
THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
FOR
NASOGASTRIC FEEDING SOLUTIONS LTD

THURSDAY



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Company number: 11367892
THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF

NASOGASTRIC FEEDING SOLUTIONS LTD

(adopted by special resolution passed on 29 September 2020)

INTRODUCTION

1. Interpretation

1.1 The following definitions and rules of interpretation apply in these Articles:

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|---------------------------------------|---|
| A Ordinary Shares | the A ordinary shares of £0.0001 each in the capital of the Company. |
| Act | the Companies Act 2006. |
| acting in concert | has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended). |
| Adoption Date | the date of adoption of these Articles. |
| Appendix | the appendix to these Articles. |
| Articles | the Company's articles of association for the time being in force. |
| Associated Government Entities | has the meaning as defined in the Future Fund Convertible Loan Agreement. |
| Business Day | a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business. |
| Co-Lender | means any lender (other than the Future Fund) who is providing debt finance to the Company under the terms of any Future Fund Convertible Loan Agreement. |
| Company | means Nasogastric Feeding Solutions Ltd (company number 11367892). |
| Company's Lien | has the meaning given to it in article 21.1. |
| connected | has the meaning given in section 252 of the Act. |
| Controlling Interest | an interest in Shares conferring on the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010. |
| Deemed Transfer Notice | a Transfer Notice which is deemed to have been served by any of the provisions of these Articles. |

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| Directors | the directors of the Company from time to time. |
| Eligible Director | means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter). |
| Employee Trust | a trust whose beneficiaries are the bona fide employees of the Group. |
| Exit | has the meaning as defined in a Future Fund Convertible Loan Agreement. |
| Fair Value | has the meaning given in article 13.2. |
| Family Trust | as regards any particular Shareholder who is an individual (or deceased or former Shareholder who is an individual) any trust (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made, or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the Shares in question is for the time being vested in any person other than the particular Shareholder and/or any of the Privileged Relations of that Shareholder (and so that for this purpose a person shall be considered to be beneficially interested in a Share if such Share or the income thereof is liable to be transferred or paid or applied or appointed to or for the benefit of any such person or any voting or other rights attaching thereto are exercisable by or as directed by any such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons). |
| Financial Year | an accounting reference period (as defined in section 391 of the Act) of the Company. |
| Future Fund | means UK FF Nominees Limited (company number 12591650) whose registered office is at Level 37, 25 Canada Square, London E14 5LQ (and/or any of its successors or assignees as may be permitted under the terms of any Future Fund Convertible Loan Agreement). |
| Future Fund Convertible Loan | means a convertible loan made available to the Company under the terms of the Future Fund Scheme. |
| Future Fund Convertible Loan Agreement | means any agreement (in the form, or substantially in the form, of the Future Fund Convertible Loan Agreement Template) which sets out the terms of a Future Fund Convertible Loan. |
| Future Fund Convertible Loan Agreement Template | means the prescribed convertible loan agreement template as set out in the Appendix. |
| Future Fund Put Option | means any put option as may be granted to the Future Fund under the terms of any Future Fund Convertible Loan Agreement. |
| Future Fund Scheme | means the means the UK Government scheme (in partnership with British Business Bank plc) to issue convertible loans to companies which are facing financing difficulties due to the 2020 Covid-19 pandemic. |

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| Future Fund Shares | means any and all Shares issued to the Future Fund and/or any Co-Lender on exercise of the conversion rights pursuant to the terms of any Future Fund Convertible Loan Agreement. |
| Group | the Company, any subsidiary or any holding company from time to time of the Company, and any subsidiary from time to time of a holding company of the Company from time to time and Group Company shall be construed accordingly. |
| Independent Expert | the auditors (or if there are no auditors in office, the reporting accountants) for the time being of the Company or, if they decline the instruction, an independent firm of accountants jointly appointed by the Company and the Seller or, in the absence of agreement between the Company and the Seller on the identity of the expert within 5 Business Days of the expiry of the 10 Business Day period referred to in article 13.1, an independent firm of accountants appointed by the President, for the time being, of the Institute of Chartered Accountants of England and Wales (in each case acting as an expert and not as an arbitrator). |
| Institutional Investor | has the meaning as defined in a Future Fund Convertible Loan Agreement. |
| Lien Enforcement Notice | means a notice in writing which complies with the requirements of article 22.2. |
| Member of the Same Group | as regards any company, a company which is from time to time a holding company or a subsidiary of that company or a subsidiary of any such holding company. |
| Model Articles | the model articles for private companies limited by shares contained in Schedule 1 to The Companies (Model Articles) Regulations 2008 (SI 2008/3229), as amended prior to the Adoption Date. |
| Ordinary Shares | the ordinary shares of £0.01 each in the capital of the Company. |
| Original Shareholder | has the meaning given in article 11.1. |
| Permitted Transfer | a transfer of Shares made in accordance with article 11. |
| Permitted Transferee | in relation to Shareholder: <ul style="list-style-type: none"> (a) who is an individual, any of his Privileged Relations or the trustee(s) of a Family Trust; or (b) which is a company, a Member of the Same Group as that company. |
| Privileged Relation | in relation to a Shareholder who is an individual (or a deceased or former Shareholder who is an individual) means a spouse, civil partner (as defined in the Civil Partnerships Act 2004), child or grandchild (including step or adopted or illegitimate child and their issue). |
| Relevant Institutional Investor | means any Institutional Investor to whom the Future Fund may transfer Future Fund Shares in accordance with the terms of any Future Fund Convertible Loan Agreement. |

