

Pixel Pharma Series A

Investment Term Sheet

This comprehensive term sheet outlines the proposed Series A investment of CHF 12,000,000 in Pixel Pharma AG, a Swiss corporation. The document details the offering terms, preferred share rights, governance structure, use of proceeds, key performance milestones, and conditions to closing. This non-binding document serves as the foundation for negotiation between Pixel Pharma and potential investors, with a lead investor committing CHF 6,000,000 and co-investors collectively committing up to CHF 6,000,000.

Offering Terms and Share Structure

Investment Details

CHF 12,000,000 total investment with CHF 6,000,000 from Lead Investor and up to CHF 6,000,000 from Co-Investors

Valuation

CHF 30,000,000 pre-money valuation resulting in CHF 42,000,000 post-money valuation

Ownership Structure

Investors will own 28.57% of the Company on a fully-diluted basis post-investment

Terms of Preferred Shares

The Series A Preferred Shares come with several important rights and protections for investors. Shareholders will be entitled to a non-cumulative dividend of 8% when and if declared by the Board. In liquidation scenarios, investors receive a 1x liquidation preference plus any declared and unpaid dividends before remaining proceeds are distributed pro-rata among all shareholders on an as-converted basis.

Each Series A Preferred Share will be convertible at the holder's option into one Common Share, subject to adjustments for stock splits, dividends, and similar events. Automatic conversion will occur upon either a qualifying public offering (with a price of at least 3x the Series A price and gross proceeds of not less than CHF 50 million) or with written consent from holders of at least two-thirds of the Series A Preferred Shares.

To protect investors from dilution in down-rounds, the shares include broad-based weighted average anti-dilution protection. Series A shares will vote together with Common Shares on an as-converted basis, with approval from a majority of Series A holders required for certain protective provisions.

Governance Structure and Use of Proceeds

Board Composition

The Board will consist of 5 members total:

- 2 seats for Series A investors
- 2 seats for Founders/Management
- 1 independent director mutually agreed upon

Information Rights

Investors will receive:

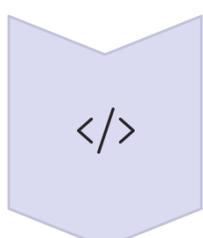
- Audited annual financial statements
- Unaudited quarterly financial statements
- Annual operating plans

Protective Provisions

Series A approval will be required for several significant company actions, including changes to Articles of Incorporation or Bylaws that adversely affect Series A, issuance of securities senior to or pari passu with Series A, increases or decreases in authorized shares, mergers or acquisitions, dividend declarations, related party transactions, incurring debt exceeding CHF 1 million, and changes to the primary business.

Use of Proceeds

The CHF 12 million investment will fund several critical areas of business development:



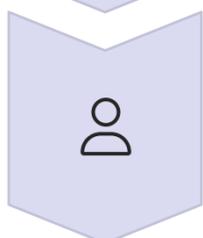
Product Development

Funding the 3-phase product roadmap



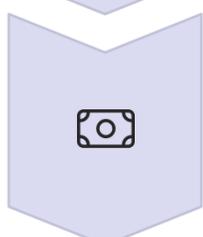
Sales and Marketing

Expansion focusing on North America and Western Europe



Team Expansion

Particularly in AI/ML engineering and pharmaceutical validation expertise



Working Capital

General corporate purposes and operational expenses

Performance Milestones and Closing Conditions

Key Performance Milestones

Milestone	Target Timeline	Description
Market Entry	6 months	Launch Phase 1 product with core validation document automation
Reference Customers	12 months	Secure 3-5 enterprise reference customers
Revenue Target	24 months	Achieve CHF 8.5M ARR
Path to Profitability	36 months	Reach EBITDA profitability

Conditions to Closing

Before the investment can be finalized, several conditions must be met:

- Completion of due diligence to the satisfaction of Investors
- Execution of definitive agreements
- Delivery of legal opinions
- Approval by the Company's Board of Directors
- Key employee agreements and IP assignments in place
- No material adverse change prior to closing

