**[INSERT COMPANY NAME]**

**SERIES [insert number] CONVERTIBLE DEBT INSTRUMENT**

This convertible debt instrument (“**CI”**) is agreed between [Company’s name] (the “**Company**”), the Investors and the Founders whose details are set out on the signature page below (collectively the “**Parties**”, each a “**Party**”). This CI comprises the Outlined Terms in Section 1, the Detailed Terms in Section 2 and the Schedules named herein.

# OUTLINED TERMS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| * 1. Main investment terms | | | | |
| Total amount of investment: | *Alternative 1:* € [insert] *Alternative 2:* € [insert] of which € [insert] will be provided by Investors whose details are set out on the signature page below and up to € [insert] the Company intends to raise from additional Holders by [date]. | | | |
| Each Investor’s investment: | set out opposite each Investor’s name on the signature page. | | | |
| Payment of Purchase Price: | within five (5) Business Days after the Signing Date to the Company’ bank account: [insert] | | | |
| *Interest Rate*: [insert] % p.a. | *Qualified* *Financing Threshold:* € [insert] | | *Discount*: [insert] % | *Valuation Cap*: € [insert] |
| *Maturity Date*: [insert date] | *Maturity Valuation*: € [insert] | | | |
| Use of Proceeds: | working capital for developing Company’s business, i.e. [describe the business] (the “**Business**”) [in accordance with the Business Plan]. | | | |
| * 1. Qualified Financing conversion | | | | |
| Upon the closing of the Qualified Financing the CI shall be converted into the Preferred Shares issued in the Qualified Financing. The number of such shares = the Purchase Price plus Interest / Conversion Price. Such Conversion Price shall be the lower of:  (A) (100% minus Discount) \* price paid per Preferred Share in the Qualified Financing or  (B) the Valuation Cap / Fully Diluted Share Capital immediately prior to the closing of the Qualified Financing. | | | | |
| * 1. Exit conversion or payment | | | | |
| In the event of an Exit before the conversion or repayment under Section 1.2 or 1.4, at the Investor’s election,   1. the CI shall be converted into Common Shares; the number of such shares = the Purchase Price plus Interest / Conversion Price; such Conversion Price = (100% minus Discount) \* price paid per Share in the Exit; or 2. the Investor shall be paid an amount equal to the Purchase Price plus accrued Interest, in preference to distribution of any cash or other assets to holders of the Shares due to their ownership of such Shares. | | | | |
| * 1. Maturity Date conversion or repayment | | | | |
| If the Maturity Date arrives before the conversion or repayment under Section 1.2 or 1.3, at the election of the Investor Majority, either   1. the CI shall be converted into Maturity Preferred Shares; the number of such shares = Purchase Price plus Interest / Conversion Price; such Conversion Price = Maturity Valuation / Fully Diluted Share Capital immediately prior to the conversion; or 2. the Purchase Price plus Interest shall be repaid to all Holders.   Unless the Investor Majority sends to the Company a written notice requiring the repayment of CI within 30 days after the Maturity Date, the Investor Majority shall be deemed to have elected to convert the CI into Maturity Preferred Shares. | | | | |
| * 1. Event of Default | | | | |
| Upon an Event of Default, the Purchase Price plus Interest shall be repaid to each Holder at the request of the Investor Majority. | | | | |
| * 1. Warranties | | | | |
| Warranties | | Warranties of all Parties: Schedule 2 Section 1  Warranties of the Warrantors: Schedule 2 Section 2 | | |
| Warrantors | | *Alternative 1:* [the Company] *Alternative 2:* [the Company and the Founders] | | |
| Effect of disclosures | | *Alternative 1:* [No effect] / *Alternative 2:* [Matters disclosed in the Disclosure Letter limit liability]  Alternative 3: [Matters Disclosed in the Due Diligence limit liability] | | |
| Limitation of liability | | *Alternative 1:* Maximum amount = [Purchase Price paid by the Investor] *Alternative 2:* Maximum amount shall be [the Purchase Price paid by the Investor] for the Company and [insert] % of the Purchase Price paid by the Investor] for each of the Founders | | |
| * 1. Other clauses | | | | |
| Actions requiring approval | | *Alternative 1*: None. *Alternative 2*: [The Company shall not take any action listed in Schedule 2 without the prior written approval by the Investor Majority] *Alternative 3*: [The Company shall not take any action listed in Schedule 2 without the prior written approval by each Major Investor]. | | |
| Most favoured nation clause | | *Alternative 1*: [Applies] *Alternative 2*: [Does not apply] | | |
| Major Investor rights | | *Alternative 1*: [No Major Investor rights] *Alternative 2:* [Major Investor rights apply. Major Investor shall be an Investor who, together with its Affiliates, purchases one or more CIs with an aggregate Purchase Price equal to or exceeding € [insert]] | | |
| Schedules | | Schedule 1: Warranties  Schedule 2: Actions requiring approval by the Investor Majority | | |