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| Relevant Securities | any Shares or other securities convertible into, or carrying the right to subscribe for Shares, issued by the Company after the Adoption Date, other than: <ul style="list-style-type: none"> (a) the grant of any options under a Share Option Scheme (and the issue of any Shares on the exercise of any such options); (b) any Shares issued pursuant to the authority granted pursuant to article 9.3.1.2; (c) the grant of any subscription rights under any Future Fund Convertible Loan Agreement (and the issue of any Future Fund Shares); and (d) any Shares or other securities issued in consideration of the acquisition by the Company of any company or business. |
| Restricted Shares | has the meaning given in article 14.4. |
| Sale Shares | has the meaning given in article 12.2.1. |
| Seller | has the meaning given in article 12.2. |
| Shareholder | a holder for the time being of any Share. |
| Share Option Scheme | any grant of share options by the Company which is for the benefit of employees or directors of, or service providers to, any Group Company. |
| Shares | the Ordinary Shares and the A Ordinary Shares and Share shall be construed accordingly. |
| Transfer Notice | has the meaning given in article 12.2. |
| Transfer Price | has the meaning given in article 13. |
| Writing or written | the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise, save that, in relation to a Transfer Notice (or Deemed Transfer Notice), "writing" or "written" shall not include the sending or supply of notices, documents or information in electronic form (other than by fax). |

1.2 Headings in these Articles shall not affect the interpretation of these Articles.

1.3 Unless the context otherwise requires, words in the singular shall include the plural and the plural shall include the singular.

1.4 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

1.5 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles (but excluding any statutory modification of them not in force on the Adoption Date).

- 1.6 A reference in these Articles to:
- 1.6.1 an **article** is a reference to the relevant numbered article of these Articles; and
- 1.6.2 a **model article** is a reference to the relevant article,
- unless expressly provided otherwise.
- 1.7 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time. A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.8 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.9 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.10 A reference in these Articles to a holder, or the holder(s), of Shares shall be deemed to exclude any member holding Shares in treasury.
- 1.11 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of:
- 1.11.1 another person (or its nominee), by way of security or in connection with the taking of security; or
- 1.11.2 its nominee.
- In the case of a limited liability partnership which is a subsidiary of a company or another limited liability partnership, section 1159 of the Act shall be amended so that: (a) references in sections 1159(1)(a) and (c) to voting rights are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and (b) the reference in section 1159(1)(b) to the right to appoint or remove a majority of its board of directors is to the right to appoint or remove members holding a majority of the voting rights.
- 1.12 The Appendix is deemed incorporated into these Articles for the purpose of giving full effect to article 1.1, article 11.2 and article 16 (and any other relevant provision of these Articles).
- 1.13 A reference to any provision of, or term used in, a Future Fund Convertible Loan Agreement shall be construed as a reference to the equivalent provision or term of the Future Fund Convertible Loan Agreement Template (*mutatis mutandis*) for the purpose (if required) of ensuring that the relevant terms of such Future Fund Convertible Loan Agreement are duly incorporated into these Articles.
2. **Adoption of the Model Articles**
- 2.1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.
- 2.2 Model articles 7, 8, 9(1), 11(2) and (3), 14(1) to (4) (inclusive), 16, 22, 26(5), 38, 39, and 51 to 53 (inclusive) shall not apply to the Company.

- 2.3 Model article 20 shall be amended by the insertion of the words "and the secretary" before the words "properly incur".
- 2.4 In model article 25(2)(c), the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 2.5 Model article 29 shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2)," after the words "the transmittee's name".

DIRECTORS

3. Proceedings of Directors

- 3.1 Any decision of the Directors must be taken at a meeting of Directors in accordance with these Articles or must be a decision taken in accordance with article 3.2 (subject to article 3.3 and article 3.4). All decisions made at any meeting of the Directors (or any committee of the Directors) shall be made only by resolution and resolutions at any meeting of the Directors (or committee of the Directors) shall be decided by a majority of votes.
- 3.2 A unanimous decision of the Directors is taken when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 3.3 A decision taken in accordance with article 3.2 may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.
- 3.4 A decision may not be taken in accordance with article 3.2 if the Eligible Directors would not have formed a quorum at a Directors' meeting to vote on the matter in accordance with article 3.5 and article 3.6.
- 3.5 The quorum for any meeting (or, where specified below, part of a meeting) of the Directors shall be two Eligible Directors (unless only one Director is in office in which case the quorum shall be one Eligible Director). If the necessary quorum is not present within 30 minutes from the time appointed for the meeting, or if, during a meeting, such quorum ceases to be present, the meeting shall stand adjourned to such time and place as the chairman of the meeting shall determine. If a quorum is not present at any such adjourned meeting within 30 minutes from the time appointed, then the meeting shall proceed.
- 3.6 For the purposes of any meeting (or part of a meeting) held pursuant to article 6 to authorise a Conflict (as defined in article 6.1), if there is only one Eligible Director in office other than the conflicted Director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.
- 3.7 Questions arising at any meeting of the Directors shall be decided by a majority of votes. If there is an equality of votes, the chairman of the meeting shall not have a second or casting vote.
- 3.8 Where decisions of the Directors are taken by electronic means, such decisions shall be recorded by the Directors in permanent form, so that they may be read with the naked eye.
- 3.9 The Directors may make any rule which they think fit about how they take decisions and about how such rules are to be recorded or communicated to Directors.

