**DRAFT DATED 31 AUGUST 2023**

**SERIES [A] EQUITY INVESTMENT AGREEMENT**

**CZK/EUR[⚫]

DATED [⚫]

between

COMPANY

and

[INVESTOR 1]**

**and**

**[INVESTOR 2]

and

[FOUNDER 1]

and

[FOUNDER 2]**

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**THIS AGREEMENT** is made on [⚫] (the **Signing Date**)

**BETWEEN**:

1. **[⚫]** (the **Company**) as the Company;
2. [⚫] (**Founder 1**) as the founder; and
3. [⚫] (**Founder 2**) as the founder;

(Founder 1 and Founder 2 collectively referred to as the **Founders** and each of them individually as a **Founder**);

1. [⚫] (**Investor 1**) as the equity investor; and
2. [⚫] (**Investor 2**) as the equity investor;

(Investor 1 and Investor 2 collectively referred to as the **Investors** and each of them individually as an **Investor**).

**WHEREAS**:

* 1. The Company is seeking financing for its business of [insert description] (the **Business**) and the Investors have agreed to provide such financing by making an equity investment in the Company.
	2. Subject to terms stipulated in this agreement, the Investors are interested in providing financing to the Company in exchange for receiving a shareholding (in Czech *podíl*) in the Company and becoming its shareholders.

**IT IS AGREED** as follows:

1. Interpretation

In addition to terms defined elsewhere in this agreement, capitalised terms used in this agreement have the following meaning:

1. **Affiliate** means in relation to a person or other entity (a) any person Controlling, Controlled by or under common Control with another person and (b) in relation to a natural person, close persons within the meaning of Section 22 of the Civil Code;
2. **Articles of Association** meansthe Articles of the Association of the Company attached to the Shareholders' Agreement;
3. **Bank Account** means the bank account of the Company IBAN [⚫], with [insert name of the bank];
4. **BCA** means Czech act no. 90/2012 Coll., on commercial companies and cooperatives (business corporations act), as amended;
5. **Breach of Warranty** means the fact of any of the Warranties being untrue, incorrect or misleading as at the date on which the relevant Warranty was made;
6. **Business Day** meansa day which is not Saturday, Sunday or a public holiday in the Czech Republic;
7. **Civil Code** means Czech act no. 89/2012 Coll., the civil code, as amended;
8. **Closing** has the meaning as defined in clause 4.4;
9. **Control**, **Controlled,** **Controlling** mean the ability to exercise decisive influence on a corporation within the meaning of clause 74 and following of the BCA;
10. [**Convertible Investor[s]** mean[s] **[**insert each investor who has granted the Company a convertible loan that is to be converted in accordance with this agreement];]
11. [**Convertible Loan[s]** mean[s] **[**insert description of each convertible loan granted to the Company by the Convertible Investor[s] that is to be converted in accordance with this agreement];]
12. [**Disclosure Letter** means a letter attached hereto as [Schedule 3] listing certain facts, which may fully or partially contradict the Warranties;]
13. **Encumbrance** means: (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, without limitation, any right of pre-emption, right of first refusal, option or requirement of consent; and (c) other encumbrance or restriction of any kind;
14. **Financial Statements** means the [unaudited annual accounts of the Company [and theunauditedbalance sheetof the Company as at [⚫] and unaudited profit and lossaccounts as at [⚫]];
15. **GDPR** means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);
16. **Intellectual Property** means any works of authorship (including computer software, underlying code, manuals and any preparatory materials), trademarks, service marks, trade names, business names, logos, domain names, patents, utility models, semiconductor topographies, inventions, designs, rights to databases and any other intellectual property as may be recognised in any jurisdiction, whether registered or unregistered (together with applications for and the right to apply for any such rights), including any rights to such intellectual property as may be recognised in any jurisdiction;
17. [**Investor Majority** has the meaning as defined in the Shareholders' Agreement;]
18. [**Lead Investor** is[⚫] [a person referred to as the Lead Investor on the signature page;]
19. **material** or **substantial** shall mean having an effect which in the aggregate monetary equivalent corresponds in any individual case or series of related cases to at least [⚫%] of the Investment;
20. **Shareholders' Agreement** means the Shareholders' Agreement of the Company signed on or around the date of this agreement;
21. **Total Shares** mean 100 % of all shareholdings (in Czech *podíly*) in the Company immediately after the Closing on a fully diluted basis, i.e. including all issued and outstanding shareholdings, any exercised options, and any shareholdings to be distributed to the Investors [and the Convertible Investor[s]], any other convertible loans and the total number of shares reserved for future issuance under any existing option or similar plan of the Company; and
22. **Warranty** or **Warranties** has the meaning asdefined in clause 6.2(a).

[A document will be deemed to be in the form reasonably satisfactory to the Company if it is presented in the form, without substantive deviation, of a template published on the website of the Czech investment documentation for start-ups: https://czechstartupdocs.com/.]

