

SHAREHOLDERS' AGREEMENT

Between

The Founders

Lean Company Ventures, SCR, S.A.

[PARTNER INVESTOR A]

And

[PARTNER INVESTOR B]

IN RESPECT OF

[*Company*]

[Date]

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SHAREHOLDERS' AGREEMENT

THIS SHAREHOLDERS' AGREEMENT (the **Agreement**) is made and entered into on [date] (the **Effective Date**) by and between the following **Parties**:

[Full name Founder 1], [nationality, civil state, passport/citizen card number valid until DD/MM/YYYY, full address, tax identification number NNNNNNNNNN] hereinafter referred to as "**Founder 1**",

[Full name Founder 2], [nationality, civil state, passport/citizen card number valid until DD/MM/YYYY, full address, tax identification number NNNNNNNNNN], hereinafter referred to as "**Founder 2**",

[Full name Founder 3], [nationality, civil state, passport/citizen card number valid until DD/MM/YYYY, full address, tax identification number NNNNNNNNNN], hereinafter referred to as "**Founder 3**",

jointly referred to as "**Founders**"

Lean Company Ventures, SCR, S.A., taxpayer number 513 325 611, having its registered office at Av. Casal Ribeiro, 28, 1000-092 Lisbon, Portugal, hereinafter referred to as "**LC Ventures**" or "**Lead Investor**",

and

[PARTNER INVESTOR A], taxpayer number [NUMBER], having its registered office at [FULL ADDRESS], hereinafter referred to as "**PARTNER INVESTOR A**"

along with

[PARTNER INVESTOR B], taxpayer number [NUMBER], having its registered office at [FULL ADDRESS], hereinafter referred to as "**[PARTNER INVESTOR B]**"

Jointly referred to as "**Partner Investors**" or "**Partner Investor**" individually,

The “**Lead Investor**” and “**Partner Investors**” jointly referred to as “**Investors**”

And,

[**Full Company name**], [*taxpayer number NNNNNNNNNN, full address, share capital*], hereinafter referred to as the “**Company**”.

Founders and **Investors** are jointly referred to as “**Shareholders**”, and, jointly with the **Company** as “**Parties**” and each individually as “**Party**”,

Whereas:

- A.** The **Company** is engaged in the business of [*state business/purpose of **Company**/product developed*] (the “**Business**”).
- B.** The **Lisbon Challenge Accelerator** is a pre-seed accelerator based in Lisbon that helps Startups build and launch their product in a time span of 10 weeks, with the assistance of Investors that provide funding in two moments: at the beginning of the program (15K€ for 2% of share capital) for the companies that are selected by the Investors to enter the accelerator, and at the end of the program (55K€ for 5,1% of share capital) for the companies selected by the Investors.
- C.** **LC Ventures** and more specifically any of its Investment Vehicles or Risk Capital Funds have access to certain public funds made available by “IFD - Instituição Financeira de Desenvolvimento, S.A.” (“IFD”) to invest in the Company, provided that the Company complies to with the norms set out by IFD in the public tenders IFD-FC&QC-BA-01/16 and IFD-FC&QC-FCR-01/16 (“Concursos”), as detailed in **Annex I** (the “**Norms**”).
- D.** [**PARTNER INVESTOR A**] have access to certain public funds made available by “IFD - Instituição Financeira de Desenvolvimento, S.A.” (“IFD”) to invest in the Company, provided that the Company complies to with the norms set out by IFD in the public tender IFD-FC&QC-BA-01/16 (“Concurso”), as detailed in **Annex I** (the “**Norms**”).

- E. **[PARTNER INVESTOR B]** have access to certain public funds made available by “IFD - Instituição Financeira de Desenvolvimento, S.A.” (“IFD”) to invest in the Company, provided that the Company complies to with the norms set out by IFD in the public tenders IFD-FC&QC-FCR-01/16 (“Concursos”), as detailed in **Annex I** (the “**Norms**”).
- F. The Company complies with the **Norms**.
- G. Subject to the terms and conditions of this Agreement the **Investors** have agreed to invest in the **Company** and to rule certain rights and obligations as Shareholders of the **Company**, including its governance and future transfers of shares.

OR

Subject to the terms and conditions of this Agreement the Parties have agreed to incorporate the Company and the **Investors** have agreed to invest in the **Company** and rule certain rights and obligations as Shareholders of the **Company**, including its governance and future transfers of shares.

[REMOVE THE OPTION ABOVE THAT DOES NOT APPLY]

1. Interpretation

- 1.1 Where a word or expression is capitalized in this Agreement it has the meaning set out in **Annex II**.