4. Appointment and Removal of Directors

- 4.1 Model article 18 shall be modified by the addition of the following events upon the occurrence of which a person shall cease to be a Director:

- 4.1.1 he is convicted of a criminal offence (other than a minor motoring offence) and a majority of the other Directors resolve that he cease to be a Director; and
- 4.1.2 in the case of an executive Director only (and other than where the Directors determine otherwise), he shall cease to be employed by the Company or other Group Company (as appropriate) and does not continue as an employee of any other Group Company.

5. **Transactions or Other Arrangements With the Company**

Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

- 5.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- 5.1.2 shall be an Eligible Director for the purposes of any proposed decision of the Directors (or committee of the Directors) in respect of such existing or proposed transaction or arrangement in which he is interested;
- 5.1.3 shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested;
- 5.1.4 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
- 5.1.5 may be a Director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- 5.1.6 shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

6. **Directors' Conflicts**

- 6.1 The Directors may, in accordance with the requirements set out in this article 6, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).
- 6.2 Any authorisation under this article 6 will be effective only if:
 - 6.2.1 the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;
 - 6.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
 - 6.2.3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.

- 6.3 Any authorisation of a Conflict under this article 6 may (whether at the time of giving the authorisation or subsequently):
- 6.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
 - 6.3.2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the Directors or otherwise) related to the Conflict;
 - 6.3.3 provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the Directors in relation to any resolution related to the Conflict;
 - 6.3.4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Directors think fit;
 - 6.3.5 provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a Director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
 - 6.3.6 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the Directors and be excused from reviewing papers prepared by, or for, the Directors to the extent they relate to such matters.
- 6.4 Where the Directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the Directors in relation to the Conflict.
- 6.5 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.
- 6.6 A Director, notwithstanding his office, may be a Director or other officer of, employed by, or otherwise interested (including by the holding of shares) in his appointor(s) (or any Permitted Transferee of such appointor(s)) and no authorisation under article 6.1 shall be necessary in respect of any such interest.
- 6.7 A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

7. Secretary

The Directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the Directors so decide, appoint a replacement, in each case by a decision of the Directors.

SHARES

8. One single share class

The A Ordinary Shares and the Ordinary Shares have the same rights attaching to them, and, accordingly shall, for all purposes be treated as a single class of share.

9. Issue of Further Shares

9.1 Save to the extent authorised by these Articles, or authorised from time to time by an ordinary resolution, the Directors shall not exercise any power to allot Shares or to grant rights to subscribe for, or to convert any security into, any Shares.

9.2 Subject to the remaining provisions of this article 9, the Directors are generally and unconditionally authorised, for the purposes of section 551 of the Act, to exercise any power of the Company to:

9.2.1 offer or allot;

9.2.2 grant rights to subscribe for or to convert any security into; and

9.2.3 otherwise deal in, or dispose of,

any Shares (or any options, warrants, conversion rights and all other rights to acquire or subscribe for Shares) to any person, at any time and subject to any terms and conditions as the Directors think proper.

9.3 The authority referred to in article 9.2:

9.3.1 shall be limited to:

9.3.1.1 any Shares or rights to subscribe for Shares pursuant to the Share Option Scheme; and

9.3.1.2 any Future Fund Shares or rights to subscribe for any Future Fund Shares; and

9.3.1.3 (in respect of any other Shares not already authorised pursuant to article 9.3.1.1 or article 9.3.1.2) a maximum nominal amount of £916,666.67 of Shares;

9.3.2 shall only apply insofar as the Company has not, subject to these Articles, renewed, waived or revoked it by ordinary resolution; and

9.3.3 may only be exercised for a period of five years from the Adoption Date save that, subject to these Articles, the Directors may make an offer or agreement which would, or might, require any Shares to be allotted after the expiry of such authority (and the Directors may allot Shares in pursuance of an offer or agreement as if such authority had not expired).

9.4 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company.

9.5 Unless otherwise agreed by special resolution if the Company proposes to allot any Relevant Securities, those Relevant Securities shall not be allotted to any person unless the Company has first offered them to the Shareholder (on the date of the offer) (each an **Offeree**) on a pari passu basis and in the respective proportions that the number of Shares held by each such holder bears to the total number of Shares held by all such holders (as nearly as possible without involving fractions) and on the same terms, and at the same price, as those Relevant Securities are being, or are to be, offered to any other person.