# Detailed TERMS

* 1. Definitions

### In this CI the following capitalized terms shall have the following meanings:

|  |  |
| --- | --- |
| “Affiliate” | a company [Controlled](#Definition_of_Control), [Controlling](#Definition_of_Control) or under common [Control](#Definition_of_Control) with the relevant entity and, in case of an investment fund managed by a fund manager (a) any other investment fund managed by that fund manager and (b) a company Controlled, Controlling or under common Control with that fund manager and (c) any participant, unitholder, partner in or shareholder of any such investment fund (but only in connection with the dissolution of such investment fund or any distribution of assets of such investment fund pursuant to the operation of the investment fund in the ordinary course of business). |
| “Breach of Warranty” | any of the warranties given by a Party, i.e. respective statements set out in the Schedule“Warranties” being untrue, incorrect or misleading on the date as of which it is made. |
| “Business” | defined in the Outlined Terms. |
| “Business Day” | a day which is not Saturday, Sunday or a public holiday in Estonia. |
| “Business Plan” | a business plan of the Company disclosed to the Investor prior to the Signing Date. |
| “Common Share” | notional part of common share (*lihtosa*) of the Company with a nominal value of € 1. |
| “Control”, “Controlled”, “Controlling” | refers to a relationship in which an entity is a controlled entity of another entity or person within the meaning of Article 10 of the Securities Market Act (*väärtpaberituruseadus*). |
| “Conversion Price” | respective conversion price applicable to the conversion pursuant to the Outlined Terms. |
| “Conversion Shares” | shares of the Company into which the CI will be converted pursuant to the Outlined Terms. |
| “CIs” | convertible instruments issued by the Company to Holders in the form hereof. |
| “Exit” | 1. adoption of resolution for the voluntary dissolution (*lõpetamine*) of the Company; 2. the closing of the transfer of all or substantially all the Group Companies assets (including Intellectual Property), or the granting of an exclusive license over all or substantially all the Intellectual Property of the Group Companies; and/or 3. the closing of the transfer of any Shares which will result in the acquirer of those Shares, and persons Controlled, Controlling or under common Control with such acquirer, acquiring Control over the Company,   irrespective of whether any of the above-described transactions is effected by sale, in-kind contribution, donation or otherwise and irrespective of whether it is effected in one transaction or series of related transactions,  except in case, the sole purpose of any such transaction is to:   1. create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction; or 2. obtain funding for the Company in a bona fide financing transaction that is approved by the relevant governing body of the Company. |
| “director” | member of a management board, supervisory board, board of directors or a similar governing body. |
| “Disclosure Letter” | letter from the Warrantors to the Investor in the form agreed with the Investor and signed immediately prior to the signing of this CI. |
| “Encumbrance” | (a) a security interest of any kind, including any pledge, mortgage, financial collateral arrangement, retention of title arrangement or security assignment; (b) any claim or right belonging to a third party, including any right of pre-emption, right of first refusal, option, requirement of consent, lease; (c) other encumbrance or restriction of any kind. In this definition, a “third party” shall mean also any state, municipal or other public authority. |
| “Equity Securities” | Common Shares or Preferred Shares or any securities conferring the right to purchase the Common Shares or Preferred Shares or securities convertible into, or exchangeable for (with or without additional consideration), Common Shares or Preferred Shares, except any security granted, issued and/or sold by the Company to any director, employee or service provider of the Company in such capacity for the primary purpose of soliciting or retaining their services. |
| “Event of Default” | 1. an application for the reorganisation (*saneerimine*) is submitted, an application for a compulsory dissolution (*sundlõpetamine*) of the Company is submitted, the compulsory dissolution of the Company is decided by the court or an interim trustee in bankruptcy (*ajutine pankrotihaldur*) is appointed with respect to the Company or any other event of similar nature or effect occurs; and/or 2. the Company ceases to carry on its business; and/or 3. there is a Breach of Warranty by any Warrantor and/or 4. the Company or a Founder commits a material breach of any other terms of the Agreement,   unless in case of (iii) and/or (iv), such breach is, in the reasonable opinion of the Investor Majority, capable of remedy and has been remedied within the time specified by the Investor Majority. |
| “Financial Statements” | an income statement, balance sheet, and statement of cash flows. |
| “Fully Diluted Share Capital” | amount of share capital of the Company calculated as a sum of (a) total nominal value of all issued Shares plus (b) total nominal value of all Shares which would be issued upon the exercise or conversion of all actually issued options (whether vested or unvested), convertible loans and other instruments giving their holders the right to acquire Shares plus, in case of Section 1.2 and 1.4 only (c) total nominal value of all Common Shares reserved for future issuance under any existing option or similar plan of the Company or any such plan created or increased in connection with such transaction (excluding any options or similar instruments actually issued under any such plan), but excluding, for this purpose, the conversion contemplated by the applicable provisions of this CI. |
| “Group Company” | the Company and any subsidiary of the Company. |
| “Holder” | any holder of CI in the Series, including Investor, for so long as such Investor holds this CI. |
| “Intellectual Property” | intellectual and industrial property rights and similar rights of whatever nature anywhere in the world whether currently existing or coming into existence at some future time and all rights pertaining thereto, whether recorded or registered in any manner or otherwise, including (but not limited to) any copyrights and related rights, industrial design rights and other design rights, registered designs, patents, utility models, inventions (whether or not patentable), trademarks, service marks, database and software rights, topograhy rights, trade secrets, know-how, confidential information, business names, trade names, brand names, domain names and all other legal rights anywhere in the world protecting such intangible property including, where applicable, all renewals, extensions and applications for registration and the right to sue for damages for past and current infringement in respect of any of the same. |
| “Interest” | interest accrued on the Purchase Price in accordance with this CI. |
| “Investor” | a person defined as Investor in the Outlined Terms. |
| “Investor Majority” | holders of a majority in interest of the aggregate Purchase Prices of all CIs in the Series. |
| “Maturity Preferred Shares” | newly created class of Preferred Shares giving the rights attached to Preferred Shares according to the most recent version of Equity Investment Agreement and Shareholders’ Agreement model document posted at [www.startupestonia.ee](http://www.startupestonia.ee) or, if not so posted, as reasonably agreed by the Company and the Investor Majority. |
| “Ordinary Course of Business” | ordinary course of Business of the Company consistent with past customs and business practices and always in accordance with good and sound business practice on an arms’ length basis. |
| “Purchase Price” | Investment to be made by an Investor to the Company under this CI the amount of which is set out opposite the Investor’s name in column “Purchase Price” on signature page. |
| “Qualified Financing” | the next issuance (or series of related issuances) by the Company of the Preferred Shares following the Signing Date from which the Company receives gross proceeds of not less than the Financing Threshold set out in the Outlined Terms, excluding the aggregate amount of securities converted into Preferred Shares in connection with such issuance (or series of related issuances). |
| “Preferred Share” | notional part of a preferred share (*eelisosa*) of the Company with a nominal value of € 1. |
| “Related Party” | in relation to any person, a party related to that person within the meaning of IAS 24 (Related Party Disclosures) as adopted by the International Accounting Standards Board. |
| “Share” | notional part of a share (*osa*) of the Company having a nominal value of € 1; for example, 100 Shares mean a share of the Company with a nominal value of € 100. |
| “Signing Date” | with respect to each Investor, the date on which the CI has been signed by such Investor, the Company and the Founder(s). |
| “Transfer” | sale, donation, transfer as in-kind contribution or other disposal. |
| “Warrantors’ best knowledge” | Warrantor’s actual knowledge as well as knowledge the Warrantors would have had if they had exercised reasonable care. |