2. Investment and non-dilution

- 2.1. The Parties agree that the investment of the Investors in the Company shall be made by means of the subscription in cash of share capital increases in two (2) tranches.
- 2.2. The initial investment to be made jointly by any of the Investors amounts to EUR 15.000,00 (ten thousand euros) that, at a fully diluted pre-money valuation of EUR 735.000 (seven hundred and thirty five thousand euros), corresponds to 2% (two percent) of the share capital of the Company, on a fully diluted basis (the “**Initial Investment**”).
- 2.3. Following three (3) months after the Initial Investment, the Investors may jointly, in combinations of two or three, make an additional investment amounting to EUR 55.000,00 (fifty five thousand euros), at a fully diluted pre-money valuation of EUR 1.023.000 (one million and twenty three thousand euros), corresponding to 5.1% (five point one percent) of the share capital of the Company, on a fully diluted basis (the “**Subsequent Investment**”).
- 2.4. In the case that the three Investors decide to invest, they may propose to the Founders that the Subsequent Investment is increased by an additional €20,000 (twenty thousand euros), thus totalling €75,000 (twenty thousand euros). In that case, the conditions will remain the same, including the pre-money valuation.
- 2.5. Part of the Initial and the Subsequent Investment will be paid as premium (“*prémio de emissão*” or “*ágio*”) in the amount as necessary so that the Investors retain the percentages of share capital set forth on Section 2.2 and Section 2.3.
- 2.6. The investment at a fully diluted pre-money valuation, as aforementioned, shall include any unallocated employee share option plan and/or advisors’ option plans and/or any other similar contracts that give rise to an option right to acquire shares (“SOP”).
- 2.7. The Investors may make the investments referred to under this Clause 2 through any of their investment vehicles and/or risk capital funds.

- 2.8. After the Initial Investment, the Company's shareholding structure shall be as described in **Annex III**.
- 2.9. For a period of twenty four (24) months counted from Effective Date, the Investors, either jointly or individually, are granted with the right to participate in any future rounds of financing for the Company, with a twenty percent (20%) discount on the lowest pre-money valuation offered to any other party.
- 2.10. The aforementioned discount in any future rounds to be granted to the Lead Investor and the Partner Investors and referred to in Section 2.9 is subject to an accumulated maximum limit of €250,000 (two hundred and fifty thousand euros), to be summed across all future financing rounds and as long as the Investors are entitled to such discount.
- 2.11. The Investor's shares will be subject to an adjustment to eliminate dilution, by the issuance of ordinary shares to the Investors in pro-rata, whenever there is a capital increase or a transfer of shares that implies a lower valuation than that of the Investor's entry (the "Anti-Dilution"), to be calculated using the following formula

$$\text{NSP} = \text{ISP} \times (\text{NOS} + \text{AC}) / (\text{NOS} + \text{SSI}),$$
where the variables equal the following:
NSP = New share price
ISP = Investors share price
NOS = Number of Outstanding Shares immediately prior to new issue plus all Outstanding Options on an as-exercised basis.
AC = Aggregate consideration, including all money and/or assets, received by the Company with respect to the new issue divided by ISP
SSI = Number of shares of stock issued in the subject transaction
- 2.12. In the case that the Company or one of its current or future Subsidiaries shall enter into any additional, or modify any existing agreements with any existing or future investors in the Company or any of its Subsidiaries that have the effect of establishing rights or otherwise benefiting such investor in a manner more favourable in any material respect to such investor than the rights and benefits established in favour of the Investors by this Agreement, the Initial Investment and/or the Subsequent Investment, as applicable, made by the Investors shall be amended so that the Investors also benefit from such improved rights or terms.

3. Representations, Warranties and Indemnity

- 3.1. The Founders and the Company provide the Investors with the Representations and Warranties listed in **Annex IV** (Representations and Warranties), which are true, complete and accurate at this Effective Date.
- 3.2. To the extent that the Company acquires a Founders Subsidiary, in the terms of Section 11.4 below, the Representations and Warranties listed in **Annex IV** (Representations and Warranties) will be repeated and be true, complete and accurate by reference to any such Founders Subsidiary transfer to the Company.
- 3.3. The Investors provide the Company and the Founders with the warranties listed in Annex IV- A (Investors' Warranties), which are true, complete and accurate as at this Effective Date.
- 3.4. The Founders are jointly liable and agree to hold harmless and indemnify the Investors from any liabilities of any kind or character arising out of any unlawful actions taken by them in reliance upon any fact or statement contained in the Representation and Warranties which may prove to be untrue, incomplete or inaccurate.

4. Governance of the Company

- 4.1. The Board of Directors shall consist of up to three (3) members appointed by the Founders.
- 4.2. The Investors may each appoint one (1) non-voting Observer to attend meetings of the Board of Directors.
- 4.3. The Board shall meet at least quarterly and meetings may be done using video or conference calls.
- 4.4. At least five (5) Business Days' written notice shall be given to each Board meeting and the Observer, when appointed. The notice shall include an agenda identifying in reasonable detail the matters to be discussed at the meeting, together with copies of any relevant documents to be discussed at the meeting.
- 4.5. Resolution on the following matters, either to be adopted by the Board or on the Shareholders Meeting, shall require the prior written consent of the Investors:
 - i. alter the rights of the Shares;

- ii. decide on a share capital increase of the Company and any other decision that may have as result the dilution of the Investors shareholding without the *pro-rata* right, including convertibles or any other third party promises or alike;
- iii. alter the registered office or the place of business;
- iv. effect any material change to the nature of the Business Plan and the Annual Budget;
- v. sale of assets representative of more than 10% of the value of total assets or of any business area of the Company or, irrespective of the value, the sale of any Intellectual Property rights;
- vi. loans or issue of bonds that either individually or combined with past or already agreed issuing, represent more than 25% of the total capital raised or more than 10% of Revenue, whichever is greater;
- vii. adopt any decisions that may affect compliance with the Norms.