9.6 An offer made under article 9.5 shall:

9.6.1 be in writing and give details of the number and subscription price (including any share premium) of the Relevant Securities being offered;

- 9.6.2 remain open for a period of at least 20 Business Days from the date of service of the offer; and
- 9.6.3 stipulate that any Offeree who wishes to subscribe for a number of Relevant Securities in excess of the number to which he is entitled under article 9.5 shall, in his acceptance, state the number of excess Relevant Securities (**Excess Securities**) for which he wishes to subscribe.
- 9.7 If, on the expiry of an offer made in accordance with article 9.5, the total number of Relevant Securities applied for is less than the total number of Relevant Securities so offered, the Directors shall allot the Relevant Securities to the Offerees in accordance with their applications, subject to a maximum of each Offeree's proportionate entitlement.
- 9.8 Any Relevant Securities not accepted by Offerees pursuant to an offer made in accordance with article 9.5 shall be used to satisfy any requests for Excess Securities made pursuant to article 9.6.3. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants in the respective proportions that the number of Shares held by each such applicant bears to the total number of Shares held by all applicants (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any Shareholder beyond that applied for by him). After those allotments, any Excess Securities shall, subject to article 9.11, be offered to any other person(s) as the Directors may determine, at the same price and on the same terms as the offer to the Shareholders.
- 9.9 If, after completion of the allotments referred to in article 9.7 and article 9.8, not all of the Relevant Securities have been allotted, the balance of such Relevant Securities shall be offered to the holders (on the date of this offer) of the Shares on a pari passu basis and in the respective proportions that the number of Shares held by each such holder bears to the total number of Shares held by all such holders (as nearly as possible without involving fractions) and on the same terms, and at the same price, as those Relevant Securities are being, or are to be, offered to any other person. Such offer shall be made in accordance with article 9.6 and the provisions of article 9.7 and article 9.8 shall, with necessary modifications, apply to such offer.
- 9.10 If, after completion of the allotments referred to in article 9.7, article 9.8 and article 9.9, not all of the Relevant Securities have been allotted, the balance of such Relevant Securities shall, subject to article 9.11 be offered to any other person(s) as the Directors may determine, at the same price and on the same terms as the offer to the Shareholders.
- 9.11 No Shares shall be allotted to any current or prospective employee or director of any Group Company unless such person shall first have entered into a joint election with the relevant Group Company under section 431 of the Income Tax (Earnings and Pensions) Act 2003.
- 10. Transfers of Shares: General**
- 10.1 In these Articles, reference to the transfer of a Share includes the transfer, assignment or other disposal of a beneficial or other interest in that Share, or the creation of a trust or encumbrance over that Share, and reference to a Share includes a beneficial or other interest in a Share.
- 10.2 No Share shall be transferred, and the Directors shall refuse to register a transfer of any Share, unless it is made in accordance with these Articles. Subject to article 10.5, the Directors shall register any duly stamped transfer made in accordance with these Articles, unless they suspect that the proposed transfer may be fraudulent.
- 10.3 If a Shareholder transfers (or purports to transfer) a Share other than in accordance with these Articles, he shall be deemed to have immediately served a Transfer Notice in respect of all Shares held by him.
- 10.4 Any transfer of a Share by way of sale which is required to be made under article 14, article 15 or article 17 shall be deemed to include a warranty that the transferor sells the Share with full title guarantee.

- 10.5 The Directors may, as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the Company a deed, in favour of the Company and the Shareholders agreeing to be bound by the terms of any shareholders agreement (or similar document) in force between any of the Shareholders and the Company, in such form as the Directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor). If any condition is imposed in accordance with this article 10.5, the transfer may not be registered unless and until that deed has been executed and delivered to the Company's registered office by the transferee.
- 10.6 To enable the Directors to determine whether or not there has been any transfer (or purported transfer) of Shares the Directors may require:
- 10.6.1 any holder (or the legal representatives of a deceased holder); or
- 10.6.2 any person named as a transferee in a transfer lodged for registration; or
- 10.6.3 such other person as the Directors may reasonably believe to have information relevant to that purpose,
- to provide the Company with any information and evidence that the Directors think fit regarding any matter which they deem relevant to that purpose.
- 10.7 If any such information or evidence referred to in article 10.6 is not provided to enable the Directors to determine to their reasonable satisfaction that no breach has occurred, or that as a result of the information and evidence provided the Directors are reasonably satisfied that a breach has occurred, the Directors shall immediately notify the holder of such Shares of that fact in writing and, if the holder fails to remedy that situation to the reasonable satisfaction of the Directors within 10 Business Days of receipt of such written notice, then, unless otherwise directed in writing by the Directors:
- 10.7.1 the relevant Shares shall cease to confer on the holder of them any rights:
- 10.7.1.1 to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise);
- 10.7.1.2 to receive dividends or other distributions otherwise attaching to those Shares; or
- 10.7.1.3 to participate in any future issue of Shares; and
- 10.7.2 the Directors may, by notice in writing to the relevant holder, determine that a Transfer Notice shall be deemed to have been given in respect of some or all of his Shares with effect from the date of service of the notice (or such later date as may be specified in such notice).
- The Directors may reinstate the rights referred to in article 10.7.1 at any time and, in any event, such rights shall be reinstated on completion of a transfer made pursuant to article 10.7.2.
- 10.8 Unless expressly provided otherwise in these Articles, if a Transfer Notice is deemed to have been given under these Articles, the Deemed Transfer Notice shall be treated as having specified that:
- 10.8.1 it does not contain a Minimum Transfer Condition; and
- 10.8.2 the Seller wishes to transfer all the Shares held by him (including any Shares acquired after the date the relevant Transfer Notice is deemed given but before completion of the transfer of Shares pursuant to the relevant Transfer Notice).
- 10.9 Any Transfer Notice (but not an Offer Notice (as defined in article 15) or a Drag Along Notice (as defined in article 17)) served in respect of the transfer of any Share which has not completed

before the date of service of a Deemed Transfer Notice shall automatically be revoked by the service of a Deemed Transfer Notice.

