

AGREEMENT REGARDING CONVERTIBLE INSTRUMENTS

This agreement regarding convertible instruments (the “**Agreement**”) is dated [date] (the “**Signing Date**”) and is between the Company and its shareholders (the “**Shareholders**”) whose details are set out on the signature page (each also a “**Party**” and together the “**Parties**”).

WHEREAS:

- A. The Company is seeking financing for its business by way of [OPTION 1:] [convertible loans (the “**Convertible Instruments**”) to be granted by one or more investors (the “**Investors**”)] [OPTION 2:] [simple agreements for future equity (SAFEs)] (the “**Convertible Instruments**”) to be entered into by one or more investors (the “**Investors**”).
- B. The undersigned Shareholders whose shares represent all (100%) of the registered share capital of the Company hereby approve the Convertible Instruments and agree to take actions regarding the conversion of Convertible Instruments on the terms and conditions set forth below.

THE PARTIES AGREE AS FOLLOWS:

1. APPROVALS AND WAIVERS OF RIGHTS

1.1 Terms and conditions of Convertible Instrument Agreements

The Shareholders hereby approve the entry into [OPTION 1:] [convertible loan agreements] [OPTION 2:] [SAFEs] by the Company (the “**Convertible Instrument Agreements**”) on the following terms and conditions:

- 1.1.1 the Company shall notify the Shareholders of each Investor with whom it wishes to enter into a Convertible Instrument Agreement and each such Investor must be approved by e-mail by such majority of Shareholders whose approval is required for the entry into Convertible Instrument Agreements under shareholders’ agreement (which includes the founders’ agreement, if applicable) and/or articles of association of the Company (the “**Required Majority**”), provided that the following Investors are deemed approved by the signing of this Agreement: [insert], [insert], [insert];
- 1.1.2 each Convertible Instrument Agreement shall be entered into on the terms and conditions set forth in Schedule 1 which terms and conditions may be amended, either before or after the signing of the Convertible Instrument Agreements, with the approval of the Required Majority;
- 1.1.3 the aggregate amount of financing raised under all Convertible Instrument Agreements shall not exceed EUR [insert] which amount may be increased with the approval of the Required Majority.

1.2 Nature of approval

The Shareholders’ approval of the Convertible Instrument Agreements under Section 1.1 constitutes an approval of such Convertible Instrument Agreements for all purposes, including for the purposes, and under the terms of, the founders’ agreement or shareholders’ agreement (as applicable) of the Company and/or the articles of association of the Company and under any other documents which may be applicable to any of the Shareholders.

1.3 Waiver of rights

By signing this Agreement each Shareholder waives unconditionally and irrevocably any and all pre-emptive rights and other rights which it may have under the founders' agreement or shareholders' agreement (as applicable), articles of association of the Company and/or any applicable laws with respect to the financing provided by the Convertible Instruments and with respect to shares of the Company to be issued to the Investors upon the conversion of the Convertible Instruments under the Convertible Instrument Agreements (the "**Conversion Shares**").

1.4 Agreement for the benefit of Investors

This Agreement constitutes an agreement for the benefit of third parties within the meaning of § 80 of the Law of Obligations Act of Estonia so that each Investor with whom the Company has entered into a Convertible Instrument Agreement is deemed a third party beneficiary of this Agreement and has the right to demand the performance of this Agreement as set forth in § 80(2) of the Law of Obligations Act. The Parties hereby agree that, notwithstanding § 80(6) of the Law of Obligations Act, this Agreement may not be terminated or amended without the consent of each Investor with whom the Company has entered into a Convertible Instrument Agreement, except as otherwise provided in Section 3.1.

2. ACTIONS RELATING TO LOAN AGREEMENTS

2.1 Actions

If requested by the Company, each Shareholder shall take all actions, including adopt shareholders' resolutions, waive shareholders' pre-emptive rights and amend the Company's articles of association so as to procure that the issue of Conversion Shares to each Investor is completed and registered in relevant registers within the term and otherwise in accordance with the Convertible Instrument Agreements.