* 1. Series

### This CI is one of the Convertible Debt Instruments of the Series named on the first pageissued by the Company to investors with identical terms and on the same form as set forth herein except that the Investor(s), the Purchase Price and the Signing Date may differ in each CI (collectively the “**Series”**).

### In case the Outlined Terms (Section 1.1) set forth a specific amount of investment the Company intends to raise from additional Holders by a specific date, then such additional amount of investment must be raised in the same Series with this CI. Each relevant additional Holder is subject to approval by existing Holders as agreed in Section 1.7 of the Outlined Terms (unless the referred Section states “None”), such approval not to be unreasonably withheld. The Signing Date of each relevant additional CI shall be prior to or on the date specified in the Outlined Terms (Section 1.1).

* 1. Payment of Purchase Price

### The Investor shall pay the Purchase Price in the way and within the term set out in the Outlined Terms.

### Should an Investor breach its obligation to pay the Purchase Price and fail to remedy such breach within ten (10) Business Days after the receipt of respective written notice of the Company, the Company shall have the right to withdraw from this CI with respect to such Investor. Such withdrawal shall have no effect on any other Holder.

* 1. Use of proceeds

### The Company shall use the proceeds of the Purchase Price in accordance with the Outlined Terms.

* 1. Interest

### Interest shall accrue on the Purchase Price at the rate specified in Section “Interest Rate” in the Outlined Terms from the date of crediting the Purchase Price on the bank account of the Company and on the basis of the calendar year of 365 days. Interest shall be paid or converted together with the Purchase Price on the terms set forth in the CI.

* 1. Prepayment

### Purchase Price and Interest shall not be prepaid to the Investor unless otherwise explicitly agreed between the Company and the Investor Majority, including the Investor.

* 1. Most favoured nation clause

### If (and only if) the Outlined Terms provide that the most favoured nation clause applies, then the following shall apply to the CI:

#### In the event the Company sells or issues any convertible instruments (other than share options to directors, employees and services providers of the Company) at any time prior to the earlier of (a) conversion of the CI, (b) an Exit or (c) full payment of the Purchase Price plus accrued Interest under the CI, the Company shall provide the Investor with written notice of such sale or issuance no later than five (5) Business Days after the closing thereof, including the price and terms of such instruments (“**Subsequent Instruments**”).

#### In the event the Investor determines, in its sole and absolute discretion, that any Subsequent Instrument contains terms more favorable to the holder(s) thereof than the terms set forth in this CI, the Investor may elect to exchange this CI for a Subsequent Instrument, in which case the Company shall take all actions to effect such exchange.

* 1. Major Investor rights

### If (and only if) the Outlined Terms provide that Major Investor rights apply and such Outlined Terms also define the Major Investor then the Company shall provide each Major Investor with the following rights:

#### Regular information. The Company shall deliver to each Major Investor Financial Statements upon request, as soon as practicable, but in any event within thirty (30) days after the end of each of the first three (3) quarters of each fiscal year of the Company and within ninety (90) days after the end of each fiscal year of the Company. Such Financial Statements shall be in reasonable detail and prepared on a consistent basis.

#### Information per request. Additionally, the Company shall deliver to the Major Investor such information relating to the financial condition, business or corporate affairs of the Company as such Major Investor may from time to time reasonably request.

#### Participation rights. Each time (until the closing of the Qualified Financing) the Company proposes to offer any Equity Securities, the Company shall provide the Major Investor with at least ten (10) Business Days prior written notice of such offering, including the price and terms thereof. The Major Investor shall have a right of first offer to participate in such offering(s), on the same terms and for the same price as all other investors in such offering(s), by purchasing an aggregate number of Equity Securities (whether in one offering or across multiple offerings) valued at up to an amount in euros equal to one times (1x) the Purchase Price paid by the Major Investor.

#### “Major Investor” rights. The Company shall ensure that the Major Investor shall be deemed to be a “Major Investor” (or such similar term) for all purposes, including rights of first offer and information rights, in relevant financing documents related to all subsequent sales of Equity Securities, to the extent such concept exists.

* 1. Company’s notification obligations

### At least five (5) Business Days prior to the closing of the Qualified Financing, the Company shall notify the Investor in writing of the terms under which the Preferred Shares will be sold in such financing.

### At least five (5) Business Days prior to the closing of the Exit, the Company shall notify the Investor in writing of the terms of the Exit.