11. Permitted Transfers of Shares

11.1 A Shareholder (the **Original Shareholder**) may transfer all or any of his or its Shares to a Permitted Transferee.

11.2 The Future Fund may transfer any Future Fund Shares:

11.2.1 to any Relevant Institutional Investor;

11.2.2 to any of the Associated Government Entities; or

11.2.3 pursuant to any Future Fund Put Option.

11.3 Where Shares are held by the trustee(s) of a Family Trust, the trustee(s) may transfer Shares to:

11.3.1 the Original Shareholder;

11.3.2 any Privileged Relation(s) of the Original Shareholder;

11.3.3 subject to article 11.4, the trustee(s) of another Family Trust of which the Original Shareholder is the Settlor; or

11.3.4 subject to article 11.4, to the new (or remaining) trustee(s) upon a change of trustee(s) of a Family Trust,

without any price or other restriction.

11.4 A transfer of Shares may only be made to the trustee(s) of a Family Trust if the Directors are satisfied:

11.4.1 with the terms of the trust instrument and, in particular, with the powers of the trustee(s);

11.4.2 with the identity of the proposed trustee(s);

11.4.3 that the proposed transfer will not result in 50% or more of the aggregate of the Company's equity share capital being held by trustees of that and any other trusts; and

11.4.4 that no costs incurred in connection with the setting up or administration of that Family Trust are to be paid by the Company.

11.5 If the Original Shareholder is a company, and a Permitted Transfer has been made, the Permitted Transferee shall, within 5 Business Days of ceasing to be a Member of the Same Group as the Original Shareholder, transfer the Shares held by it to:

11.5.1 the Original Shareholder; or

11.5.2 a Member of the Same Group as the Original Shareholder,

(which in either case is not in liquidation), without any price or other restriction. If the Permitted Transferee fails to make a transfer in accordance with this article 11.5, a Transfer Notice shall be deemed to have been given in respect of such Shares on the expiry of the period set out in this article 11.5.

- 11.6 If the Original Shareholder is an individual and a Permitted Transfer has been made to a Privileged Relation of the Original Shareholder, the Permitted Transferee (or the transmittee(s) of any such person), shall within 5 Business Days of ceasing to be a Privileged Relation of the Original Shareholder (whether by reason of death, divorce or otherwise) either:
- 11.6.1 execute and deliver to the Company a transfer of the Shares held by him to the Original Shareholder (or to any Permitted Transferee of the Original Shareholder) for such consideration as may be agreed between them; or
 - 11.6.2 give a Transfer Notice to the Company in accordance with article 12,
- failing which a Transfer Notice shall be deemed to have been given in respect of such Shares on the expiry of the period set out in this article 11.6.
- 11.7 Notwithstanding any other provision of this article 11, a transfer of any Shares approved by the Directors may be made without any price or other restriction and any such transfer shall be registered by the Directors.
12. **Pre-emption Rights on the Transfer of Shares**
- 12.1 Except where the provisions of article 11, article 15 or article 17 apply, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights in this article 12.
- 12.2 A Shareholder who wishes to transfer Shares (a **Seller**) shall, before transferring or agreeing to transfer any Shares, give notice in writing (a **Transfer Notice**) to the Company specifying:
- 12.2.1 subject to article 10.8.2, the number of Shares he wishes to transfer (**Sale Shares**);
 - 12.2.2 the name of the proposed transferee, if any;
 - 12.2.3 the price per Sale Share (in cash), if any, at which he wishes to transfer the Sale Shares (the **Proposed Sale Price**); and
 - 12.2.4 subject to article 10.8.1, whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold (a **Minimum Transfer Condition**).
- 12.3 Except in the case of a Deemed Transfer Notice (which may not be withdrawn), where the Transfer Price of the Sale Shares comprised within a Transfer Notice is to be the Fair Value and such Fair Value less than the Proposed Sale Price the Seller may, within 10 Business Days of receipt of notification of the Fair Value, withdraw the Transfer Notice. Otherwise, a Transfer Notice may only be withdrawn with the consent of the Directors.
- 12.4 A Transfer Notice (or Deemed Transfer Notice) constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.
- 12.5 As soon as practicable following the later of:
- 12.5.1 receipt of a Transfer Notice (or in the case of a Deemed Transfer Notice, the date such notice is deemed to be served); and
 - 12.5.2 the determination of the Transfer Price,
- the Directors shall (unless the Transfer Notice is withdrawn in accordance with article 12.3) offer the Sale Shares for sale in the manner set out in the remaining provisions of this article 12 at the Transfer Price. Each offer shall be in writing and shall give details of the number and Transfer Price of the Sale Shares offered.
- 12.6 The Directors shall offer the Sale Shares to the Shareholders (other than the Seller), inviting them to apply in writing within the period from the date of the offer to the date 20 Business Days

after the offer (both dates inclusive) (the **Offer Period**) for the maximum number of Sale Shares they wish to buy.

