**TERM SHEET**

**FOR SEED ROUND EQUITY FINANCING**

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| **Company** | [*name of the Company*], registry code [\*], address [\*], e-mail address [\*]. |
| **Founders** | [*full name of Founder 1*]; [*full name of Founder 2*]; [*full name of Founder 3*]. |
| **Investors** | [*name of Investor 1*], registry code [\*], address [\*], e-mail address [\*]; [*name of Investor 2*], registry code [\*], address [\*], e-mail address [\*]; [*name of investor 3*], registry code [\*], address [\*], e-mail address [\*].  |
| **Structure of Financing** | The Investors shall make an equity investment into the Company with the aggregate amount of [*insert amount*] EUR at a fully diluted pre-money valuation of [*insert amount*] EUR. The amount of the investment to be made by each Investor shall be as follows:Investor 1: [*insert amount*] EUR;Investor 2: [*insert amount*] EUR;Investor 3: [*insert amount*] EUR.[*Alternative 1*]: The investment will be made in one (1) tranche. [*Alternative 2*]: The investment will be made in two (2) tranches; each Investor shall disburse 50% of its investment in the first tranche and the remaining 50% in the second tranche. |
| **Conditions to Close** | The financing is subject to the following: (i) completion of a due diligence related to the Company to the satisfaction of the Investors; (ii) transfer of all relevant IP to the Company; and (iii) absence of material adverse changes with respect to the Company. |
| **Estimated Closing Date** | [*insert date*]. |
| **Type of Shares** | The Investors shall obtain newly issued shares of the Company giving their holders the rights set out in this Term Sheet and the law. |
| **Important Decisions** | Taking any action related to the Company in the matters provided below shall require a prior written approval of the Investors representing more than fifty percent (50%) of the nominal value of the Company’s shares held by all Investors:1. amending the articles of association of the Company;
2. increasing or decreasing the share capital of the Company, including exclusion of the shareholders’ preferential subscription rights;
3. issue of any convertible notes and entry into, or amendment of any material terms of, any convertible loan agreement, convertible note, option plan, option agreement or other transaction granting any person any right to acquire any shares of the Company;
4. acquisition by the Company of its own share(s) and transfer of any share(s) so acquired;
5. merger, division, transformation or dissolution of the Company;
6. electing and removing the members of the management board of the Company;
7. granting of any loan or credit or providing any collateral for securing any obligations other than collateral for securing the Company’s own obligations in the ordinary course of business;
8. any transfer or granting into of use or other encumbrance of material assets of the Company, including IP or an enterprise (*ettevõte*) or the organizationally independent part thereof, other than entering into non-exclusive licenses in the ordinary course of business;
9. entry into transaction or series of related transactions by the Company if the value of such transaction exceeds [*insert amount*] EUR per transaction or in aggregate per one (1) calendar year.
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| **Transfer of Shares** | The following principles shall apply in case of transfer of shares of the Company:1. cash transaction only: transfer of shares is allowed only by way of sale against consideration payable in cash;
2. preferential subscription right: all shareholders of the Company shall have a *pro rata* right, based on their shareholdings in the Company, to participate in subsequent financings of the Company;
3. right of first refusal: all shareholders of the Company shall have a *pro rata* right, based on their shareholdings in the Company, of first refusal in case of transfers of any shares, subject to customary permitted transfers;
4. co-sale right: in case the holders of the shares representing more than fifty percent (50%) of the nominal value of all Company’s shares (“**Sellers**”) wish to transfer shares representing more than fifty percent (50%) of the nominal value of all Company’s shares to a third party, then the other shareholders of the Company, not being the Sellers, are entitled to participate in such transfer of shares on identical terms;
5. drag-along right: in case the Sellers wish to transfer all their shares to a third party who wishes to acquire hundred percent (100%) of the Company’s shares, then the Sellers are entitled to demand the other shareholders of the Company to participate in the respective transaction on identical terms and transfer all t heir shares to the relevant third party.
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| **Information Rights** | The Investors are entitled to receive from the Company: (i) quarterly financial reports and (ii) annual reports. |
| **Confidentiality** | This Term Sheet and any information about the Company are confidential and are not to be disclosed to third parties, except (i) if required by law or (ii) if disclosed to a professional advisor of a party, who has undertaken an obligation to keep the relevant info confidential. |
| **Costs** | Each party shall bear its own costs and expenses arising out of or incurred in connection with this Term Sheet. |
| **Applicable Law** | This Term Sheet shall be governed and construed in accordance with the laws of Estonia, except the conflict of laws rule. |
| **Dispute Resolution** | Any dispute, controversy or claim arising out of or in connection with this Term Sheet shall be resolved by Harju County Court in Tallinn, Estonia. |
| **Non-binding Effect** | This Term Sheet is intended solely as a basis for further discussion and does not constitute any legally binding obligation except for the sections “Confidentiality”, “Costs”, “Applicable Law” and “Dispute Resolution” which are intended to be legally binding on the parties. |

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[*full name of founder 1*] [*full name of founder 2*] [*full name of founder 3*]

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[*name of the board member*] [*name of the board member*] [*name of the board member*]

[*name of the Company*] [*name of Investor 1*] [*name of Investor 2*]

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[*name of the board member*]

[*name of Investor 3*]