### The Company shall notify the Investors of the occurrence of any Event of Default.

* 1. Warranties and liability

### Upon each Breach of Warranty each Investor shall have the right, with the prior approval by the Investor Majority, to claim that the Parties in breach pay, and each Party in breach shall be jointly and severally liable to that Investor to pay, at the election of the Investor, with the prior approval by the Investor Majority, either (a) such amount to the Company which is necessary to put the Company in the position it would have been in had no such Breach of Warranty occurred or (b) such amount to the Investor which is necessary to put the Investor in the position it would have been in had no such Breach of Warranty occurred, it being agreed that such amount shall be not less than the amount equal to the product of (i) Investor’s fully diluted shareholding in the Company assuming the conversion under Section 1.4 (reflected as a percentage) and (ii) respective damages or costs of the Company resulting from the Breach of Warranty.

### If Section “Effect of disclosures” in the Outlined Terms provides “No effect”, then no disclosure made by any Party to the other Party, including during due diligence and the negotiations of this CI shall operate, or be deemed to operate, as an exclusion, reduction or limitation of any liability of a Party towards another Party hereunder, except to the extent a specific disclosure, reservation, exclusion, reduction, or limitation is made in this CI.

### If Section “Effect of disclosures” in the Outlined Terms provides “Matters disclosed in the Disclosure Letter limit liability”, then the Warrantors shall not be liable for a Breach of Warranty which arises solely from an event or circumstance which has been fairly disclosed to the Investor in the Disclosure Letter with sufficient explanation and detail to enable the Investor to make a reasonable assessment of the nature, scope and implications of the matters disclosed.

### If Section “Effect of disclosures” in the Outlined Terms provides “Matters Disclosed in the due diligence limit liability” then the Warrantors shall not be liable for a Breach of Warranty which arises solely from an event or circumstance which has been fairly disclosed to the Investor in the course of due diligence with sufficient explanation and detail to enable the Investor to make a reasonable assessment of the nature, scope and implications of the matters disclosed.

### The liability of the Warrantors towards each Investor for all Breaches of Warranties under this CI shall not exceed, in the aggregate (and individually, if so specified in the Outlined Terms), an amount provided in Section “Limitation of liability” in the Outlined Terms.

* 1. Mechanics of conversion

### In order to effect the conversion of the CI in accordance with the terms of this CI the Company and the Founders shall procure either that (a) the share capital of the Company will be increased through a share issue directed to the Investor(s) with the preferential acquisition rights of other shareholders of the Company being excluded so that each Investor shall be issued the respective number of respective Conversion Shares as specified in the Outlined Terms for the subscription price equal to the amount of Purchase Price plus accrued Interest or (b) each Investor will be sold the respective number of respective Conversion Shares as specified in the Outlined Terms for the purchase price equal to the Purchase Price plus accrued Interest. The Investor shall pay for the Conversion Shares so issued or sold by way of setting off its claim of Purchase Price plus accrued Interest against respective claim for the payment of the issue price or purchase price as set out above (all actions described in this Section 2.11.1 hereinafter the “**Conversion**”).

### The Company shall take all actions to procure that the Conversion will be completed (including, in case of share capital increase, duly registered in the Estonian Central Register of Securities and the Commercial Register) (a) within thirty (30) days after date of closing of the Qualified Financing (if the conversion is effected pursuant to Section 1.2) or (b) within thirty (30) days after the receipt of the request (or deemed request) of the Investor Majority (if the conversion is effected pursuant to Section 1.4 or (c) immediately before the Exit (if the conversion is effected pursuant to Section 1.3). Conversion of the CI may be made contingent upon the closing of the Qualified Financing or the Exit.

### In case the Conversion is not completed within the term set forth in Section 2.11.2 due to a breach by the Company or any of the Founders of its obligations set forth in Section 2.11.2 each Investor shall have the right to request the Company to pay a contractual penalty to such Investor in the amount equal to 0.3% of the Purchase Price paid by such Investor per each day of delay. In case the Conversion has not been completed within thirty (30) days after the due date set forth in Section 2.11.2, each Investor shall have the right to withdraw from the CI and request the Company to repay the Purchase Price together with accrued Interest. Such withdrawal shall not have any effect on other Holders and, upon such withdrawal, each Party shall take all actions on its part to reverse actions taken for the execution of the Conversion in respect of the withdrawing Investor.

### The entitlement of Investor to a fraction of a Share shall be rounded to the nearest whole number of Shares which results from the Conversion.

* 1. Further assurance

### From time to time, the Company and the Founders shall execute and deliver to each Investor such additional documents and shall provide such additional information to the Investor as the Investor may reasonably require to perform its obligations under this CI.

* 1. Additional agreements

### The conversion of the CI may require the Investor’s execution of certain agreements, including a shareholders’ agreement regarding the Company. The Investor shall execute all such agreements so long as the issuance of Conversion Shares is subject to the same terms applicable to the Preferred Shares sold in the Qualified Financing or Maturity Preferred Shares, as applicable.

* 1. No joint liability, exculpation among Holders

### The Company’s agreements with each Holder are separate agreements, and the issuances of Convertible Instruments to each Holder are separate issuances.

### The rights and obligations of the Investors hereunder shall be several and not joint.

### Each Holder agreed with each other Holder that:

#### it is not relying upon the other Holder in making its investment or decision to invest in the Company and, in particular, that it has not entered into the Agreement in reliance on any statement, opinion, conclusion or representation of any other Holder or any member of governing body, employee, representative or advisor of any other Holder or any due diligence conducted by other Holder and it unconditionally and irrevocably waives any right, claim or remedy it may have by reason of any statement, opinion, or representation having been made to it by any of them in connection with the entry into this CI;

#### it has made its own investigation into the affairs of the Company and is not relying on the investigation made by any other Holder; and

#### it has been able to independently negotiate the terms and conditions of the CI and considers such terms and conditions sufficient and satisfactory for the purposes of protecting its interests.