5. Vesting of Founders Shares

- 5.1. All of the Shares held by any of the Founders on or prior to the commencement date of the Agreement shall be subject to vesting over the period of four (4) years from Effective Date (“Vesting Period”).
- 5.2. Vesting will occur based on the following Vesting Period:
 - i. Until and through one year after the Effective Date, no Founder’s shares will vest (“the **Cliff**”);
 - ii. One year after the Effective Date, **25%** of each Founder’s shares will automatically vest;
 - iii. After one year from the Effective Date, the remaining **75%** of the shares shall vest in equal monthly instalments over the next three (3) years;
 - iv. Thus, on the fourth (4) year after the Effective Date (the "Full Vesting Date"), each Founder will be 100% vested.

Bad Leaver

- 5.3. In the event the Founder becomes a Bad Leaver, all the Shares held by the relevant Bad Leaver which are vested and unvested shall, as determined by the Shareholders Meeting, in its absolute discretion and to the fullest extent admissible under

applicable law, be bought back by the Company or *pro-rata* by the remaining Shareholders at the lower of the nominal value of the shares, the subscription price paid by the Founder, the Fair Market Value, if its calculation is required by the Investors, or the Book Value of the Company.

5.4. A Founder is a Bad Leaver if it ceases to be an employee at any time and any of the following circumstances apply:

- (a) if applicable, is dismissed from the office of Director with cause or otherwise disqualified from acting as a director by applicable law or regulation; and/or
- (b) that person's dismissal by the Company as an employee for cause.
- (c) that person's material breach of any provision set out in this Agreement, including the non-compete agreement.

5.5. At the request of the Investors the Parties shall vote an amendment to the articles of association of the Company so that the articles contemplate the possibility to exclude a shareholder that become a Bad Leaver.

Good Leaver

5.6. If a Founder becomes a Good Leaver during the Vesting Period, all the Shares of the relevant Good Leaver which are vested shall be retained by the Good Leaver and all remaining Shares which are unvested shall, as determined by the Shareholders Meeting in its absolute discretion, and to the fullest extent admissible under applicable law, be bought back by the Company (with a secondary purchase option *pro-rata* for all Shareholders) at the Book Value of the Company or, if lower, the fair market value, provided that its calculation was required by the Investors. A Founder is a Good Leaver if it ceases to be a Director or an employee at any time and he/she is not a Bad Leaver and the Shareholders Meeting confirms that the person is a Good Leaver.

5.7. If a Founder becomes a Good Leaver on, or after, the last day of the Vesting Period then all of the Shares held by the relevant Good Leaver shall be retained by them.

Accelerated Vesting on Exit

5.8. Immediately prior to the occurrence of an Exit Event, any Founder's Shares that are unvested, shall be deemed to be vested.

6. Liquidation Preference

- 6.1. In the event of an Exit Event the Proceeds shall be distributed as follows:
- (a) the Investors shall receive an amount equal to one time (1x) the investment made; and
 - (b) Any remaining proceeds shall be distributed *pro-rata* among holders of Shares (excluding the Investor when 6.1 (a) applied);
- 6.2. In the event that the Investors' *pro-rata* share, based on its ownership of the shares, would give way to a payment of a higher amount of Proceeds in the Exit Event, when compared to the amount the Investors would receive in Section 6.1 (a), the Investor shall be entitled to receive the higher amount.
- 6.3. In the event (i) more than one Party is entitled to a liquidation preference on an equal level; and (ii) the Proceeds are not sufficient to completely fulfil the liquidation preferences of all such entitled Parties at such level they shall be entitled on a *pro-rata* basis with regard to the amount of the liquidation preference on the respective level.
- 6.4. The provisions of this Section 6 shall prevail, as amongst the Shareholders and Investors, over the Company's Articles of Association.

7. Right Of First Refusal

- 7.1. While this Agreement is in force, any of the Parties shall have a right of first refusal over the shares of any other Party, on a *pro-rata* basis, in the event of a transfer of any shares of the Company, with the exception of Permitted Transfers.
- 7.2. Permitted Transfers include:
- (a) The event that the transferor is an Investor and the purchaser any other venture capital fund or investment vehicle in which the Investor has any participation and it is managed by the Investor and under the condition that the purchaser upon acquiring the shares, shall simultaneously assume all rights and obligations belonging to the transferor;
 - (b) The event that the transferor is a Founder and the purchaser a Company or legal entity majority owned by the transferor or, if not, it is under his/her control or management, in the terms of Article 486 no. 2 of the Companies

Code, under the condition that the purchaser upon acquiring the shares shall simultaneously assume all rights and obligations belonging to the transferor.

- 7.3. If a Party wishes to transfer its shares, in part or in total, it must notify the other Parties of its intention, in writing, within fifteen (15) days before the projected transfer date (“Transfer Notice”).
- 7.4. The aforementioned Transfer Notice shall contain the following mandatory elements:
 - (i) price of the transaction;
 - (ii) identification of the acquirer;
 - (iii) indication of the deadline for the transaction;
 - (iv) conditions of payment;
- 7.5. If a Party wishes to use its right of first refusal, it has to notify the transferring Party and the other Parties of the exercise of the right of first refusal in writing within fifteen (15) days from the date of receipt of the Transfer Notice.
- 7.6. It is understood that the exercise of the right of first refusal, include the obligation to acquire the shares of the non-selling shareholder that exercises its tag-along right.