1. Investment
	1. Investment Amounts

Each Investor shall make an investment in the Company by way of (a) a monetary contribution to the registered capital of the Company (in Czech *peněžitý vklad*) (a **Registered Capital Contribution**), and (b) a monetary contribution outside of the registered capital of the Company (in Czech *příplatek*) (a **Non-Registered Capital Contribution**), in each case in the amounts set out opposite such Investor's name in column *Investment* of the capitalisation table in Schedule 1 (the total amount of Registered Capital Contribution and Non-Registered Capital Contribution to be invested by each Investor, an **Investment**).

* 1. Purpose

The Company undertakes to use the Investments solely for the purpose of developing the Business.

* 1. New Shares

In exchange for each Investment, and subject to the Investor having paid to the Company the full amount of the Investment, the Company shall issue to such Investor [such number of new shares (in Czech *podíly*)] [a new shareholding (in Czech *podíl*) expressed as a percentage or fraction of the Company's registered capital] as is set out opposite such Investor's name in column *Post-Investment* of the capitalisation table in Schedule 1 representing such portion of the Total Shares as is set out in the same clause (the **New Shares**). The New Shares shall give their holders relevant rights and subject their holders to relevant obligations set forth in the Articles of Association and the Shareholders' Agreement.

* 1. [Conversion of Convertible Loan[s]]

[Together with the issuance of the New Shares to the Investors, the Convertible Loan[s] shall be converted into equity and the Company shall issue to [each/the] Convertible Investor such number of New Shares as is set out opposite [such/the] Convertible Investor's name in column *Post‑Investment* of the capitalisation table in Schedule 1. In order to convert its Convertible Loan into equity, the Company shall procure that [each/the] Convertible Investor pays for such New Shares by entering into an agreement with the Company offsetting in full [such/the] Convertible Investor's claim for the repayment of the Convertible Loan and its appurtenances (or a portion thereof) against [such/the] Convertible Investor's obligation to pay the Registered Capital Contribution and the Non-Registered Capital Contribution to the Company.]

* 1. [No claims after the conversion of the Convertible Loan[s]]

[The Company shall procure that as of the moment [each/the] Convertible Investor is issued the New Shares in accordance with clause 2.4, all obligations towards [such/the] Convertible Investor in relation to the Convertible Loan have been satisfied in full and all claims and rights of [such/the] Convertible Investor in relation to the Convertible Loan are deemed terminated.]

1. Conditions Precedent

The Investor's obligation to transfer the Investment to the Company shall be conditional upon the fulfilment of the following conditions (the **Conditions Precedent**):

* + 1. the parties have signed the Shareholders' Agreement;
		2. [each Founder and the Company have entered into Management Board Member Agreements [in the form approved by the Investors] (the **Management Board Member Agreements**)];
		3. [each Founder and the Company have entered into Intellectual Property Transfer Agreements [in the form approved by the Investors] [(the **Intellectual Property Transfer Agreements**)];]
		4. the shareholders of the Company have adopted shareholders' resolutions (the **Shareholders' Resolutions**) to:
			1. [increase the share capital of the Company by making available for subscription to the Investors [and the Convertible Investor[s]] such numbers of the New Shares as corresponds to the Investments;]
			2. waive their pre-emption right regarding the issue of the New Shares;
			3. adopt the Articles of Association;
			4. [approve an agreement on set-off of the applicable part of the receivable of the Convertible Investor[s] vis-à-vis the Company for the repayment of the Convertible Loan[s] against the receivable of the Company vis-à-vis the Convertible Investor[s] for the payment of its Registered Capital Contribution];
			5. [approve the entry into the Management Board Member Agreements];
			6. [approve the entry into the Intellectual Property Transfer Agreements];
			7. [elect and recall managing directors of the Company in the composition set forth in the Shareholders' Agreement]; and
			8. [elect and recall members to and from the supervisory board of the Company to establish the Company's supervisory board in the composition set forth in the Shareholders' Agreement]; and
		5. the shareholders of the Company shall ensure that the Shareholders' Resolutions become effective upon the relevant parties completing their respective obligations pursuant to clauses 4.1(a) through 4.1(c).

Each party that is responsible for the fulfilment of any Condition Precedent under clause 3.1 shall do everything in its power to fulfil each such Condition Precedent without delay. The Company shall, without delay, notify the Investors of the fulfilment of all Conditions Precedent and forward to the Investors copies of documents evidencing the same, including copies of the signed Shareholders' Agreement and Shareholders' Resolutions [and copies of the signed Management Board Member Agreements and Intellectual Property Transfer Agreements].

1. Closing

Within [10] Business Days of the fulfilment of the Conditions Precedent (the **Payment Term**), each Investor and the Company shall perform their following actions (to the extent applicable to the type of Investment agreed to be made by the relevant Investor pursuant to Schedule 1):

* + 1. each Investor shall execute and deliver to the Company the undertaking to assume the obligation to pay the Registered Capital Contribution in the form pursuant to [Schedule 4], bearing the certified signature of the Investor and the Company shall confirm receipt by countersigning a copy of the undertaking and returning it to the Investor;
		2. the Company and each Investor shall execute and deliver the agreement on assuming the obligation to pay the Non-Registered Capital Contribution in the form pursuant to [Schedule 5]; and
		3. each Investor shall transfer the full amount of the Investment to the Bank Account.

