

[name] (the “**Company**”)

SEED EQUITY INVESTMENT TERM SHEET DATED [date]

Founders	[names] (the “ Founders ”).
Investors	• [name] (the “Lead Investor”); • [name] (the “Co-Investor”).
Structure of investment	Total size of the investment round will be EUR [amount] at a fully diluted pre-money valuation of EUR [amount], including an unallocated option pool of [amount]% of the fully diluted post-money share capital of the Company, whereas the investment will be allocated between the Investors as follows: • Lead Investor: EUR [amount]; • Co-Investor: EUR [amount].
Issue price	EUR [amount] per each euro of the nominal value of the new share.
Cap table	The Company’s capital structure before and after the closing is set forth in <u>Schedule 1</u> .
Closing conditions	Customary conditions to closing, including satisfactory completion of the due diligence by the Investors.
Estimated signing date	[30] days after signing this term sheet.
Type of security	Newly issued preferred shares (the “ New Shares ”) ranking senior to all existing shares of the Company, giving their holders the rights set out in this term sheet, in addition to rights attached to other shares.
Liquidation preference	Holders of New Shares will have one times non-participating liquidation preference.
[OPTIONAL: Anti-dilution protection]	Holders of New Shares will have broad-based weighted-average anti-dilution protection.]
Reserved matters	The approval of the holders of more than 50% in nominal value of New Shares (the “ Investor Majority ”) [and the approval of the member of the Supervisory Board nominated by any Investor] will be required for certain material decisions of the Company. The list of such matters will be agreed in the definitive transaction documents, based on the model articles of association for seed shareholders’ agreement available at www.startupestonia.ee .
Pre-emption	All shareholders will have a pro rata right, based on their ownership of shares, to participate in any issue of (a) any new shares of the Company and (b) options (except options under option pool), convertible loans, convertible notes and other instruments giving their holders the right to acquire new shares of the Company (through conversion, exercise or otherwise).

Right of first refusal	All shareholders will have a pro rata right, based on their ownership of shares, to acquire any shares of the Company which are proposed to be transferred.
Co-sale	Holders of New Shares will have a co-sale right such that if a Founder wishes to sell his or her share or part thereof, holders of New Shares must be given the opportunity to sell a pro rata proportion of the share being sold by the Founder on the same terms and at the same price. All shareholders will have a co-sale right such that if any shareholder wishes to sell its shares or part thereof, the effect of which would result in a change of control of the Company, the other shareholders must be given the opportunity to sell all of their shares on the same terms and at the same price.
Drag-along	If holders of more than 50% in nominal value of common shares of the Company (the Common Majority) and the Investor Majority wish to accept an offer to sell all of their shares to a third party, or enter into a liquidity event, then all other shareholders will be required to sell their shares or to consent to the liquidity event on the same terms and conditions.
Founders' covenants and undertakings	Founders will enter into customary confidentiality, non-compete, non-solicitation and IP transfer agreements. Founders will agree to devote their entire business time and attention to the Company and not to undertake additional business activities without the consent of the Investor Majority.
Founders' shares	<i>Reverse vesting:</i> The shares of Founders will be subject to reverse vesting over 4 years as follows: 25% to vest 1 year after the closing and the remaining 75% to vest in equal monthly instalments over the following 3 years (the “Vesting Period”). In case the Founder becomes a Good Leaver during the Vesting Period, the Company will have the right to acquire the unvested part of the Founder's share for free and the vested part for fair market value. In case the Founder becomes a Bad Leaver during the Vesting Period, the Company will have the right to acquire the entire share of the Founder for free. [OPTIONAL: In case the Founder becomes a Voluntary Leaver during the Vesting Period, the Company will have the right to acquire (a) the unvested part of the Founder's share as well as [insert]% of the vested part of the Founder's share for free and (b) the remaining vested part of the Founder's share against the payment of a purchase price equal to the fair value for such shares.] A Founder will be deemed “Bad Leaver” if (a) his/her professional relationship with the Company terminates because of (i) the Founder's material breach of the professional relationship, (ii) the Founder being convicted of a criminal offence or (iii) the Founder causing material damage to the Company; (b) he or she, after the termination of the professional

relationship, commits a material breach of any confidentiality, non-compete and/or non-solicitation obligations;

- (c) [OPTIONAL: he or she voluntarily resigns from the professional relationship (which is not caused by (x) the Company's material breach of the professional relationship or (y) the Founder's death or permanent inability to perform duties due to health reasons)]

A Founder will be deemed a **"Good Leaver"** if his/her professional relationship with the Company terminates on other grounds than those amounting to a Bad Leaver [OPTIONAL: or a Voluntary Leaver].

[OPTIONAL: A Founder will be deemed **"Voluntary Leaver"** if he or she voluntarily resigns from the professional relationship (which is not caused by (x) the Company's material breach of the professional relationship or (y) the Founder's death or permanent inability to perform duties due to health reasons and which does not occur in circumstances which would qualify the Founder as a Bad Leaver.)

Lock-up: During the Vesting Period, the shares of the Founders may not be sold without the prior consent of the Investor Majority.

[OPTIONAL: Supervisory board

[5] members to be directly appointed or elected as follows:

- *Investor Director:* [1] member to be directly appointed by Lead Investor;
- *Investor Director:* [1] member to be directly appointed by Co-Investor;
- [1] member to be elected by shareholders amongst candidates jointly agreed between Investors and Founders;
- [2] member(s) to be elected by shareholders amongst candidates appointed by Founders.

[OPTIONAL: Each Investor has the right to appoint a non-voting observer to the supervisory board.]

A resolution is adopted if more than half of the supervisory board members are in favour.]

Information rights

Investors will receive monthly reporting, including financial information and non-financial KPIs.

Documentation

Definitive transaction documents will be governed by the laws of Estonia and will be based on the model seed equity investment agreement, seed shareholders' agreement and articles of association for seed shareholders' agreement available at www.startupestonia.ee and include customary representations and warranties of the Company and the Founders.

Lead Investor's costs

If and when the transaction is closed, the Company will reimburse the Lead Investor's legal fees incurred in connection with the transaction (including preparation of definitive transaction documents) up to the amount of EUR [amount] plus VAT.

Exclusivity	The Company and the Founders agree not to discuss, negotiate, or accept any proposals regarding the sale of shares, financing of the Company by equity, debt or otherwise or disposal of material assets of the Company for [60] days from the date of this term sheet.
Confidentiality	The Company and the Founders agree to treat this term sheet confidentially and not to distribute or disclose its existence or contents outside the Company without the consent of the Investors, except as required to its shareholders and professional advisors.
Non-binding effect	This term sheet is intended solely as a basis for further discussion and does not constitute legally binding obligations except for the terms “Exclusivity” and “Confidentiality” which are intended to be legally binding on the Company and the Founders.
Governing law and disputes	This term sheet will be governed and construed in accordance with the laws of Estonia. Any dispute arising out of this term sheet, will be finally settled in the courts of Estonia with the Harju County Court being the court of first instance.

Acknowledged and agreed by signing below or digitally.

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 FOUNDER(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]

THE LEAD INVESTOR:

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 CO-INVESTOR(S):

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

Signature:

Represented by: [name]

Title [title]

Address: [address]

E-mail: [e-mail address]

SCHEDULE 1
CAP TABLE

[insert model cap table]