8. Tag-Along Rights

- 8.1. If a third party makes an offer to acquire the shares of one or more shareholders (the “Selling Shareholder”), the non-selling shareholders who hold a percentage lower than ten percent (10%) of the total share capital, and do not exercise their right of first refusal, have the right to sell their shares to the third party together with the Selling Shareholder, for the same offered value and under the same conditions, in proportion to their respective shares in the Company.
- 8.2. When the percentage of shares to be transmitted by the Selling Shareholder exceeds fifty percent (50%) of the total of the Company’s share capital, the remaining shareholders who hold the tag-along right may request the transfer of all of their respective shares.
- 8.3. If a non-selling shareholder wishes to exercise the tag-along right it shall notify the Selling Shareholder in writing within fifteen (15) days from the date of receipt of the Transfer Notice.

- 8.4. The transfer of Shares by the Selling Shareholder without first complying with the rules of this Clause 8, including the simultaneous sale of the shares by the shareholders that exercise the tag-along right, produces no effects and entitles the Company to refuse the registration of the transfer of ownership.

9. Drag-Along Rights

- 9.1. If one or more shareholders (the "Selling Shareholder"), that includes at least a registered business angel, a fund or any Formal Investor, representing a share capital percentage above 75% received a purchase offer for their shares, such Selling Shareholder(s) may exercise their right to drag or "drag-along" against all other shareholders that do not exercise their right of first refusal, to have their shares acquired by the third party together with the Selling Shareholder(s)' shares, and for the same offered price and under the same conditions.
- 9.2. In the case of Section 9.1, the Transfer Notice shall inform the non-selling shareholders that they will have the fifteen (15) days term to either exercise their Right of First Refusal or be drag under this clause 9.
- 9.3. In order to exercise the drag along right provided under this clause, the Company value given by the third party purchaser shall have to be equal to or greater than the highest of the following: (a) the last valuation of the Company given in a capital increase operation, plus twenty five percent (25%) for each year since the operation, (b) the result of multiplying by ten (10) the EBITDA earned by the Company during the previous six (6) months, or (c) the result of multiplying by four (4) the Company valuation given in the last capital increase in which the Investors participated.

10. Information Rights

- 10.1. The Company shall provide to each Investor a quarterly reporting (using a pre-indicated format and medium), a monthly information regarding the main metrics and achievements (using a pre-indicated format and medium) and a management rights letter to satisfy its venture capital operating company requirements. Such management rights include the ability to attend, advise and consult with management of the company, attend board meetings and inspect the company's books and records.

11. Non-competition

- 11.1. Each of the Founders undertakes, as long as they are holders of shares in the Company, not to compete, directly or indirectly, with the Business, provided that for the purposes of this non-competition undertaking the definition of Business shall not include any business that was not carried out or was not contemplated to be carried out by the Company or companies belonging to the same group upon termination of this Agreement or when the Founders transfer all its Shares. The above includes also the Founders acting, directly or indirectly, as an employee, consultant, shareholder, member of the Board, advisor or in any other role in a company competing with the Business. Also, the preparation of any business competing with the Business by the Founders during the above non-competition period is prohibited.
- 11.2. The Founders expressly hereby warrant that this Section 11 is fair and reasonable in all parts and that it does not unreasonably prohibit them from being employed or earning their living without breaching the prohibition on competition or the prohibition on solicitation.
- 11.3. The Board shall have the right, at the justified request made by the Founder in writing, to agree on exceptions to the above non-competition undertakings on a case by case basis, subject to the written consent of the Investor.
- 11.4. The Founders undertake to transfer to the Company, any participation rights in the share capital and/or any options and/or any other rights in any such company(ies), registered in Portugal or elsewhere, that pursue the same or a similar Business, no later than sixty (60) days following Effective Date (“Founders Subsidiary”).
- 11.5. Any such transfers to the Company will be made at (i) no cost to the Company by means of a “*prestação acessória de capital*” to be carried out by the Founder, whenever possible or (ii) at a maximum cost of € 1.000 (one thousand euros).
- 11.6. The Parties acknowledge that the Investors are engaged in investment activities. Nothing in this Section 11 shall prevent or prohibit the Investors from making or maintaining any investments or from appointing directors or observers to the boards of directors of their investee companies.

12. Intellectual Property Rights

- 12.1. The Parties acknowledge and agree that the Company shall have, without any separate compensation, all the right, title and interest in and to all the Intellectual Property rights arising out of the business of the Company and its affiliates which are developed or generated prior to or after the execution of this Agreement based on the Founders employment, whether through a third party company or otherwise, and in and to all the results of the Founders work. The Founders agree without any delay to transfer all such rights and rights to amend, change, further develop, assign, license or otherwise transfer to third parties the objects of such rights as the Company deems best, pursuant to this Agreement and the employment, service or any other contractual relationship of the Founders without any compensation payable by the Company or the affiliates to the maximum extent allowed by applicable laws, this including any Intellectual Proprietary rights that Founders have developed other than at the Company, in Portugal or elsewhere, in any capacity. The Founders shall irrevocably and unconditionally waive all claims relating to any Intellectual Property rights transferred under this Section 12 or the utilization thereof against the Company and/or its affiliates.
- 12.2. The Shareholders agree, without delay, at the request of the Company, to deliver to the Company all documents and other such information which relate to the confirmation of or transfer of the title to the said Intellectual Property rights to the Company and/or its affiliates, and also otherwise to act in such a manner that the Company or its affiliates can make use of or register such Intellectual Property rights or to maintain the registration in any country, authority or court.

