries or any other type of proceeding with similar effect;
6. Acquisition or disposal by the Company of shareholdings in other companies;
7. Agreements with new staff;
8. Lease agreements;
9. Other matters outside the ordinary course of business;
10. Other matters delegated to the Board by shareholder resolution.

Shareholder Matters

The following matters will require approval by shareholders representing a majority of 75% of the voting rights in the Company, including approval by Investor:

- A. Adoption of the annual budget
- B. Dividend payments
- C. Mergers, consolidation, sale or encumbrance of substantial assets of the Company;
- D. Acquisition by the Company of its own shares;
- E. Amendment of the Company's articles of association;
- F. Capital increase or decrease or issue of securities;
- G. Establishment of rules of procedure for the board and amendment thereof;
- H. Appointment and dismissal of management and terms and conditions of engagement (without counting the shares of the management to be dismissed);
- I. Liquidation or dissolution of the Company or any other type of proceeding with similar effect;
- J. Material change to the scope of the business of the Company;
- K. Appointment of public accountant;
- L. Granting of options and terms of exercise for shares in the Company;
- M. IPO of the Company.