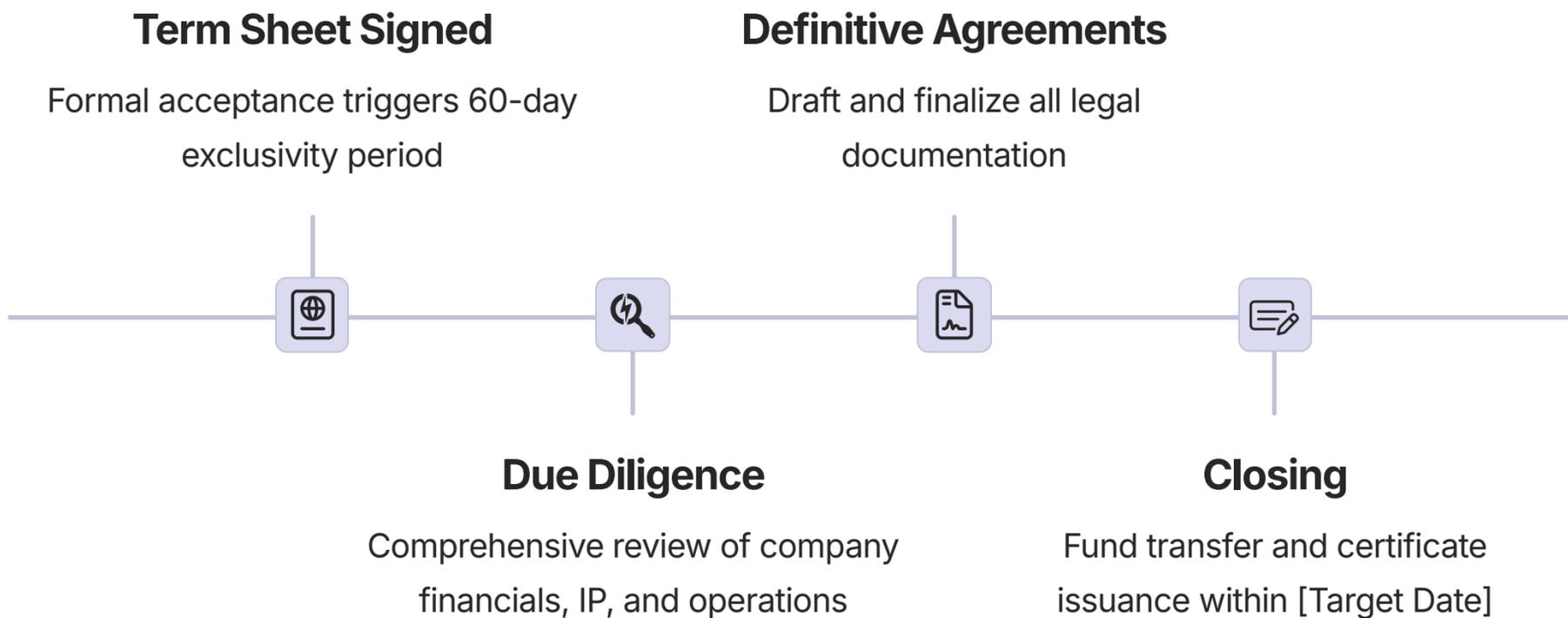
Additional Terms

The Company agrees to a 60-day exclusivity period from the signing of this term sheet, during which it will not solicit, negotiate, or accept any other financing proposals. Each party will bear its own legal and other expenses, except that the Company will reimburse the Lead Investor's reasonable legal fees up to CHF 50,000 upon closing.

The term sheet and definitive agreements shall be governed by the laws of Switzerland. The existence and terms of this term sheet are confidential and shall not be disclosed to any third party without prior written consent, except as required by law or to the parties' advisors and representatives.

Next Steps & Timeline

With key terms and conditions established, let's outline the path to closing this Series A investment



All parties will bear their own expenses, with Lead Investor legal fees reimbursed up to CHF 50,000 at closing.

Swiss law will govern all agreements and confidentiality provisions remain in effect throughout the process.

CONFIDENTIALITY

The existence and terms of this term sheet are confidential and shall not be disclosed to any third party without prior written consent, except as required by law or to the parties' advisors and representatives.

EXPENSES

Each party bears its own legal and other expenses, except that the Company will reimburse Lead Investor's reasonable legal fees up to CHF 50,000 upon closing.

GOVERNING LAW

This term sheet and the definitive agreements shall be governed by the laws of Switzerland.

AGREED AND ACCEPTED:

COMPANY: PIXEL PHARMA AG

By Name, Title & Date : _____

LEAD INVESTOR:

By Name, Title & Date : _____