* 1. Confidentiality

### Each Party shall treat any Confidential Information as confidential, i.e. it shall not use or divulge to any third party or enable any third party to become aware of (except for the purposes of the Company’s business) any Confidential Information. For the purposes of this CI “Confidential Information” means

#### the existence and terms of this CI and information about Investors’ investment under this CI;

#### any information relating to a Party or a Group Company that a Party receives as a result of entering into this Agreement and (a) that is marked, or at the time of disclosure is otherwise designated, as being confidential or (b) that would be regarded as confidential or commercially sensitive by a reasonable business person, irrespective of whether it is marked confidential or identified or treated by the Group Company as being confidential.

#### without prejudice to the above, in case of any Group Company, information concerning:

#### its finances and financial data;

#### its business transactions and dealings, including prospective business transactions and dealings;

#### its agreements and contracts;

#### its business plans, expansion and other plans and intentions, operational models, sales and marketing information, market and business opportunities and strategies, marketing surveys, research and development projects

#### names, addresses, contact details and other information about its customers or clients or potential customers or clients or suppliers or potential suppliers, licensors, licensees, agents, distributors and other contractors and the terms on which any of the aforementioned persons to business or cooperate with any Group Company;

#### its existing and planned products, services, price lists and pricing structures and models (including discounts, special prices or special contract terms offered to or agreed with customers);

#### its technology or methodology associated with concepts, products and services and the techniques and processes used for development of concepts, products and services, any other know-how, methods, processes, techniques and technical data;

#### its computer systems, source codes and software, including software and technical information necessary for the development, maintenance or operation of websites;

#### its current and prospective Intellectual Property;

#### its directors, employees, consultants and advisors (including salaries, bonuses, incentive schemes, commissions and other terms on which such persons are employed or engaged);

#### its shareholders;

#### resolutions and contents of meetings of any of its governing bodies;

#### information concerning or provided to third parties, in respect of which a Group Company owes a duty of confidence;

### excluding, however, any information which:

#### is, or which becomes (other than through a breach of this CI), available to the public generally without requiring a significant expenditure of labour, skill or money;

#### is, at the time of disclosure, already known to the receiving Party without restriction on disclosure;

#### is, or subsequently comes, into the possession of the receiving Party without violation of any obligation of confidentiality;

#### is explicitly approved for release by the Company and the Investor Majority in a form reproducible in writing;

#### a Party is required to disclose by law, by any securities exchange on which such party’s securities are listed or traded, by any regulatory or governmental or other authority with relevant powers to which such Party is subject or submits, or by any court order.

### Notwithstanding the foregoing, a Party may disclose Confidential Information (a) to its attorneys, accountants, and other professional advisors to the extent necessary to obtain their services in connection with making or monitoring investment in the Company; or (b) to any existing or prospective Affiliate of such Party, provided that any persons to whom such Party discloses any such information shall be subject to the same confidentiality obligations as the relevant Party.

### An announcement or press release regarding the matters contemplated by this Agreement shall be made by the Company and its content shall be approved by the Investor Majority.

* 1. Costs

### Each Party shall bear its own costs relating to this CI and all transactions contemplated hereby.

* 1. Notices

### All notices and other communications made or to be made under this CI shall be made in English in writing or in a form reproducible in writing (unless a written form is explicitly required hereunder) and shall be given to the addresses listed on the signature page. Each Party may change such addresses or designate additional addresses for the purposes of this Section 2.17 by giving the other Parties notice of the new address in writing.

* 1. Contractual penalties

### Each contractual penalty set forth in this CI operates as a measure for achieving the performance and not as a substitute for the performance of the CI. Therefore, the payment of any penalty set forth herein shall not release the breaching Party from the obligation to perform the relevant obligations set forth in the CI.

### Before any Party becomes entitled to claim a penalty hereunder, the breaching Party must be given by any Party entitled to the penalty a reasonable term (being not more than thirty (30) days) to cure the respective breach and its negative consequences. In case the breach and its negative consequences are not cured entirely during the described cure period, the respective Parties will become entitled to claim the penalty hereunder.

### A Party entitled to claim any contractual penalty under this CI loses such right only if it fails to notify the Party in breach of its intention to claim the penalty within six (6) months after the entitled Party becomes aware of the respective breach.

* 1. Transfer of rights and obligations

### The Company may not transfer its rights and obligations under this CI without the prior written consent of each Investor. The Investor may not transfer its rights or obligations under this CI without the prior written consent of the Company, except to any of its Affiliates, which transfer shall be made by written notice to the Company without any consent or other action of any Party required.

* 1. Amendments

### Any term of the CIs in the Series may be amended with the written consent of the Company and the Investor Majority provided that Sections 1.3 (Exit conversion or payment), 2.6 (Prepayment), 2.19 (Assignment and transfer) and 2.20 (Amendment) and - if and only if an Investor is a Major Investor - Section 1.7 and 2.8 (Major Investor Rights) may not be amended without the written consent of the relevant Investor.

### Any amendment effected in accordance with Section 2.20.1 shall be binding upon the Company and each current and future Holder.

* 1. Entire agreement, severability, no waiver

### This CI and other CIs in the Series constitute the full and entire understanding and agreement between the Parties regarding the subjects hereof and supersedes any agreement or understanding, including any term sheet that may have been concluded with respect to the subject matter hereof between any of the Parties prior to the Signing Date.