12.7 If:

- 12.7.1 at the end of the Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Directors shall allocate the Sale Shares to each Shareholder who has applied for Sale Shares (**Accepting Shareholder**) in the proportion which his existing holding of Shares bears to the total number of Shares (excluding the Shares held by the Seller). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Sale Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the Directors). No allocation shall be made to a Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy;
- 12.7.2 not all Sale Shares are allocated following allocations in accordance with article 12.7.1, but there are applications for Sale Shares that have not been satisfied, the Directors shall allocate the remaining Sale Shares to such applicants in accordance with the procedure set out in article 12.7.1. The procedure set out in this article 12.7.2 shall apply on any number of consecutive occasions until either all Sale Shares have been allocated or all applications for Sale Shares have been satisfied; and
- 12.7.3 at the end of the Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the Directors shall allocate the Sale Shares to the Accepting Shareholders in accordance with their applications. The balance (the **Surplus Shares**) shall, subject to article 12.8, be offered to any other person in accordance with article 12.12.

12.8 Where the Transfer Notice contains a Minimum Transfer Condition:

- 12.8.1 any allocation made under article 12.7 shall be conditional on the fulfilment of the Minimum Transfer Condition; and
- 12.8.2 if the total number of Sale Shares applied for under article 12.7 is less than the number of Sale Shares, the Directors shall notify the Seller and all those Shareholders to whom Sale Shares have been conditionally allocated stating that the condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.

12.9 Where either:

- 12.9.1 the Transfer Notice does not contain a Minimum Transfer Condition; or
- 12.9.2 allocations have been made in respect of all the Sale Shares,

the Directors shall, when no further offers or allocations are required to be made under article 12.7, give notice in writing of the allocations of Sale Shares (an **Allocation Notice**) to the Seller and each Shareholder to whom Sale Shares have been allocated (each an **Applicant**). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant and the place and time for completion of the transfer of the Sale Shares (which shall be at least 2 Business Days, but not more than 10 Business Days, after the date of the Allocation Notice).

12.10 On the date specified for completion in the Allocation Notice, the Seller shall, against payment from an Applicant, transfer the Sale Shares allocated to such Applicant, in accordance with any requirements specified in the Allocation Notice.

12.11 If the Seller fails to comply with article 12.10:

- 12.11.1 any Director (or some other person nominated by a resolution of the Directors) may, as agent on behalf of the Seller:

- 12.11.1.1 complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;
 - 12.11.1.2 receive the Transfer Price and give a good discharge for it (and no Applicant shall be obliged to see to the distribution of the Transfer Price); and
 - 12.11.1.3 (subject to the transfer being duly stamped) enter the Applicants in the register of Shareholders as the holders of the Shares purchased by them; and
- 12.11.2 the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered his certificate(s) for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the Directors, in respect of any lost certificate, together with such other evidence (if any) as the Directors may reasonably require to prove good title to those Shares) to the Company.
- 12.12 Where a Transfer Notice lapses pursuant to article 12.8.2 or an Allocation Notice does not relate to all the Sale Shares, then, subject to article 12.13, the Seller may, at any time during the 20 Business Days following the date of lapse of the Transfer Notice, or the date of service of the Allocation Notice as the case may be, transfer the Sale Shares (in the case of a lapsed offer) or the Surplus Shares (as the case may be) to any person at a price at least equal to the Transfer Price. The sale of the Sale Shares (following the lapse of a Transfer Notice) in accordance with this article 12.12 shall continue to be subject to any Minimum Transfer Condition.
- 12.13 The Seller's right to transfer Shares under article 12.12 does not apply if the Directors reasonably consider that:
- 12.13.1 the transferee is a person (or a nominee for a person) whom the Directors determine to be a competitor (or a Member of the Same Group as a competitor) of the business of any Group Company;
 - 12.13.2 the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or
 - 12.13.3 the Seller has failed or refused to promptly provide information available to him and reasonably requested to enable it to form the opinion referred to in article 12.13.2.
- 13. Valuation**
- 13.1 The Transfer Price for each Sale Share the subject of a Transfer Notice (or Deemed Transfer Notice) shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the Directors (any Director with whom the Seller is connected not voting) and the Seller or, in default of agreement within 10 Business Days of the date of service of the Transfer Notice (or, in the case of a Deemed Transfer Notice, the date on which the board of Directors first has actual knowledge of the facts giving rise to such deemed service), the Fair Value of each Sale Share.
- 13.2 The Fair Value shall be the price per Sale Share determined by the Independent Expert on the following bases and assumptions:
- 13.2.1 valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer as at the date the Transfer Notice was served (or deemed served);
 - 13.2.2 if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
 - 13.2.3 that the Sale Shares are capable of being transferred without restriction;

- 13.2.4 valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent; and
- 13.2.5 reflecting any other factors which the Independent Expert reasonably believes should be taken into account.
- 13.3 If any difficulty arises in applying any of these assumptions or bases then the Independent Expert shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit.
- 13.4 The Directors will give the Independent Expert access to all accounting records or other relevant documents of the Group, subject to it agreeing such confidentiality provisions as the Directors may reasonably impose.
- 13.5 The parties are entitled to make submissions to the Independent Expert including oral submissions and shall provide (or procure that others provide) the Independent Expert with such assistance and documents as the Independent Expert may reasonably require for the purpose of reaching a decision.
- 13.6 The Independent Expert shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 13.7 The Independent Expert shall be requested to determine the Fair Value within 20 Business Days of its appointment and to deliver its certificate to the Company. Forthwith upon receipt, the Company shall deliver a copy of the certificate to the Seller.
- 13.8 The cost of obtaining the Independent Expert's certificate shall be borne in such proportions as the Independent Expert directs (and if no direction is made, then equally) unless:
 - 13.8.1 the Seller withdraws the relevant Transfer Notice in accordance with article 12.3; or
 - 13.8.2 in respect of a Deemed Transfer Notice, the Fair Value is less than the price per Sale Share offered to the Seller by the Directors before the appointment of the Independent Expert,

in which case the Seller shall bear the cost.