The Company shall, without delay, notify the Investors of the receipt of all Investments. If the Company does not receive all Investments within the Payment Term, it shall, without delay, notify the Investors of the same and send each defaulting Investor a reminder (request) to transfer its Investment within 5 Business Days of the date of the notice (the **Additional Payment Term**).

Following the receipt of all Investments [(other than Investments of Investors with respect to whom the Company has withdrawn from this agreement under clause 5.2)], the Company shall, without delay, register in the commercial register the increase of the Company's share capital for the issuance of the New Shares, the Investors [and the Convertible Investor[s]] as the new shareholders of the Company [and the new composition of the Company's managing directors and supervisory board] and file to the collection of deeds of the commercial register the new Articles of Association.

The Company shall, without delay, notify the Investors of the completion of such registration proceedings (the **Closing**).

Each Investor shall provide such assistance to the Company and furnish it promptly with such supporting documents as the Company may reasonably require in order to successfully close the registry proceedings.

Following the completion of the registry proceedings, the Company shall issue to each Investor a copy of the amended and restated list of the Company's shareholders reflecting the Investments completed in accordance with this agreement.

1. Withdrawal
	1. Withdrawal by the Investors upon failure of Conditions Precedent

If the Conditions Precedent have not been fulfilled within [10] Business Days of the Signing Date, then each Investor shall have the right to withdraw from this agreement by sending a written notice to the Company. The Company shall, without delay, forward such notice to all other parties.

* 1. Withdrawal by the Company and the Investors upon payment default

If any Investor has not transferred its entire Investment to the Company by the expiry of the Additional Payment Term then the Company shall have the right to withdraw from this agreement with respect to such defaulting Investor, or if the default amounts to at least [⚫]% of all Investments (the latter a **Material Default**), then with respect to all Investors. Upon Material Default, each non-defaulting Investor shall also have the right to withdraw from this agreement.] To exercise the right of withdrawal under this clause 5.2, (a) the Company shall send a respective written notice to all parties [and (b) the Investor shall send a respective written notice to the Company and the Company shall, without delay, forward such notice to all other parties.]

* 1. Withdrawal by the Investors upon delay by the Company

If the increase of the Company's registered capital in accordance with this agreement is not registered in the commercial register within [10] Business Days after the expiry of the Payment Term or, if applicable, the Additional Payment Term, then each Investor shall have the right to withdraw from this agreement by sending the Company a respective written notice. The Company shall, without delay, forward such notice to all other parties.

* 1. Consequences of termination

If an Investor withdraws from this agreement or if the Company withdraws from this agreement with respect to one [or more (but not all)] Investor(s):

* + 1. this agreement shall terminate with respect to the relevant Investor(s);
		2. the parties shall take all actions necessary to cancel or unwind the issue of New Shares to the relevant Investor(s) and the corresponding increase of the registered capital of the Company;
		3. [the Shareholders' Agreement shall terminate with respect to the relevant Investor(s) and the parties (excluding the withdrawing Investor(s)) shall amend the Shareholders' Agreement to accordingly reflect the withdrawal in respect to the relevant Investor(s);]
		4. [the Founders and the non-withdrawing Investor(s) (if such Investor already became a shareholder of the Company) shall procure that a shareholders’ resolution will be adopted to amend the Articles of Association to accordingly reflect the withdrawal in respect of the relevant Investor(s);]
		5. the Company shall return to the withdrawing Investor(s) any part of the Investment paid by the withdrawing Investor(s) within 5 Business Days of the termination[; and]
		6. the parties shall take all actions necessary to issue the non-withdrawing Investor(s) the New Shares and otherwise achieve Closing with respect to the non-withdrawing Investor(s).
	1. Consequences of withdrawal by the Company with respect to all parties

If the Company withdraws from this agreement with respect to all parties, then:

* + 1. this agreement shall terminate with respect to all parties;
		2. the parties shall take all actions necessary to cancel and unwind the issue of the New Shares and the increase of the Company's registered capital; and
		3. the Company shall return to each Investor any part of the Investment paid by such Investor within 5 Business Days as of the date of the Company's withdrawal notice.
	1. [Penalty for Non-payment (Break Fee)]

[If the Company withdraws from this agreement under clause 5.2, then the Company shall have the right to claim from each defaulting Investor a contractual penalty of [20]% of the Investment that such defaulting Investor has agreed to make under this agreement. Such contractual penalty, when fully paid, shall constitute the final settlement of any claims of the Company against the defaulting Investor arising out of such default.]

* 1. Withdrawal

None of the parties may withdraw from this agreement or otherwise terminate this agreement except that the Company shall have the right to withdraw from this agreement pursuant to clause 5.2 and each Investor shall have the right to withdraw from this agreement pursuant to clauses 5.1 through 5.3.

