



Company no. 14221009

KnockTM

Knock Technology Limited

Investment term sheet | Pre-seed funding round closing 22nd September 2023

This term sheet (the "Term Sheet") sets out the principal terms and conditions on which any pre-seed funding round investors (the "PSF Investors") are invested in Knock Technology Limited (the "Company").

Company	Knock Technology Limited; a private limited company incorporated in England and Wales, registered at Companies House no. 14221009. The Company is a Software as a Service business that designs, develops and sells world-leading, minimal psychological harm software applications by subscription. The Company trades under the name 'Knock Technology', but is also referred to as 'Knock', or 'noc TM '.
Fund allocation	Activities related to monetising noc TM , including but not limited to; completion of beta trial, subsequent product updates and public release to UK market. Funds may also be allocated towards legal services for protection of the Company's intellectual property.
Founders	Founder & Chief Executive ("CEO")* and Head of Product: Mr. Rory Watts ("Rory W") Co-founder & Chief Experience Officer ("CXO"): Mrs. Frances Eida-Miles ("Frances EM") *Rory W will assume the role of CEO until the Company reaches a stage in which it can justify the capital expenditure of a specialist CEO's reasonable salary demands. At this moment, Rory W will appoint a new CEO and become Chief Product Officer ("CPO"), maintaining executive control of activities relating to the design, development, delivery and service of the Company's products.
Valuation	£3.5m (pre-seed)
Shares	1,000,000 ordinary shares, valued at £3.50 per share
Investment	Target: £500,000 by closure date of 22nd September 2023. Minimum required for completion: £150,000. PSF Investors will be able to commit to additional investment and transfer funds to the Company for 60 days after the closure date.



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Our ethical, social and ecological objectives

Reduce harm

Create products that help solve miscommunication, social inequality and mental health issues resulting from the use of technology in remote work scenarios. We will work closely with the neuroscientific community to design new, healthier solutions.

Leave no footprint

Be a leader in ecological software and network design by creating energy efficient products. For any carbon-positive activity we engage in, we will endeavour to offset the equivalent amount through trusted carbon offsetting partners.

Prioritise data privacy

Respect data privacy by collecting and encrypting only essential customer data needed to provide a good product experience. We will not sell data to third parties and we will not use it to manipulate our users' decision-making process.

SEIS

The Company is eligible for the UK Government's Seed Enterprise Investment Scheme ("SEIS")

Preemption

For sale of new shares; To all shareholders.

For transfer of shares; To all shareholders, then the Company, save for a leaving Founder's shares which will first be offered to the remaining Founders pro rata

Drag along

Yes, 65% majority needed

Tag along

Yes, minority shareholders have the right to sell their stake in the company alongside a majority shareholder deal

Co-sale

Yes, to share sales by founders.

Board meetings

Four per year, either remote or face to face. Executive chairperson to have the casting vote in a deadlock.

Directors

Maximum 3 c-suite level directors, all of whom are to be appointed by the founders.

Reporting

All shareholders will receive annual accounts together with the capitalisation table.

Updates

To be provided to all voting non-competing shareholders at least every half-year.



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Share vesting	<p>Rory W: Their shares will vest yearly over 3 years starting on 07 July 2022, with 50% already deemed vested on that day.</p> <p>Frances EM: Their shares will vest monthly over 3 years starting 11 September 2023, with 25% already deemed vested on that day.</p> <p>100% of shares will vest on the sale of the Company.</p>
Bad leavers	<p>People leaving the Company during the Vesting Period as a result of gross negligence, wilful or gross misconduct (Bad leavers) will be forced to transfer their unvested shares at nil value and their vested shares at nil value.</p>
Voluntary leavers	<p>People leaving the Company voluntarily during the Vesting Period other than in circumstances determined by a court or tribunal amounting to constructive dismissal (Voluntary leavers) will have an obligation to transfer their unvested shares at nil value and to offer to transfer their vested shares at fair value if so determined by the Board.</p>
Good leavers	<p>People leaving for any other reason during the Vesting Period or who the Board deems to be a Good Leaver. A Good Leaver will have an obligation to offer to transfer their unvested shares at fair value.</p>
Founder share transfers	<p>The founders can transfer up to 20% of their shares with Board approval,</p>
Liabilities	<p>The company liability is capped to the Investment amount.</p>
Warranties	<p>Must be filed no later than 12 months from completion.</p>
Voting	<p>Shareholders owning 12% or more of the company's ordinary shares gain voting rights for board level decisions. Shareholders owning 1% or more of the company's ordinary shares have the right to present directive ideas for new business opportunities to the board.</p> <p>The CPO reserves the right to overrule a board level decision if it is deemed, within reason, to have a significant negative impact on the quality of experience of using any of the Company's products.</p>



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Completion conditions

PSF Investors are:

- (a) Satisfied that The Company has passed any requirements in due diligence.
- (b) Satisfied that The Company is not directly or indirectly involved in money laundering activities and/or any legally recognised form of bribery.

Founders & employees:

- (a) Carry out activity relating to the The Company under NDA.
- (b) Assign all IP relating to The Company's products & services to The Company during periods of service to The Company.

Legal fees

The Company commits to provide PSF Investors with legal advice and protection up to a reasonable amount. However, PSF Investors wishing to make use of additional legal services will each pay their own legal fees.

Confidentiality

The existence and contents of this Term Sheet are confidential and will not be revealed to any third party unless agreed in writing between all parties or required by law.

Non-binding effect

This Term Sheet is not intended to be legally binding, with the exception of this paragraph and the paragraphs entitled Costs, Confidentiality, Third Party Rights and Law and Jurisdiction which are binding upon the parties.

Third-party rights

A person who is not a party to this Term Sheet will not have any rights under the Contract (Rights of Third Parties) Act 1999 to enforce any term of this Term Sheet. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.

Law & jurisdiction

This Term Sheet is governed by the laws of England and Wales. The parties agree to submit to the courts of England and Wales to resolve any dispute arising out of this term sheet.

Approved
14 Sept 2023 by;

Rory Watts
Founder & CEO
Knock Technology