13. Miscellaneous

- 13.1. The terms and conditions set forth in this Agreement shall prevail, to the fullest extent legally permissible from provisions of the Articles that contradict provisions of this Agreement.
- 13.2. Each and all Parties obligations to sell Shares under Clause 5 and 9, has the nature of a “*promessa unilateral de venda*” to the shareholder and are subject to specific performance (*execução específica*).

14. Governing Law and Jurisdiction

- 14.1. This Agreement shall be governed by, and construed in accordance with, the laws of the Republic of Portugal.
- 14.2. Any and all disputes arising out or in connection with this Agreement shall be subject to the jurisdiction of the courts of Lisbon, Portugal.

Signatures Pages

This Agreement is signed by duly authorised representatives if the **Parties**:

Founder 1

Founder 2

Founder n

LC Ventures

Name: [Board Member/Manager 1]
In the capacity of: Board Member/Manager

Name: [Board Member/Manager 2]
In the capacity of: Board Member/Manager

[PARTNER INVESTOR A]

[PARTNER INVESTOR B]

Name: [Manager 3]
In the capacity of: Manager

Name: [Manager 4]
In the capacity of: Manager

[Company]

Name: [Manager 5]
In the capacity of: Manager

Name: [Manager 6]
In the capacity of: Manager

ANNEX I

Requirements for Final Beneficiaries defined in the Call for Tenders ref. IFD-FC&QC-BA-01/16 and IFD-FC&QC-FCR-01/16

<p>23. Final Beneficiaries</p>	<p>Final Beneficiaries (FB) are distinguished according to the appropriate Investment Priority:</p> <p>IP 3.1 – Seed, start up or early stage SME that address the economic exploitation of new ideas, technologies and/or products, and which do not, until the moment the investment is made, have 3 full business years since the beginning of economic activity, with eligible CAE according to the relevant legislation.</p> <p>IP 3.3 – SME in development stages (Second Round) of new products and/or services, focused on innovation and, with eligible CAE according to the relevant legislation.</p> <p>The FB should fit the Investment Priorities and Operational Programmes that are the object of this call, as well as fulfil the conditions in sections 24 and 25 of this Product Data Sheet.</p>
<p>24. Operational Programmes and Investment Priorities</p>	<p>a) Investment Priority 3.1 (Compete 2020, POR Lisboa and POR Algarve)</p> <ul style="list-style-type: none"> • Creation of businesses and start-up stage • Promote entrepreneurial spirit, in order to increase the support for economic exploitation of new ideas and provide incentives to creating new businesses, preferably within national or regional Research and Innovation Strategies for Smart Specialisation (RIS3), or in mid to high-technology industries and in knowledge intensive services, or in tradable industries or those with a high internationalisation potential. <p>b) Investment Priority 3.3 (POR North):</p> <ul style="list-style-type: none"> • Reinforce the region’s SME skills to develop new products and services. • Innovative projects at the level of processes, products, organisation or marketing. <p>The projects to be supported should, preferably, be articulated with the regional RIS3 thematic objectives, whether at the level of differentiating domains, whether in terms of the interconnection areas/innovation platforms.</p> <p>(...)</p>
<p>25. Eligibility conditions for the FB</p>	<ol style="list-style-type: none"> a. To be legally established; b. To have an updated tributary and contributory situation with, respectively, the fiscal authorities and social security, to be verified until the moment when the financing agreement with the financial intermediary is signed; c. To be legally authorised to develop activities in the territory covered by the OP and the type of operations and investments they apply to; d. To have or be able to ensure, until the application’s approval, the technical, physical and financial means and human resources necessary to develop the operation; e. To have an updated situation in terms of repositions, within ESIF financing; f. To not hold, or have held, directly or through a spouse or partner from whom they are not divorced or legally separated, or first degree relatives in the direct ascending or descending line, in more than 50%, equity in a company that has not fulfilled a restitution notification relative to support