1. Representations and Warranties
	1. Representations and warranties of all parties

Each party hereby represents and warrants to the other parties that:

* + 1. such party (i) has full authority and (ii) has obtained all the approvals required to enter into and perform this agreement and its representative (if applicable) has all rights and approvals to enter into this agreement;
		2. neither the entry into nor the performance of this agreement results in a violation of any provisions of:
			1. the memorandum of association of or any other similar document governing such party (if applicable);
			2. any legal acts to which such party is subject;
			3. any agreement or obligation binding on such party;
			4. any judgment, order, injunction, decree or ruling of any court or state, governmental or local authority to which such party is subject; and
			5. the terms and conditions of any licence or permit granted to such party;
		3. no insolvency petition (in Czech *insolvenční návrh*), bankruptcy petition (in Czech *návrh na prohlášení konkursu*), corporate restructuring application (in Czech *návrh na povolení reorganizace*), liquidation application, execution application, or any other similar action under any applicable jurisdiction has been filed against such party; and
		4. such party is not subject to any insolvency, corporate restructuring or similar proceedings and such party has not received any notice regarding any intention to initiate any such proceedings.
	1. Representations and warranties of the Warrantors

The Company and each Founder (each a **Warrantor** and together the **Warrantors**) hereby represent and warrant to each Investor that:

* + 1. in the case of the Company, all statements set forth in Schedule 2 (the **Warranties**); and
		2. in the case of each Founder, the statements set forth in clause 1 (Corporate) and clause 7 (Intellectual Property) of Schedule 2,

are true and correct in all respects as at the Signing Date or, in case of Warranties explicitly made as at a specific date, as at such date.

* 1. Compensation payable upon a Breach of Warranty
		1. Upon a Breach of Warranty, each Investor shall have the right[, subject to the prior approval of the Investor Majority,] to claim that:
			1. the breaching Founders pay the Company compensation in an amount necessary to put the Company in a position in which it would have been had the Breach of Warranty not occurred; or
			2. the breaching Warrantors pay such Investor compensation in an amount necessary to put such Investor in a position in which it would have been had the Breach of Warranty not occurred.
		2. Notwithstanding the above, the Warrantors shall have no obligation to compensate the Company or any Investor for any lost profits or consequential losses.
		3. The compensation stipulated in this clause 6.3 shall be the only remedy which an Investor shall have upon a Breach of Warranty.
	2. Joint and several liability of the Warrantors
		1. The liability of the breaching Warrantors under clause 6.3 shall be joint and several.
		2. If a Founder commits a Breach of Warranty, such Founder shall have no right of recourse against the Company.
		3. If more than one Founder commits a Breach of Warranty, each breaching Founder shall be liable *pro rata* to the breaching Founders' (direct or indirect) shareholding in the Company at the time when the Investor has made the claim.
	3. Notice of Breach

To claim compensation for a Breach of Warranty, an Investor shall, within 90 calendar days of obtaining actual knowledge about the Breach of Warranty, deliver to the Warrantors a notice describing the Breach of Warranty in such detail as is reasonably possible at the time the Investor obtains actual knowledge about the Breach of Warranty (the **Notice of Breach**). Failure to provide the Notice of Breach in due time shall not relieve any Warrantor of any liability it may have under this agreement provided, however, that the Warrantors shall not be liable for any damage or compensation to the extent it is caused or aggravated by the Investor's failure to provide the Notice of Breach in due time.

* 1. Effect of disclosure

The liability of the Warrantors for a Breach of Warranty shall be limited to the extent that information indicating that a Warranty is incorrect has been explicitly disclosed to the Investors in a Disclosure Letter [with sufficient detail to enable the Investors to identify the nature and the scope of the matters disclosed].

* 1. [Information supplied to Founders]

[Any information supplied by the Company, its employees, workers or consultants to the Founders in connection with any of the Warranties shall be deemed not to include or have included a representation, warranty or guarantee of its accuracy to the Founders and such information shall not constitute a defence to any claim against the Founders. The Founders hereby irrevocably waive any and all claims against the Company, its employees, workers or consultants in respect of any information so supplied.]

* 1. Knowledge

If any of the Warranties is qualified by the Warrantors' knowledge (including by using the expression to the Warrantors' knowledge), then such qualification shall be deemed fulfilled if any of the Warrantors had actual knowledge (provided that the Company's knowledge shall be deemed to refer to the actual knowledge of the Company's directors) about the relevant matter at the time of making the Warranty or should have had knowledge about the relevant matter at the time of making the Warranty after diligent inquiries with the Company's directors and key employees.

* 1. De minimis and tipping basket

The Warrantors shall not be liable for any single instance of a Breach of Warranty where the aggregate Warrantor's liability does not exceed [CZK/EUR ⚫] [[0.1 %] of the sum of Investments actually paid to the Company]. The Warrantors shall not be liable for a Breach of Warranty unless the Warrantor's aggregate liability for all Breaches of Warranties (other than any *de minimis* Breaches of Warranties pursuant to the previous sentence) exceeds [CZK/EUR ⚫] [[2 %] of the sum of Investments actually paid to the Company], in which case the Warrantors shall be liable for the entire amount and not merely the excess.

