

The Directors  
Haandle Limited  
20 The Meadows  
Todwick  
SHEFFIELD  
S26 1JG

7 June 2018

Dear Sirs,

**Outline terms of proposed investment by DBW Investments (3) Ltd (DBW) to Haandle Limited ("the Company").**

Following recent meetings with Paul Hague, please find set out below the terms on which DBW would be prepared to invest in the Company.

Any DBW investment will be subject to final approval, due diligence, contract and the required co-investment indicated below.

Yours sincerely,



Carl Griffiths  
Technology Seed Fund Manager  
DBW Investments (3) Ltd

**DBW Investments (3) Ltd**

1 Capital Quarter, Tyndall Street, Cardiff CF10 4BZ

029 2033 8100 | [info@developmentbank.wales](mailto:info@developmentbank.wales) | [developmentbank.wales](http://developmentbank.wales)



Development Bank of Wales Plc is the holding company of a Group that trades as Development Bank of Wales. The Group is made up of a number of subsidiaries which are registered with names including the initials DBW. Development Bank of Wales Plc is a development finance company wholly owned by the Welsh Ministers and it is neither authorised nor regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA). The Development Bank of Wales has three subsidiaries which are authorised and regulated by the FCA. Please note that neither the Development Bank of Wales Plc nor any of its subsidiaries are banking institutions or operate as such. This means that none of the group entities are able to accept deposits from the public. A complete legal structure chart for Development Bank of Wales Plc can be found at [www.developmentbank.wales](http://www.developmentbank.wales)



# SEED FUND Term Sheet

Haandle Ltd

---

The purpose of this document is to outline the structure and key terms of our investment. This is a non-binding document intended to guide you through the process. The headline terms discussed below will be further elaborated on in the final legal documents prepared by Development Bank Investments (3) Limited ("DBW") which will include:

- **Investment Agreement** – This is a contract between you and DBW which will outline each parties rights and obligations
  - **Articles of Association** – This is a document that contains the purpose of the company as well as the duties and responsibilities of its members defined and recorded clearly. Your company will need to adopt these.
- 

## Summary

- **Finance Required** – Total funding required is £500,000 and will be provided by £215,000 from DBW and minimum of £215,000 from A N Other.

**NB: Companies agreeing Outlined Heads of Terms with the Wales Technology Seed Fund and who are looking for additional co-investors can qualify for reduced fee membership to Angels Invest Wales, the Welsh business angel network. Please tick the box below the signature strip if you wish to discuss this further and we can arrange for a member of the Angels Invest Wales team to contact you.**

- **Structure of Financing** – DBW will take a c8.62% Equity stake in your business in exchange for our investment through Ordinary Shares together with additional ordinary shares for the conversion of the loan of £35,000 at c1.75%.
- **Voting Rights** – There will be one vote allocated per share which is identical to the Ordinary share
- **Conditions of Investment** – DBW will outline a number of conditions which must be met prior to investment. These will typically include completion of satisfactory Due Diligence, provision of Warranties, Company located in Wales etc.
- **Due Diligence** – Prior to completing the investment, DBW will need to conduct a level of Due Diligence into the company. This will include to varying degrees, Financial, Legal, Commercial and Management Due Diligence. The company is expected to maintain proper accounting records.
- **Consent Matters** – On completion of the investment, the prior written consent of DBW will be required for all material matters in running the business, including, but not limited to:
  - Changes in share capital, including the granting of any options,
  - Material changes in the nature of the business of the Company,
  - Dividend declarations,
  - Appointment/removal and remuneration of directors,
  - Material borrowing and changes to security and guarantees
  - Dealings with the Companies IP
  - Changes to the corporate structure
  - Material expenditure or asset purchase incurred by the company

# SEED FUND Term Sheet

Haandle Ltd

---

- **Fees** - DBW will charge 2% arrangement fee plus VAT, a 2% monitoring fee paid monthly in arrears plus VAT. The company will also pay any externally incurred costs such as legal, due diligence fees (we will endeavour to keep this to a minimum).
- **Timing** - From the signing of this document to completion of the transaction is anticipated to take 4 weeks assuming all documentation is supplied in a timely manner.
- **Exchange of Information** - By your acceptance of this offer, you authorise us to contact and exchange information with other prospective investors and financiers. DBW will use reasonable endeavours to ensure that this information is kept confidential and the Directors are kept informed.
- **De-minimis** Certain funding such as our Seed Investment along with some government grants must be measured together, and cumulatively must not exceed €200,000 as part of the European State Aid guidelines, over a three year period unless >30% of the total investment is being contributed by a private investor.

A proportion of the investment by DBW amounting to £0 is being provided in accordance with De Minimis Regulation: Commission Regulation (EC) No 1407/2013 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty of the Functioning of the European Union. The full amount of the investment by DBW represents De Minimis aid for the purposes of De Minimis Regulation and must be declared as such by the Company in response to the questions regarding prior receipt of state aid when applying for further public funding.

Euro exchange rate as at 7 June 2018                      €1 = £0.88

£1 = €1.14

- **Investor Director** – As a condition of our investment, DBW reserves the right to appoint a Non-Executive Director to the board. Such appointment will be made in collaboration with the company and would typically address a noted skill gap. The Investor Director will be paid for by the company providing cashflow can support it.
- **Confidentiality** - No announcement in relation to the transactions contemplated by this Investment shall be made without the consent of DBW (save as required by law or by any regulatory authority). DBW may make such announcement.
- **Drag and Tag** – This provision manages what percentage of shareholders are required to force the remainder into a sale of the business (Drag along) and what percentage is required to insist on the same terms of sale as another (Tag along). [We will typically look for a simple investor majority]
- **Good Leaver / Bad Leaver** – Bad leaver to be defined typically as someone who leaves the business within 1 year or for Gross Misconduct.
- **Acceptance** - In consideration of DBW continuing its negotiations with you in respect of its proposed investment, by your acceptance of this offer you undertake to DBW (on a legally enforceable basis) both for yourselves and the Company:
  - (a) not at any time to disclose the contents of this letter to any third party other than your professional advisers save with the prior written consent of DBW;

# SEED FUND Term Sheet

Haandle Ltd

---

- (b) to reimburse DBW for the costs they incur (up to £5,000) from the date hereof (including both internal and third party costs), if you unilaterally withdraw from the transaction or accept similar or equivalent funding from another source or provider,
- (c) to reimburse DBW for the costs they incur (up to £5,000) from the date hereof (including both internal costs and third party costs), if DBW decides not to proceed with this offer due to a materially adverse fact or circumstance which may or may not exist today of which the Investors become aware prior to completion of their investment.

If you accept the terms outlined in this document and with specific reference to accepting the reimbursement of costs then please sign below.

Signed: \_\_\_\_\_

Name & Position (Director): \_\_\_\_\_

☐

Please tick this box to arrange for a member of the Angels Invest Wales to contact you on:

..... (tel) and/or .....(email).