	<p>within an operation financed through European funds;</p> <ul style="list-style-type: none"> g. To be SME in accordance to the definition within the Recommendation 2003/361/CE of the Commission, and provide evidence of this status until the date of financing by the financial intermediaries through Electronic Certification of SME, emitted according to Decree-Law No. 372/2007, of November 6; h. To not have ended the same activity or a similar one within the European Economic Space up to two years before the approval of the financing by the FI or that, at the time of this approval, has specific plans to end such activity up to two years after the end of the business plan which is being financed; i. To not be officially listed in a stock exchange, except for alternative negotiation platforms; j. To not be considered an undertaking in difficulty, as set in k. Regulation (EU) No. 651/2014, of June 16.
<p>26. Conditions applicable to investments in FB</p>	<ul style="list-style-type: none"> a) The FB to be financed fulfils, at least, one of the following conditions: <ul style="list-style-type: none"> i. Has not operated in any market; ii. Has operated in any market for less than seven years since the first commercial sale; iii. Requires an initial investment of venture financing which, based on a business plan prepared in order to enter a new product market or a new geographic market, is higher than 50% of its average annual turnover in the previous five years. b) Risk financing aid can also include complementary investments in eligible companies, even after the seven year period mentioned in a)ii. above, if the following cumulative conditions are met: <ul style="list-style-type: none"> i. The total amount of risk financing does not exceed €15 million euros; ii. The possibility of complementary investments was a part of the initial plan; iii. The beneficiary company has not become associated, as defined in article 3(3) of Annex I to the Regulation (EU) No. 651/2014 (GBER), with another company other than the financial intermediary or independent private investor which supplies venture financing under this measure, except if the new entity complies with all the conditions in the definition of SME. c) With respect to investments in equity and quasi-equity in eligible companies, a FI can only finance replacement capital if combined with new equity representing at least 75% of each investment cycle in eligible companies; d) With respect to investments in equity and quasi-equity in eligible companies, a maximum of 30% of the total capital contributions from the FI and the committed and unpaid capital may be used for liquidity management; e) The total amount of aid to venture financing from FI (given as investment in equity, quasi-equity, loans or guarantees), attributed under Regulation (EU) No. 651/2014, cannot exceed € 15 million per eligible company;

	<p>f) The investments to be supported through financial instruments cannot be materially concluded or completely executed on the financing decision date;</p> <p>g) Aid to activities related to exports to third countries or Member-States, namely aids directly linked to exported quantities, to the creation and maintenance of a distribution network or other current costs linked to the export activity, fall outside the scope of this measure;</p> <p>h) Aid subordinated to the use of national products over imported ones fall outside the scope of this measure; The accumulation of an equity or quasi-equity investment through financial instruments financed with ESIF with other incentives of the Programme Portugal 2020 must comply with accumulation rules within community regulations, namely GBER.</p>
<p>28. Excluded Industries and Activities</p>	<p>Projects which include the following activities are excluded (Classificação Portuguesa de Atividades Económicas - CAE, reviewed by Decree-Law No. 381/2007, of November 14):</p> <ul style="list-style-type: none"> a) Financial and insurance – divisions 64 to 66; b) Defence – sub-classes 25402, 30400 e 84220; c) Lottery and other betting games – division 92. d) Due to specific European restrictions in terms of state aid, the following FB projects are also excluded: <ul style="list-style-type: none"> i. In fishing and aquiculture, as described in the Regulation (EU) No. 1379/2013, of December 11, that establishes the common organisation of the fishing and aquiculture products, alters the Regulations (EU) No. 1184/2006 and (EU) No. 1224/2009 of the Council and revokes the Regulation (EU) No. 104/2000 of the Council; ii. In primary agricultural production, as defined in Regulation (EU) No. 651/2014, of January 16;

	<ul style="list-style-type: none"> iii. Companies with intragroup activities and whose main activities fall into subdivisions 70.10 "Activities of headquarters" or 70.22 "Consulting activities for business and other management consulting activities" of NACE Rev. 2; iv. In processing and marketing of agricultural products included in Annex I of the Treaty and forestry, as established in the Partnership Agreement within the delimitation between Cohesion Funds and EEAFFRD and EMFF, when concerning business investment projects: developed in farms (when the raw materials comes mostly from the farm itself), or developed by Organizations of Producers, or with a total investment up to € 4 million.
<p>29. Other additional requirements</p>	<p>The FB should be informed that the financing is granted within the ESIF co-funded programmes, as stated in article 115 of the Regulation (EU) No. 1303/2013 and that it is subjected to European rules in terms of State aid, namely the requirements and maximum aid thresholds established in Regulation (EU) No. 651/2014, amended by Regulation (EU) 2017/1084, 14th of June.</p>
<p>30. Applicable Law</p>	<p>Decree-Law No. 225/2015, 9th of October (FC&QC) Decree-Law No. 159/2014, 27th of October, amended by the Decree-Law No. 215/2015, 6th of October Decree-Law No. 18/2008, 29th of January (Public Procurement Code) Decree-Law No. 372/2007, 6th of November Regulation (EU) No. 651/2014, 16th of June, amended by Regulation (EU) 2017/1084, 14th of June Regulation (EU) No. 480/2014, 3rd of March Regulation (EU) No. 1303/2013, 17th of December</p>

Annex II

Interpretation

In this Agreement, unless the context otherwise requires, the words and expressions below shall have the following meanings:

“**Agreement**” means this Shareholders’ Agreement;

“**Annual Budget**” means an approved budget of the Company for a given year;

“**Board**” or “**Board of Directors**” means the Board of Directors of the Company;

“**Book Value**” means the value of the Company as showed at the balance sheet last approved at any relevant date to this agreement and the book value of each share is calculated by dividing the book value by the number of Outstanding Shares;

“**Business**” means the activities carried out by the Company from time to time, mentioned in its scope defined under the Company’s Articles of Association or any other related activity pursued by the company on a regular basis;

“**Business Days**” means a day, other than a Saturday, Sunday or public holiday in Portugal, on which banks in the city of Lisbon are open for general banking business in Lisbon;

“**Business Plan**” means the approved business plan of the Company for a given period;

“**Company**” means the company as identified at the beginning of the Agreement.