### If any provision of this CI is held to be invalid or unenforceable, all other provisions will remain in full force and effect and will not in any way be impaired. The Parties agree to replace the invalid or unenforceable provision by a valid or enforceable provision, which shall best reflect the Parties’ original intention and shall to the maximum extent possible achieve the same economic result.

### Any delay on the part of the Holder in exercising any rights hereunder will not operate as a waiver of such rights. The Holder shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies, and no waiver of any kind shall be valid unless in writing and signed by the Party waiving such rights or remedies.

### The waiver by any Party of any of its rights under this CI or by law in respect of any breach of this CI shall not constitute and may not be construed as a waiver in respect of any other or further breach whether of a similar or different character.

### The rights and remedies of Investors set out in this Agreement are not exclusive of any other rights or remedies provided by laws.

* 1. Conflicts between the terms

### If there is a conflict between the Detailed Terms and the Outlined Terms, the Schedules or any other document incorporated by reference into the CI, then the conflict will be resolved by giving precedence to the different parts of the CI in the following order: (i) the Outlined Terms; (ii) any variations to the Detailed Terms as set out in the Outlined Terms; (iii) Schedules; (iv) any other document incorporated by reference; and (v) Detailed Terms.

* 1. Rules of interpretation

### References to the word “include” or “including” (or any similar term) are not to be construed as implying any limitation and general words introduced by the word “other” (or any similar term) shall not be given a restrictive meaning because they are preceded or followed by words indicating a particular class of acts, matters or things.

### References to “writing” or “written” include electronic form (as defined in Estonian law); and references to “form reproducible in writing” include facsimile and electronic mail (including pdf).

### Except where the context specifically requires otherwise, words importing one gender shall be treated as importing any gender, words importing individuals shall be treated as importing corporations and vice versa, words importing the singular shall be treated as importing the plural and vice versa, and words importing the whole shall be treated as including a reference to any part thereof.

### The section and paragraph headings used in this CI are inserted for ease of reference only and shall not affect construction.

### In the CI, any reference to a Section or a Schedule means a reference to the relevant Section or Schedule of this CI.

* 1. Governing law and jurisdiction

### This CI shall be governed by and construed in accordance with the laws of the Republic of Estonia.

### Any disputes resulting from this CI will be finally solved in the Arbitration Court of the Estonian Chamber of Commerce and Industry in Tallinn on the basis of the regulation of the aforementioned Arbitration Court. The arbitral tribunal proceedings will be conducted in English. The arbitration will be held by one arbitrator mutually agreed upon by the Parties, and if no agreement can be reached, then by one arbitrator who is chosen by the Council of the Arbitration Court of the Estonian Chamber of Commerce and Industry.

# PARTIES AND SIGNATURES

|  |  |  |  |
| --- | --- | --- | --- |
| Investors | **Purchase Price** | | **Signature** |
| [Investor’s name], registry code: [insert],  address [insert],e-mail address [insert],  representative [insert], title [insert] | € [insert] | | /digital/ |
| [Investor’s name], registry code: [insert]  address [insert],e-mail address [insert]  representative [insert], title [insert] | € [insert] | | /digital/ |
| Founders / Captable | **Nominal value of Shares** | **Fully diluted %** |  |
| [Founder’s name], personal identity code: [insert],  address [insert],e-mail address [insert] |  |  | /digital/ |
| [Founder’s name], personal identity code: [insert],  address [insert],e-mail address [insert] |  |  | /digital/ |
| **Other shareholders not being Parties (if any):** |  |  |  |
| [name], personal identity code: [insert] |  |  |  |
| [Option Pool] |  |  |  |
| **TOTAL:** | € [2500] | 100% |  |
| Company |  | | **Signature** |
| [name], registry code: [insert],  address [insert],e-mail address [insert]  representative [insert], title [insert] |  | | /digital/ |

**SCHEDULE 1**

**WARRANTIES**

# Warranties of all Parties

Each Party hereby warrants to each other Party that the warranties set forth below in this Section 1 are true and accurate in all respects as of the Signing Date:

### The Party being a corporate entity is duly organized and validly existing under the laws of its country of incorporation. No actions for the dissolution, merger, division or transformation of such Party have been taken.

### No interim trustee has been appointed, no bankruptcy or reorganisation (*saneerimine*) proceedings have been commenced and no bankruptcy petitions have been submitted with respect to the Party. The Party is not insolvent for the puroposes of insolvency laws or unable to pay any of its debts as they fall due.

### The Party has full authority and power to enter into this CI and perform its obligations hereunder. It has acquired all consents and permits which are necessary for the due entry into and performance of this CI by such Party, including consents and authorisations from spouses if and to the extent required.

### The entry into and performance of this Agreement and the consummation of the transactions contemplated herein will not result in a breach of (a) the articles of association or any other constitutional documents of such Party (b) any judgement, decree or order of any court or any administrative act of any public body (c) any applicable law, permit or consent or (d) any agreement or other undertaking binding on such Party

# Warranties of the WARRANTORs

The Warrantors hereby jointly and severally warrant to each Investor that the warranties set forth below in this Section 2 are true and accurate in all respects as of the Signing Date:

* 1. Corporate Existence

### Each Group Company is duly organized and validly existing under the laws of its country of incorporation. No actions for the dissolution, merger, division or transformation of any Group Company have been taken. No interim trustee has been appointed, no bankruptcy or reorganisation proceedings have been commenced and no bankruptcy petitions have been submitted with respect to any Group Company. No Group Company is insolvent for the purposes of insolvency laws.