* 1. Limitations of liability

The aggregate liability of the Company as a Warrantor to each Investor shall be limited to the Investment paid by the Investor [together with the proper and reasonable costs of recovery in respect of any claim incurred by or on behalf of the Investor]. The aggregate liability of each Founder to each Investor shall be limited to [the multiple of such Founder's share in the registered capital of the Company before the Investments and [20 %] of the sum of Investments actually paid to the Company] [CZK/EUR ⚫] [[one] times the Founder's gross annual salary calculated based on the salary received by the Founder during the period of 12 months prior to the Breach of Warranty].

* 1. Exceptions to limitations of liability

Nothing in this agreement shall be construed so as to limit the liability of the Warrantors for a Breach of Warranty, where the Warrantors have misrepresented or withheld any information intentionally or as a result of being grossly negligent.

* 1. Cure period

The Warrantors shall have no liability for a Breach of Warranty, if the Breach of Warranty, if capable of being remedied, is remedied within [60] days of the date of receipt of a Notice of Breach, or such longer period for remedy as the Investor may allow in the Notice of Breach.

* 1. Expiry of claims

Each Investor's right to claim for compensation under clause 6.3 shall expire within [12‑18] months of the Signing Date, except for any claims that arise due to a Breach of Warranty concerning any of the Warranties in Schedule 2 clause 4 (Taxes), which claims shall expire [90] days of the end of the statutory period in which the relevant tax may be assessed, and in any event no later than [4] years of Closing.

* 1. Right to Recover

Where the Company is entitled (whether by reason of insurance or payment discount or otherwise) to recover from a third party any sum in respect of a Breach of Warranty, the relevant claim for compensation shall be limited to the amount which exceeds the recovered amount.

1. Post-Closing Obligations
	1. Post-Closing obligations

Subject to a successful Closing, the Company and the Founders undertake the following obligations to each Investor, each of which may be waived [by the Investor Majority]:

* + 1. within [⚫] months as of the Closing, to [an obligation to fix a specific issue]; and
		2. within [⚫] months as of the Closing, to [an obligation to fix a specific issue].
	1. Notifications

[The Company shall notify the Investors each time it completes a task listed in clause 7.1.]

1. Confidentiality

The matters contemplated by this agreement shall be treated as confidential and should not be disclosed to any person except:

* + 1. with the prior written consent of the other party or parties (as applicable); or
		2. to the extent required to do so by law or by any court or regulatory or government authority (including any listing authority or stock exchange); or
		3. [to the extent required to do so as part of arranging other investments].

[The Investors may, from time to time, publicly announce (including on the website affiliated with the Investor and in marketing materials and on the social media and/or through other communication channels affiliated with the Investor) its investment in the Company on such terms as the Investors may, in their reasonable discretion, consider fit, provided that any information disclosed shall be information of a general, aggregated nature only and shall not include detailed financial or operating information provided by the Company or included in this agreement.]

1. Payments

Unless otherwise agreed, any payments to be made under this agreement shall be made in [CZK/EUR] by transfer of the relevant amount to the relevant account on or before the date the payment is due.

Save as otherwise specifically set out in this agreement, if a party defaults in making any payment when due of any sum payable under this agreement, it shall pay compensation on that sum from the day following the date on which payment is due until (and including) the date of actual payment (after as well as before judgement) at the [⚫]% per annum.

1. Notices

Any notice or other communication under this agreement must be made in English in writing and sent to the address, e-mail address or data box specified in relation to each party below:

* + 1. to the Company at: [*address, marked for the attention* *of ⚫*], [*e-mail address*] and [*data box*];
		2. to Founder 1 at: [*address, marked for the attention of ⚫*], [*e-mail address*] and [*data box*];
		3. to Founder 2 at: [*address, marked for the attention of ⚫*], [*e-mail address*] and [*data box*]; and
		4. to the Investor at: [*address, marked for the attention of ⚫*], [*e-mail address*] and [*data box*].
1. General

No amendment to this agreement is valid unless made in the same form as the original agreement and signed by all parties.

No party may assign or otherwise transfer its rights and/or obligations arising under this agreement without the prior written consent of the other parties. As an exception to this rule, the Investor is entitled to transfer all of its rights and obligations arising from this agreement at any time and without consent of the other parties to an Affiliate, or a fund, partnership or other investment vehicle that is part of the same group of funds, or is Controlled by any of the Investor's general partners, limited partners, members or shareholders.

If any provision of this agreement is apparent (in Czech *zdánlivé*), invalid or unenforceable, the parties shall make their best efforts to replace such provision to achieve the effect closest to the original provision.

Any provision of this agreement that sets out an obligation of a party to procure that another person will or will not act in a certain manner, sets out such party's obligation to ensure that the third person actually performs what has been agreed pursuant to Section 1769, second sentence, of the Civil Code.