“**Companies Code**” means the Portuguese Código das Sociedades Comerciais.

“**Effective Date**” means the date in which the Agreement is made and entered by and between the Parties and in which the rights and obligations provided for under this Agreement are in full force and effect.

“**Exit Event**” means any liquidation, dissolution or winding up of the Company, including any merger or consolidation into or with any other Company, or the sale and/or out-licensing of more than 50% of the Company’s assets (at fair market value and regardless whether reflected in the Company’s balance sheet) or the sale or contribution of 50% of all Company’s shares (also in accordance with the provisions regarding first refusal, co-sale, drag-along and tag-along rights) and/or an IPO in a single transaction or in a series of related transactions (jointly “Exit Event”).

“**Fair market value**” means the value of the shares to be determined, at the request of the Investors, by an independent auditor designated jointly by the Investors and the Founders.

“**Formal Investor**” is an investor organized in the form of a registered business angel, risk capital fund or an investment vehicle of the said or any investment entity regulated by a capital markets authority;

“**Founder**” means each party identified as *Founder*;

“**Founder Subsidiary**” has the meaning ascribed to it in section 11.4

“**Intellectual Property**” means copyrights, trade and service marks, including the trademarks, trade names, rights in logos and get-up, inventions, domain names, confidential information, trade secrets and know-how, registered designs, design rights, patents, utility models, semi-conductor topographies, all rights of whatsoever nature in computer software and data, all rights of privacy and all intangible rights and privileges of a nature similar or allied to any of the foregoing, in every case in any part of the world and whether or not registered; and including all granted registrations and all applications for registration in respect of any of the same

“**Investor**” means either Lean Company Ventures or Best Horizon, which are collectively referred to as **Investors**;

“**Outstanding Shares**” means all shares that represent the share capital of the Company either of ordinary nature or Preferred Shares, exclusive of treasury shares (*ações/quotas próprias*) held by the company itself;

“**Party**” means a party to this Agreement;

“**Preferred Shares**” means shares issued by the Company, from time to time, that grants to an owner any preferred economic rights on ordinary shares;

“**Proceeds**” means the proceeds resulting from a Exit Event, net of VAT, if any, to be distributed among the Shareholders;

“**Representations and Warranties**” means the warranties provided by the Founders and Company and the Investors

“**Shareholders**” means any holder of Company’s shares;

“**Shareholders’ Meeting**” means the General Shareholders’ Meeting;

“**Subsidiary**” means a company which is wholly owned or controlled by the Company, and any Founder Subsidiary.

Annex III

Company's shareholding structure after the Initial Investment

- i. **LC Ventures:** holder of [*number of shares/a quota*] with a nominal value of [*X EUR*] corresponding to *Y %* of the share capital;
- ii. **[PARTNER INVESTOR A]:** holder of [*number of shares/a quota*] with a nominal value of [*X EUR*] corresponding to *Y %* of the share capital;
- iii. **[PARTNER INVESTOR B]:** holder of [*number of shares/a quota*] with a nominal value of [*X EUR*] corresponding to *Y %* of the share capital;
- iv. **Founder 1:** holder of [*number of shares/a quota*] with a nominal value of [*X EUR*] corresponding to [*XX %*] of the share capital;
- v. **Founder 2:** holder of [*number of shares/a quota*] with a nominal value of [*X EUR*] corresponding to [*XX %*] of the share capital;
- vi. **Founder n:** holder of [*number of shares/a quota*] with a nominal value of [*X EUR*] corresponding to [*XX %*] of the share capital.

OR

- i. **LC Ventures:** holder of [*number of shares/a quota*] with a nominal value of [*X EUR*] corresponding to *Z %* of the share capital;
- ii. **[PARTNER INVESTOR A/B]:** holder of [*number of shares/a quota*] with a nominal value of [*X EUR*] corresponding to *Z %* of the share capital;
- iii. **Founder 1:** holder of [*number of shares/a quota*] with a nominal value of [*X EUR*] corresponding to [*XX %*] of the share capital;
- iv. **Founder 2:** holder of [*number of shares/a quota*] with a nominal value of [*X EUR*] corresponding to [*XX %*] of the share capital;
- v. **Founder n:** holder of [*number of shares/a quota*] with a nominal value of [*X EUR*] corresponding to [*XX %*] of the share capital.

Annex IV

(Representations and Warranties)

The Founders and the Company, represent and warrant to the Investors that the following is true and correct as of the Effective Date (all reference to the Company in this Annex IV includes any Subsidiary):

Existence and Power and authority

1. The Company is validly incorporated, in existence and duly registered under the laws of Portugal and has full power to conduct its business as conducted at the date of this Agreement.
2. The Company has full power and authority to enter into and perform this Agreement and the obligations expressed to be assumed by the same in this Agreement are legal, valid binding and enforceable on it in accordance with the terms of this Agreement.
3. No corporate action or any other steps have been taken by the Company nor legal proceedings have been started against it, is pending or, to the Company' knowledge, is threatened for its winding-up, dissolution, administration or re-organisation insolvency.
4. The execution and delivery of, and the performance by the Company of its obligations under this Agreement will not result in a breach of any provision of its articles of association, nor to its knowledge will result in a breach of any law.