### The information regarding each Group Company available from the public registers at the Signing Date is accurate and nothing has occurred which would require any change or update in such information. There are no pending applications or filings of any kind with respect to any Group Company to any public register.

### The Company has full legal right, power and authority to issue the Conversion Shares in accordance with the terms and subject to the conditions of this CI and the delivery to the Investors of the Conversion Shares pursuant to the provisions of this CI will transfer to the Investors valid title thereto without any Encumbrances.

### All shares of the Company set out in the capitalization table in the Outlined Terms have been legally and validly issued, are fully paid and comprise the entire registered share capital of the Company. All such shares are free from Encumbrances and rights of third parties. Except as disclosed in such Annex, no options, warrants, convertible instruments or other rights to acquire any shares in the Company have been granted or agreed to.

### The Company owns, free and clear of any Encumbrances, the holdings in the entities set out in **Annex 1 to this Schedule**.

### Except as set out in **Annex 1 to this Schedule**, the Company does not own any shares or other interest, directly or indirectly, in any entity, partnership or unincorporated body and does not have a branch office in any country. All shares of all Subsidiaries have been legally and validly issued, are fully paid. No options, warrants, convertible instruments or other rights to acquire any shares in any Subsidiary have been granted to any person or agreed to.

### To the Warrantor’s best knowledge, there exist no restrictions, obstacles or other circumstances which have the effect of prohibiting or impairing the due conduct of Company’s business (as described to the Investors prior to the signing of this CI) in the places and in the manner in which such business has been conducted or is planned to be conducted.

* 1. Books, Accounts, Liabilities

### The Financial Statements (to the extent provided to the Investors prior to the signing of this CI) have been prepared in accordance with generally accepted accounting principles applicable in the jurisdiction of incorporation of the relevant Group Companies, are complete and correct and correctly reflect the results of operation, the financial condition, the assets and the liabilities of the Group Companies as at and for the relevant periods.

### All books, records and other material documents of each Group Company exist, have been duly and correctly kept and are in the possession of the relevant Group Company.

### There are and will be no liabilities (whether actual or contingent and whether on- or off-balance sheet) of any Group Company, which relate to any fact, occurrence or event before the Signing Date other than (a) liabilities disclosed in the Financial Statements and (b) liabilities incurred in the Ordinary Course of Business after the balance sheet date of the Financial Statements.

* 1. Compliance and Litigation

### To the Warrantor’s best knowledge no Group Company has breached any applicable laws, judgements, awards, orders or any other acts of any court or arbitral body as well as any permits or authorisations applicable to it. The business of each Group Company has been conducted with due diligence and efficiency on a sound commercial basis in accordance with sound and prudent financial and business practices.

### All information and documents submitted by any Group Company to any person, entity or institution in connection with any grants from structural or other funds of the European Union or any other public funds have been materially true, correct and complete in all material respects. Each Group Company has duly fulfilled any requirements and conditions relating to such grants, and no Group Company has done or omitted to do anything that could give any person, entity or institution the right of recourse of any such grants or any part thereof.

### No Group Company is involved in any legal action, suit, litigation, prosecution, investigation, enquiry, arbitration or other legal or administrative proceeding and, to the Warrantor’s best knowledge, there are no grounds or circumstances likely to lead to any of the foregoing. There are no outstanding judgements, awards, orders or any other acts of any court of arbitral body against any Group Company.

* 1. Agreements

### All agreements listed in **Annex 1 to this Schedule** (which all are considered material agreements) and all other agreements being material to the Company’s business are valid, binding and enforceable in accordance with their respective terms, have been concluded on arms’ length basis and do not contain any provisions which may have a material adverse effect on any Group Company.

### No Group Company is in breach of any of its obligations under any material agreement. The entry into and performance of this CI would not constitute, and there are no other circumstances that would constitute, a breach of any material agreement by any Group Company or any counterparty or relieve any other party to any such agreement from its obligations or enable it to determine any of them or to enforce any Encumbrance or to prematurely terminate, rescind, render void or adjust any such material agreement.

### No Group Company is a party to or bound by:

#### any non-competition undertakings or any agreement which limits the freedom of any Group Company to conduct its business in any part of the world as it deems appropriate or to freely to use any information in its possession;

#### any agreement which cannot readily be performed by any Group Company on time and in accordance with its terms;

#### any agreement unusual in its nature, not on arms’ length basis and/or outside the Ordinary Course of Business;

#### any (a) loan or credit given by or to any Group Company (other than intragroup loans granted by one Group Company to another) or any guarantee, surety or other security issued by any Group Company (b) any agreement with any related party (c) any power of attorney or agency agreement or relationship with any person pursuant to which such person is granted the authority to act for or on behalf of the Company (d) any joint venture, consortium, partnership, unincorporated association or profit sharing arrangement or agreement or (e) any other material agreement, except, in each case, any agreement listed in **Annex 1 to this Schedule**.

* 1. Assets

### Each Group Company owns, leases or has otherwise in its lawful use, and will, following the consummation of the transactions contemplated herein, continue to own and lease and have in its lawful use all the assets and rights necessary, and is otherwise capable, to conduct its business as currently conducted or planned on a stand-alone basis and without the necessity to acquire additional assets or services. No such assets are subject to any Encumbrances and all physical assets are in good condition, subject to ordinary wear and tear, and have been property maintained.