2.2 Failure to timely complete the issue of Conversion Shares

If the issue of Conversion Shares to any Investor is not completed within the term and otherwise in accordance with the Convertible Instrument Agreements because any Shareholder has failed to take respective actions set forth in Section 2.1, the Company shall have the right to request such Shareholder to pay a contractual penalty to the Company in the amount of [0.1%] of the respective amount of financing granted by such Investor per each day of delay.

2.3 Obligations with respect to new shareholders

None of the Shareholders shall sell or otherwise transfer or encumber any of its shares of the Company, nor shall the Company issue any share, to or for the benefit of any person unless and until such person executes a deed of adherence by which the relevant person undertakes to be fully bound by this Agreement in the relevant capacity. Such deed of adherence shall be signed by the Company and the new proposed shareholder and does not require the approval of any other Party.

3. FINAL PROVISIONS

3.1 Amendments

No amendment to this Agreement is valid unless made in the same form as the original Agreement. No amendment to this Agreement is valid unless approved by the Company and the Shareholders and the Investors, except that any amendment that, pursuant to the terms of this Agreement, may be made with the approval of Required Majority, is valid and binding on all Parties if approved by the Company and the Required Majority (without the consent of any Investor or other Shareholder required).

3.2 Notices

Any notice or other communication under this Agreement must be in a form reproducible in writing and sent to the e-mail address specified on the signature page. Such notice or communication shall be deemed received at the time of transmission, or, if this time falls outside business hours in the place of receipt, when business hours resume (business hours means 9.00am to 6.00pm Monday to Friday on a day that is not a public holiday in the place of receipt)..

3.3 Contractual penalties

Each contractual penalty shall be deemed to operate as a measure for achieving the performance of this Agreement and not as a substitute for the performance. The payment of any contractual penalty shall not release the breaching party from the obligation to perform the relevant obligations. Before a Party becomes entitled to claim a contractual penalty under this Agreement, such Party must give the breaching Party a reasonable term (being not more than 30 days) to cure the breach in question and its negative consequences. A Party entitled to claim a contractual penalty under this Agreement loses such right if it fails to notify the Party in breach of its intention to claim the penalty within 6 months after the entitled Party becomes aware of the breach in question.

3.4 Applicable law

This Agreement and any rights or claims arising out of or in connection with this Agreement (including any non-contractual claims) shall be governed by the substantive law of Estonia without giving effect to any conflicts of law rules.

3.5 Jurisdiction

[Alternative 1: arbitration in Tallinn: Any dispute, controversy or claim arising out of or in connection with this contract, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in the Arbitration Court of the Chamber of Commerce and Industry of Estonia in accordance with its rules. The arbitral tribunal shall be composed of **[three arbitrators /// a sole arbitrator]**. The seat of arbitration shall be Tallinn. The language of the arbitration shall be English. [Alternative 2 general courts in Estonia: Any dispute, controversy or claim arising out of or in connection with this Agreement shall be subject to jurisdiction of Harju County Court (*Harju Maakohus*) in Estonia as the court of first instance.]

3.6 Conclusion and date

This Agreement is deemed concluded if signed by all Parties. This Agreement is deemed concluded on the Signing Date irrespective of the date on which each individual Party signed this Agreement.

SCHEDULES

This Agreement has the following Schedules:

Schedule 1: Form of Convertible Instrument Agreement

Signature page to follow

SCHEDULE 1
FORM OF CONVERTIBLE INSTRUMENT AGREEMENT
[to be inserted]

SIGNATURE PAGE

THE PARTIES HAVE SIGNED THIS AGREEMENT AS FOLLOWS:

THE COMPANY:

Name: **[Name]**, incorporated under the laws of [country], registry code [insert]

Signature:

Represented by: [name]

Title [title]

Address: [address]

E-mail: [e-mail address]

THE SHAREHOLDER(S):

Name: **[Name]**, a citizen of [country], identity code [insert]

Signature:

Address: [address]

E-mail: [e-mail address]

Name: **[Name]**, a citizen of [country], identity code [insert]

Signature:

Address: [address]

E-mail: [e-mail address]

Name: **[Name]**, incorporated under the laws of [country], registry code [insert]

Signature:

Represented by: [name]

Title [title]

Address: [address]

E-mail: [e-mail address]