Each party shall bear its own costs in connection with the negotiations, preparation, entry into, and performance of this agreement [except subject to [the/each] [Lead] Investor having paid to the Company its Investment in full, the Company shall reimburse [the/each] [Lead] Investor for its costs on legal, financial, and other advisors incurred in connection with the transactions contemplated under this agreement (including the costs of preparation of other transaction documentation) up to the maximum of [CZK/EUR ⚫] plus VAT.]

The parties have agreed that the following shall apply in relation to the provisions of the Civil Code and this agreement:

* + 1. the parties accept the risk of change of circumstances (hardship) in accordance with Section 1765 of the Civil Code;
		2. no obligation under this agreement is an agreement on fixed payment term within the meaning of Section 1980 of the Civil Code;
		3. no party is deemed to have been the first to use any expression in the negotiation of this agreement and other documents contemplated hereunder (to the exclusion of the interpretation rule in Section 557 of the Czech Civil Code);
		4. the applicability of Section 1805(2), which limits the creditor's right to claim interest exceeding the principal amount, shall be excluded;
		5. Section 1728(2) of the Civil Code shall not apply to the extent that its application would result in a different regulation of the parties' rights than the provisions of this agreement on Warranties and liability for their breach;
		6. all non-mandatory statutory provisions that may otherwise give any of the parties the right to terminate this agreement, including, in particular, Sections 1977, 1978, 2002 and 2003 of the Civil Code shall not apply; and
		7. any provision of this agreement that sets out an obligation of a party to procure that another person will or will not act in a certain manner, sets out such party's obligation to ensure that the third person actually performs what has been agreed pursuant to Section 1769, second sentence, of the Civil Code.

This agreement and any contractual or non-contractual obligations arising out of or in connection with it shall be governed by and shall be construed in accordance with Czech law.

All disputes or claims arising out of or in connection with this agreement, including disputes relating to any non-contractual obligations, validity, breach, termination or nullity of this agreement, shall be exclusively decided by the Czech courts.

This agreement and the respective schedules hereto constitute the entire agreement between the parties relating to the subject matter hereof and supersede any and all previous agreements between the parties relating to the subject matter hereof.

1. 1. Cap Table

[⚫]

1. 1. Representations and Warranties
2. Corporate
	1. **Corporate existence**

The Company is duly organised and validly existing under the laws of the Czech Republic. No order has been made, no resolution has been passed, no petition has been submitted and no shareholders' meeting has been convened or other action taken to initiate any bankruptcy, composition, reorganisation, liquidation, dissolution, merger, division or transformation of the Company.

* 1. **Public registers**

The information regarding the 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 the Company to any public register.

* 1. **Insolvency**

No insolvency petition (in Czech *insolvenční návrh*), bankruptcy petition (in Czech *návrh na prohlášení konkursu*) or restructuring petition (in Czech *návrh na povolení reorganizace*) has been presented or filed by the Company, shareholders of the Company or a third party. The Company is not unable or admits inability to pay its debts as they fall due. No moratorium is declared in respect of any indebtedness of the Company.

* 1. **No** **Encumbrances**

None of the shareholdings (in Czech *podíly*) held by the Warrantors are subject to any Encumbrances and, to the Warrantors' knowledge, none of the shareholdings held by any other shareholders of the Company are subject to any Encumbrances, except for, in each case, any Encumbrances arising from this agreement, the Company's memorandum of association or the shareholders' agreement (as applicable).

* 1. **Subsidiaries**

The Company does not hold any shares or any other interest, directly or indirectly, in any entity, partnership or unincorporated body and does not have any other branch in any country.

* 1. **Right to issue New Shares**

The Company has, subject to the adoption of Shareholders' Resolutions, full legal authority to issue the New Shares to be issued to the Investors under this Agreement and such New Shares, when issued, will be without any Encumbrances, except for any Encumbrances arising from this Agreement, the Articles of Association or the Shareholders' Agreement.

* 1. **Cap Table**

The column "Pre-Investment" of the capitalisation table in Schedule 1 is a true and correct representation of the Total Shares at the Signing Date displaying all outstanding shares and all rights to shares in the Company.

* 1. **Valid issuance**

All [outstanding] shares issued by the Company have been legally and validly issued and fully paid for.

* 1. **No third-party rights**

There are no outstanding options, warrants, convertible loans, or any other rights to acquire any shareholdings (in Czech *podíly*) other than those set out in the capitalisation table in Schedule 1 and those arising from this agreement or the Shareholders' Agreement.

1. Financial Statements
	1. **Complete and correct Financial Statements**

The Financial Statements have been prepared in accordance with the applicable generally accepted accounting principles and are, in material respects, a complete and correct representation of the results of operation, the financial condition and the assets and liabilities of the Company for the relevant periods.

1. EMPLOYMENT
	1. **Compliance with applicable laws**

The Company has duly performed all of its obligations to its current and former employees under relevant agreements and applicable laws.