* 1. Intellectual Property and data protection

### All Intellectual Property necessary or desirable in order to fully and effectively conduct the Company’s business as currently conducted or planned on a stand alone basis and without the necessity to acquire any additional Intellectual Property at additional cost, is owned, licensed to or otherwise lawfully held by the Group Companies without Encumbrances and can be used by the Group Companies as from the Signing Date, without any limitations or costs whatsoever. None of such Intellectual Property (a) is being infringed or threatened to be infringed by any third party (b) violates or infringes any rights of any other person or is subject of any current, pending or threatened challenge, claim or proceedings (including for opposition, cancellation, revocation, rectification) and no Group Company has received any written or oral challenge or claim or notice that such Intellectual Property may infringe any rights of any other person or (c) is subject to any circumstances or matters that could affect the validity or enforceability thereof.

### Each Group Company has taken all reasonable steps to protect the Intellectual Property owned or licensed by it.

### No person who has been involved in the development of the Intellectual Property has any copyrights or other rights (except for moral rights that are not assignable under mandatory law) related to such Intellectual Property and there are no grounds whatsoever for submitting any claims for any such rights. With respect to any moral copyrights and other not-assignable rights, all persons that may be considered as the inventors/authors/creators have granted to the Group Companies an exclusive license or other right for exercising such rights within the maximum scope allowed by law for the full lifetime of such rights, and the owner of such rights has no grounds for premature termination of any such license.

### Any use of any software or code that is covered by open source, public or similar licenses (“**OSS**”) is in full compliance with all OSS licenses applicable thereto and such use of OSS (a) will not restrict any Group Company to conduct its business as it deems appropriate or otherwise adversely impact any Group Company and (b) will not create any obligation on any Group Company, including any obligation to grant license or usage rights with respect to any source code or object code or subject any Group Company to the license obligations relating to any OSS or to disclose or distribute the source code.

### The Company is fully compliant with all applicable data protection and processing requirements under applicable legislation.

* 1. Employment

### At the Signing Date, no Group Company has had and has any employees other than those whose employment agreements have been disclosed in **Annex 1 to this Schedule**.

### There are no agreements or outstanding or anticipated claims or disputes between the Group Companies and any trade union or other body representing all or any of the employees of the Group Companies.

### No Group Company owes any amount to, or has any outstanding obligation in respect of any of its present or former directors, employees or shareholders other than remuneration accrued during the month in which the Signing Date occurs.

* 1. Taxes

### Each Group Company has kept proper records on all issues and documents it is required to record in respect of taxes. Each Group Company has filed with the appropriate tax authorities all tax returns, reports and other documents in respect of any taxes required to be filed with such tax authorities.

### Each Group Company has paid to the appropriate tax authorities, deducted and withheld all taxes required to be paid to them or to be deducted and withheld.

### There are no tax audits currently pending or, to the Warrantor’s best knowledge, threatened against any Group Company.

### No Group Company has been involved in any transaction or activity which may be reconstructed for any tax purposes.

* 1. Information and disclosures

### All documents and information which have been provided to the Investors before the Signing Date by or on behalf of any Group Company in connection with the entry into this CI have been correct and complete in all material respects and are, in light of the circumstances in which they are made, not misleading and give, in all material respects, a true and complete picture of the financial and legal condition of the Group Companies.

**Annex 1 to Schedule 1**

**List of Subsidiaries**

[to be inserted]

**List of Agreements**

[to be inserted]

**SCHEDULE 2**

**ACTIONS REQUIRING APPROVAL BY THE INVESTOR MAJORITY**

##### amending the articles of association

##### changing the share capital, excluding the existing shareholders’ pre-emptive right to subscribe for new Shares, options, convertible loans, other instruments giving their holders the right to acquire any Shares

##### issuing convertible note, entering into convertible loan agreement, changing any material terms of any such transaction

##### approving, and changing any material terms of, any option plan

##### entering into, and changing any material terms of, any option agreement, except in accordance with previously approved option plan

##### entering into any other agreement granting any person a right to acquire any Share, changing any material terms of such transaction

##### acquiring own (treasury) Shares and transferring such Shares

##### entering into any agreement for or relating to an Exit

##### deciding on merger, division, transformation or dissolution

##### distributing profit

##### making material changes in the business Plan; adopting new business plan

##### adopting, or making material change in, annual budget

##### entering into, and changing any material terms of, any transaction for borrowing or taking other debt in excess of budgeted amounts

##### entering into, and changing any material terms of, any other transaction resulting in costs or liabilities in excess of budgeted amounts

##### entering into, and changing any material terms of, any transaction for granting loan or providing guarantee, suretyship or other security

##### entering into, and changing any material terms of, any transaction for Transferring or granting any right to use over any Intellectual Property or other material assets, other than non-exclusive licenses granted in the ordinary course of business

##### establishing, acquiring, Transferring or encumbering any shareholding in any entity, including a Subsidiary

##### electing and removing management board members

##### entering into, and changing any material terms of, any transaction with management board member or his Related Party, conducting legal dispute with management board member or his Related Party and appointing Company’s representative in any such matter

##### entering into, and changing any material terms of, a transaction with a Shareholder or its Related Party, conducting legal dispute with a Shareholder or its Related Party and appointing Company’s representative in any such matter

##### commencing, conducting or settling material court, arbitration or similar proceedings

##### entering into, changing any material terms of, and terminating any agreement with any key employee or key service provider

##### entering into, and changing any material terms of, (a) transaction which cannot be unilaterally terminated by the Company at most 3 months’ notice (b) transaction which includes exclusivity rights or obligations or (c) transaction which includes non-competition or non-solicitation obligations of the Company

##### entering into, and changing any material terms of, any transaction involving or leading to costs or liabilities exceeding (individually or in any period of 12 months) the amount of EUR [     ] (whether or not the relevant costs and liabilities are in excess of budgeted amounts)

##### taking any of the above actions with respect to any subsidiary of the Company.