Company

5. The Founders are the legal and beneficial owners of the share capital of the Company, as detailed in Annex III.
6. The commercial registry certificate of the Company accurately reflects the Company registration status as at the date hereof.

Activities

7. The Company complies with the Norms.
8. The Company has no participations and interest in the share capital of other companies or entities.
9. The Company holds the licenses, consents and authorizations necessary to conduct its business and activity, and complies in all material aspects with the obligations arising from any legislation or regulation applicable (namely regarding the following matters: tax, regulatory, labour, environmental, personal data, competition).

10. The Company complies in all material respects with the mandatory insurance requirements under the Portuguese law, and in respect of each current insurance policy the premiums have been duly paid and the policies are valid and in full force and.
11. The Company is not in default under any material provisions of any material agreement that is a party to.

Assets

12. The assets owned and used by the Company in connection of its business are capable and in good conditions in order to conduct the Company's activities and business as currently carried on by the Company.
13. The Company is the sole beneficial owner of its assets, including all assets described in the Accounts referred infra, free and clear from any encumbrance or rights of third parties of any nature and no liability may affect the assets of the Company.
14. None of the Founders or the Company is currently insolvent and there are no verbal or formal agreements or otherwise future agreed upon actions involving directly or indirectly the company that will render the Company or the Founders insolvent.

Employees

15. The Company does not have any outstanding obligation with respect to its employees, and no labour lawsuits are pending.
16. The Company has made all filings and has taken all actions required to be made or taken in respect of its employees under applicable social security, labour and welfare laws, employment contracts and collective agreements.

Taxes

17. The Company has generally complied with or paid or withheld all taxation falling due prior to the date of signature of this Agreement, has duly accrued all taxation which are not yet payable and timely filed all returns or other document relating to taxation required to be filed by the Company.
18. As far as the Company is aware the same is not subject to any proceedings, claim or reassessment whatsoever on the grounds of payment of any taxation, the amounts of which fell due prior to the date of signature of this Agreement.

Intellectual Property

19. The Company owns and/or is duly licensed regarding all software and computer programmes required for the carrying on of its business.

20. No product or service marketed, licensed or sold (or proposed to be marketed, licensed or sold) by the Company to the knowledge of the company violates any license or infringes any rights to Intellectual Property of any other person or entity or, to the knowledge of the Company, will violate any license or infringe any rights to Intellectual Property of any other person or entity.
21. Each current and former employee and consultant has fully and validly assigned and transferred to the Company all Intellectual Property he or she owns that are related to the Company's business as now conducted and as presently proposed to be conducted.
22. The Company has not received any written communications alleging that the Company has violated or, by conducting its business, would violate any of the Intellectual Property of any other person or entity.
23. The Company is not in violation or default of any provision of local or foreign statute, rule or regulation of any jurisdiction applicable to the Company, which default or violation would have a material adverse effect on the business of such company.
24. The Founder have or will promptly transfer to the Company, at no cost to the Company, any Intellectual Proprietary rights that Founders have developed or create while at the Company or in any other capacity outside the Company.

Disputes

25. No claims, lawsuits or investigations of any nature are pending against the Company, its Directors and/or the Founders based on violation of any law or regulation by the Company, its Directors and/or the Founders.
26. The Company, its Directors and/or the Founders are not involved in any judicial, criminal, administrative or arbitration proceedings which are not provisioned or disclosed in the accounts or, to the Company's, its Directors' and/or the Founder's knowledge, have been threatened of the proposition of such proceedings.

Miscellaneous

27. None of the assets, net worth, income or activities of the Company relate in any manner to armament, illegal drugs or other illegal controlled substances, prostitution, money laundering, or any other activity that is illegal in the respective country of citizenship, residence or domicile, in Portugal or elsewhere;
28. None of the Founders or the Company intend to hinder, delay or defraud the Investors or any third parties, or engage in any illegal conduct in relation to the Investors or any

third parties, and do not intend to agree on the investment in order to facilitate or otherwise engage in such activity;

29. The Founders, the Company and its Directors have not created any potential or actual contingency either by any action, document, contract or agreement entered upon or by not taken any action, signing contract or entering into agreements due to either negligence or wrongful conduct.

Annex IV-A

(Investors' Warranties)

1. Investors have obtained all corporate authorizations required to empower it to enter into and perform its obligations under this Agreement.
2. Investors are validly incorporated or organized, in existence and duly registered under the laws of its jurisdiction and have full power to conduct their business as conducted at the date of this Agreement.
3. The execution and delivery of, and the performance by such Investors, of its obligations under this Agreement will not result in a breach of any provision of its articles of association, nor, to its knowledge, will result in a breach of any law, statute, regulation, order, judgment or decree of any court or governmental authority to which such Investors are a party or by which such Investors are bound.
4. The obligations expressed to be assumed by the Investors in this Agreement are legal valid binding and enforceable on it in accordance with the terms of this Agreement.
5. The Investors have not taken any corporate action nor has any other steps been taken or legal proceedings started against it for its winding-up, dissolution, administration or re-organisation or for the appointment of a receiver, administrator or administrative receiver of the same or of any or all of its assets or revenues.