14. Compulsory Transfers

- 14.1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder (or equivalent procedure in any jurisdiction outside England and Wales) shall be deemed to have given a Transfer notice in respect of that Share at such time as the Directors may determine.
- 14.2 If a Shareholder which is a body corporate either suffers or resolves to appoint a liquidator, administrator or administrative receiver over it, or any material part of its assets (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction) or suffers or takes any equivalent action in any jurisdiction outside England and Wales, that Shareholder shall be deemed to have given a Transfer Notice in respect of all Shares held by it at such time as the Directors may determine.
- 14.3 If there is a change in control (as 'control' is defined in section 1124 of the Corporation Tax Act 2010) of any Shareholder which is a company, it shall be bound at any time, if and when required in writing by the Directors to do so, to give (or procure the giving in the case of a nominee) a Transfer Notice in respect of all the Shares registered in its name (or the name of its nominee(s)) save that, where that Shareholder acquired Shares as a Permitted Transferee of an Original Shareholder, it shall first be permitted to transfer those Shares back to the Original Shareholder from whom it received its Shares or to any other Permitted Transferee of that Original Shareholder before being required to serve a Transfer Notice.

14.4 Forthwith upon a Transfer Notice being deemed to be served under this article 14, the Shares subject to the relevant Deemed Transfer Notice (**Restricted Shares**) shall cease to confer on the holder of them any rights:

14.4.1 to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise);

14.4.2 to receive dividends or other distributions otherwise attaching to those Shares; or

14.4.3 to participate in any future issue of Shares.

The Directors may reinstate the rights referred to in this article 14.4 at any time and, in any event, such rights shall be reinstated on completion of the transfer.

15. Mandatory Offer on Change of Control

15.1 In the event that a proposed transfer of Shares (other than a transfer of Shares made pursuant to article 11, article 14 or article 20.2, but after the operation of the pre-emption procedure set out in article 12), whether made as one or as a series of transactions (a **Proposed Transfer**) would, if completed, result in any person other than an existing Shareholder (the **Buyer**), together with any person acting in concert with the Buyer, acquiring a Controlling Interest, the remaining provisions of this article 15 shall apply.

15.2 The Seller shall procure that, prior to the completion of the Proposed Transfer, the Buyer shall make an offer (the **Offer**) to each Shareholder (each an **Offeree**) on the date of the Offer to buy all of the Shares held by such Offerees on the date of the Offer for a consideration in cash per Share (the **Offer Price**) which is equal to the highest price per Share offered, paid or to be paid by the Buyer, or any person acting in concert with the Buyer, for any Shares in connection with the Proposed Transfer.

15.3 The Offer shall be made by notice in writing (an **Offer Notice**) addressed to each Offeree on the date of the Offer at least 15 Business Days (the **Offer Period**) before the date fixed for completion of the Proposed Transfer (the **Sale Date**). The Offer Notice shall specify:

15.3.1 the identity of the Buyer (and any person(s) acting in concert with the Buyer);

15.3.2 the Offer Price and any other terms and conditions of the Offer;

15.3.3 the Sale Date; and

15.3.4 the number of Shares which would be held by the Buyer (and persons acting in concert with the Buyer) on completion of the Proposed Transfer.

15.4 The completion of the Proposed Transfer shall be conditional in all respects on:

15.4.1 the making of an Offer in accordance with this article 15; and

15.4.2 the completion of the transfer of any Shares by any Offeree (each an **Accepting Offeree**) who accepts the Offer within the Offer Period,

and the Directors shall refuse to register any Proposed Transfer made in breach of this article 15.4.

15.5 The Proposed Transfer is, but the purchase of Shares from **Accepting Offerees** pursuant to an Offer made under this article 15 shall not be, subject to the pre-emption provisions of article 12.

15.6 This article 15 shall be subject to (and modified to the extent necessary so as to comply with) the provisions of article 16.

16. Exit

On an Exit the relevant consideration shall be distributed amongst the holders of the Shares pro rata to the number of such Shares held subject always to any adjustment or weighting as may need to be applied so as to comply with the relevant provisions of any Future Fund Convertible Loan Agreement as shall apply to the Company at that time.

17. Drag Along

17.1 If the holders of at least 75% by nominal value of the Shares in issue for the time being (the **Selling Shareholders**) wish to transfer all of their interest in Shares (**Sellers' Shares**) to a bona fide purchaser on arm's-length terms (**Proposed Buyer**), the Selling Shareholders shall have the option (**Drag Along Option**) to require all the other holders of Shares on the date of the request (**Called Shareholders**) to sell and transfer all their interest in Shares with full title guarantee to the Proposed Buyer (or as the Proposed Buyer may direct) in accordance with the provisions of this article 17.