* 1. **Employees' representatives**

The Company's employees are not organised in any trade union organisation and the Company does not have a works council or any other body representing any of its employees.

* 1. **Collective agreements**

The Company is not a party to any collective agreement, union membership agreement or regulation having similar effect. No higher-level collective agreement applies to the Company.

* 1. **No disputes**

The Company is not engaged in any material dispute with any current or former employees.

* 1. **Employment agreements valid and enforceable**

All of the Company's employment agreements are valid, binding and enforceable in accordance with their terms. No notice of termination has been served nor received with respect to any of the Company's employment agreements. To the Warrantors' knowledge, no employee of the Company has any intention to terminate its employment agreement with the Company.

1. Taxes

For purposes of this clause 4, Tax means all income, profits, sales, use, value added, withholding, payroll, excise, road or property taxes, customs duties, social security or public health insurance contributions, or other taxes, fees, assessments or charges of any kind whatsoever levied by competent authorities in accordance with applicable laws, and any interest or penalties accrued or imposed by any authority in relation to the same.

* 1. **Due records**

The Company has kept proper records on all matters that it is obliged to keep in respect of taxes.

* 1. **Due filings**

The Company has filed with relevant tax authorities all tax returns, tax reports and other tax‑related documents that it is obliged to file with any tax authorities.

* 1. **Due payments, deductions, and withholdings**

The Company has paid, deducted, and withheld all taxes that it is obliged to pay, deduct, or withhold to any tax authorities.

* 1. **No tax investigations**

There are no tax investigations currently pending with respect to the Company. To the Warrantor's knowledge, there are no circumstances that could trigger tax investigations with respect to the Company in the future.

* 1. **No tax liability**

The Company has not been involved in any transaction or activity that could be reconstructed or requalified by any tax authority so that it would result in any tax liability for the Company.

* 1. **Assets**

The Company owns or has a lawful right to use all of the assets, rights and property which it is currently using in its ordinary course of business. To the extent the Company owns relevant assets, the assets are free and clear of any Encumbrances. To the Warrantors' knowledge, there are no grounds for the termination of the Company's right to use any such assets, rights or property within a period of 12 months as of the Signing Date. The Company does not own any real estate.

1. AGREEMENTS
	1. **[List of material agreements]**

[The Disclosure Letter contains an exhaustive list of all material agreements.]

* 1. **Material agreements valid and enforceable**

All material agreements are valid, binding and enforceable in accordance with their terms and such terms are in line with the arm's length principle. No notice of termination has been served nor received with respect to any of the material agreements. To the Warrantors' knowledge, no counterparty to any of the material agreements has any intention to terminate any of the material agreements.

* 1. **No breach of material agreements**

The Company is not in breach of any material agreement. None of the other parties to any of the material agreements is in a material breach of such agreement. The entry into and performance of this agreement would not constitute a breach of any material agreement or relieve any party to such agreement from its obligations or enable any such party to prematurely terminate, unilaterally amend, rescind or render void any such material agreement or enforce any Encumbrance.

* 1. **No harmful agreements**

The Company is not a party to any of the following agreements or instruments:

* + - 1. any non-competition undertakings or any agreement that limits the freedom of the Company to conduct its business in any part of the world as it deems appropriate or to freely use any information in its possession;
			2. any loan or other agreement for the issuance of credit given by or to the Company, [other than any loan or credit granted as between the Company and any of its Subsidiaries];
			3. any guarantee, surety or other security issued by the Company, [other than any guarantee, surety or other security granted as between the Company and any of its Subsidiaries];
			4. any promissory note;
			5. any agreement with any Affiliate; and
			6. any joint venture, consortium, partnership, unincorporated association or profit sharing arrangement or agreement.
1. COMPLIANCE WITH LAWS AND LITIGATION
	1. **Compliance with laws**

To the Warrantors' knowledge, the Company has not breached (a) any applicable laws or regulations, (b) any order of any public authority or any judgments, awards or orders of any court or arbitral body or (c) any permit or authorisation applicable to the Company.

* 1. **Compliance with grants**

All information and documents submitted by the Company to any person, entity or institution in connection with any grants from any public funds, including any funds of the European Union, have been materially true, correct, and complete in all material respects.

* 1. **No litigation**

The Company is not involved in any litigation, prosecution, investigation, enquiry or arbitration and, to the Warrantors' knowledge, there are no grounds or circumstances likely to lead to any of the foregoing. There are no outstanding judgments, awards, orders or any other acts of any court of arbitral body against the Company.

* 1. **No criminal offence**

To the Warrantors' knowledge, none of the Founders has carried out or otherwise been involved in any activity in relation to the Company and its Business, whether in his/her capacity as a founder, a shareholder, a board member, an employee, or otherwise that constitutes a criminal offence committed by the relevant Founder or the Company.

1. Intellectual Property
	1. **Ownership of Intellectual Property**

The Company is the exclusive owner of its Intellectual Property. No third person has been granted any exclusive licence over the Company's Intellectual Property.

* 1. **Valid transfers from original authors**

None of the persons who have been involved in the development of the Company's Intellectual Property owns any copyrights or any other rights related to such Intellectual Property, except for moral copyrights which are not assignable under applicable law. With respect to such moral copyrights, all of the persons who have been involved in the development of the Company's Intellectual Property have granted the Company an exclusive licence or any other relevant right for exercising such rights within the maximum scope allowed under applicable law for the entire validity period of such rights. To the Warrantors' knowledge, there are no grounds under which any such person could prematurely terminate any such licence.

* 1. **Protection and registration**

The Company has taken all reasonable steps to protect its Intellectual Property.

* 1. **No infringement**

To the Warrantor's knowledge, the Company's current and past use of any Intellectual Property is not infringing the rights of any third party. To the Warrantors' knowledge, at the Signing Date, no third party is infringing the Company's rights to its Intellectual Property.

* 1. **Valid use of third-party Intellectual Property**

All Intellectual Property that is necessary in order to fully and effectively conduct the Company's business as conducted at the Signing Date, is licensed to the Company without any material fees and the Company has the right to use such Intellectual Property in the manner and for the purpose that the Company uses such Intellectual Property at the Signing Date [and in the manner and for the purpose which the Company intends, at the Signing Date, to use such Intellectual Property in the future].

* 1. **[No viral open source components]**

[None of the Company's products or services contain any Intellectual Property, including any open source software that is subject to a licence that: (a) requires that the relevant product or service must be distributed without charge or made publicly available; (b) materially restricts the Company in conducting its business in the way in which the Company conducts its business at the Signing Date [or in the way in which the Company intends, as at the Signing Date, to conduct its business in the future]; or (c) that has any other material adverse impact on the Company. None of the Company's products or services contain any Intellectual Property, including any open source software, that is subject to any of the following licences: the GNU Affero General Public License (AGPL), the GNU General Public License (GPL), CC-BY-SA.]

1. INFORMATION TECHNOLOGY
	1. **Websites**

The content of each of the Company's websites complies with all applicable laws and regulations.

* 1. **Domain names**

All domain names used by the Company are registered in the name of the Company.

* 1. **Back-up and recovery**

The Company has in place adequate back-up, disaster recovery and other systems and procedures to enable its business to continue without material adverse change in the event of a failure of any of the Company's computer systems.

1. DATA PROTECTION
	1. **General compliance**

The Company is and has always been materially compliant with all requirements of GDPR and other applicable data protection laws.

* 1. **Documentation**

The Company has drafted and duly updated all documentation required by the GDPR and other applicable data protection laws, including, if applicable, privacy policies, registries of processing activities and data protection impact assessments.

* 1. **Data protection officer**

The Company has, if required by the GDPR, appointed a data protection officer and notified the relevant data protection supervision authority accordingly.

* 1. **Data processing agreements**

The Company has valid data processing agreements with all of its data processors, who act as data processors for the Company, and all of its data controllers, to which the Company acts as a data processor. All such data processing agreements meet the requirements of the GDPR and other applicable data protection laws.

* 1. **Compliant processing**

The Company has always processed personal data in material compliance with the GDPR and other applicable data protection laws.

* 1. **No data breach**

No personal data breach has ever occurred in the Company.

* 1. **No Notice of breach from supervision authorities**

The Company has never received any claim or notice from any data protection supervision authority stating that its processing of personal data violates the requirements of the GDPR or any other applicable data protection laws and requirements.

* 1. **No notice of breach from data subjects**

The Company has never received any notice from any personal data subject stating that its processing of personal data violates the requirements of the GDPR or any other applicable data protection laws and requirements.

* 1. **No investigations**

The Company has never been subject to any investigation by any data protection supervision authority in connection with any alleged breach of the requirements of the GDPR or any other applicable data protection laws.

1. INFORMATION

All the documents and the information that have been provided to the Investors before the Signing Date by or on behalf of the Company in connection with the transactions contemplated under this agreement have been correct and complete in all material respects and are, in light of the circumstances in which they were made, not misleading and give, in all material respects, a true and complete picture of the business, financial and legal condition of the Company. All the documents and the information that have been requested by the Investors with respect to the Company have, to the extent they exist, been provided to the Investors by or on behalf of the Company.

1. 1. [Disclosure Letter]

The Warrantors hereby disclose the following matters to the Investors, whereas the following disclosures shall have effect [only with respect to the specific Warranties referred to hereunder] **OR** [with respect to all of the Warranties regardless of whether any particular Warranty is referred to hereunder]:

* + 1. With respect to the Warranty stipulated in Schedule 2 clause [⚫]:
			1. [a fact which may cause the Warranty to be untrue, incorrect or misleading].
		2. With respect to the Warranty stipulated in Schedule 2 clause [⚫]:
			1. [a fact which may cause the Warranty to be untrue, incorrect or misleading].
1. FORM ASSUMPTION OF REGISTERED CAPITAL CONTRIBUTION
2. FORM AGREEMENT ON PROVISION OF NON-REGISTERED CAPITAL CONTRIBUTION

Signatories