17.2 The Selling Shareholders may exercise the Drag Along Option by giving notice in writing to that effect (a Drag Along Notice), at any time before the completion of the transfer of the Sellers' Shares, to the Proposed Buyer and each Called Shareholder. A Drag Along Notice shall specify:

17.2.1 that the Called Shareholders are required to transfer all their Shares (**Called Shares**) pursuant to this article 17;

17.2.2 the identity of the Proposed Buyer (and, if relevant, the transferee(s) nominated by the Proposed Buyer);

17.2.3 the consideration payable for the Called Shares calculated in accordance with article 17.4;

17.2.4 the proposed date of completion of transfer of the Called Shares.

17.3 Once given, a Drag Along Notice may not be revoked save with the prior consent of the Directors. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not completed the transfer of all the Sellers' Shares to the Proposed Buyer (or as the Proposed Buyer may direct) within 20 Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.

17.4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be on the same terms as the Selling Shareholders

17.5 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this article 17.

17.6 Completion of the sale and purchase of the Called Shares shall take place on the same date as, and conditional upon the completion of, the sale and purchase of the Sellers' Shares unless:

17.6.1 all of the Called Shareholders and the Selling Shareholders otherwise agree; or

17.6.2 that date is less than 15 Business Days after the date of service of the Drag Along Notice, in which case completion of the sale and purchase of the Called Shares shall take place 15 Business Days after the date of service of the Drag Along Notice.

17.7 Within 15 Business Days of the Selling Shareholders serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver stock transfer forms for their Shares in favour of the Proposed Buyer (or as the Proposed Buyer may direct), together with the share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof) to the Company. On the expiration of that 15 Business Day period the Company shall pay the Called

Shareholders, on behalf of the Proposed Buyer, the amounts they are respectively due pursuant to article 17.4 to the extent the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the amounts due pursuant to article 17.4 shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders pursuant to article 17.4 in trust for the Called Shareholders without any obligation to pay interest.

- 17.8 To the extent that the Proposed Buyer has not, on the expiration of the 15 Business Day period, put the Company in funds to pay the amounts due pursuant to article 17.4, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate(s) (or suitable indemnity) for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this article 17 in respect of their Shares.
- 17.9 If any Called Shareholder fails to deliver to the Company a duly executed stock transfer form (or forms) in respect of the Called Shares held by him (together with the share certificate(s) in respect of those Called Shares (or a suitable indemnity in respect thereof)) the defaulting Called Shareholder shall be deemed to have appointed any person nominated for the purpose by the Selling Shareholders to be his agent to execute and deliver all necessary transfers on his behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares. After the Proposed Buyer (or person(s) nominated by the Proposed Buyer) has been registered as the holder of any such Called Shares, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of any transfer of Shares under this article 17.
- 17.10 Upon any person, following the issue of a Drag Along Notice, becoming a Shareholder (or increasing an existing shareholding) including, without limitation, pursuant to the exercise of any option, warrant or other right to acquire or subscribe for, or to convert any security into, Shares, whether or not pursuant to a Share Option Scheme (a **New Shareholder**), a Drag Along Notice shall be deemed to have been served upon the New Shareholder, on the same terms as the previous Drag Along Notice, who shall then be bound to sell and transfer all such Shares acquired by him to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this article 17 shall apply mutatis mutandis to the New Shareholder, save that completion of the sale of such Shares shall take place forthwith upon the later of the Drag Along Notice being deemed served on the New Shareholder and the date of completion of the sale of the Called Shares. References in this article 17.10 to a person becoming a Shareholder (or increasing an existing shareholding) shall include the Company, in respect of the acquisition of any of its own Shares.
- 17.11 A transfer of Called Shares to a Proposed Buyer (or as the Proposed Buyer may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the pre-emption provisions of article 12.
- 17.12 Any Transfer Notice or Deemed Transfer Notice served in respect of the transfer of any Share which has not completed before the date of service of a Drag Along Notice shall automatically be revoked by the service of a Drag Along Notice.
- 17.13 This article 17 shall be subject to (and modified to the extent necessary so as to comply with) the provisions of article 16.

DECISION-MAKING BY SHAREHOLDERS

18. General Meetings

- 18.1 No business other than, subject to article 18.2, the appointment of the chairman of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.
- 18.2 The Directors present (or, if no Directors are present, the meeting) must appoint another Director present at the meeting (or, if no Directors are present, a Shareholder) to chair the

meeting and the appointment of the chairman of the meeting must be the first business of the meeting.

19. Voting

19.1 Subject to any other provisions in these Articles concerning voting rights, each Share in the Company shall carry the right to receive notice of and to attend, speak and vote at all general meetings of the Company.

19.2 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.

19.3 Model article 44(3) shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that model article.

19.4 Model article 45(1) shall be amended by:

19.4.1 the deletion of model article 45(1)(d) and its replacement with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate"; and

19.4.2 the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the Directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that model article.

20. Purchase of Own Shares

20.1 Subject to the Act but without prejudice to any other provision of these Articles, the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) out of capital up to any amount in a financial year not exceeding the lower of:

20.1.1 £15,000; and

20.1.2 the nominal value of 5% of the Company's fully paid share capital at the beginning of each Financial Year.

20.2 Subject to the remaining provisions of this article 20, on a purchase of Shares in accordance with Chapter 4 of Part 18 of the Act, the Company may:

20.2.1 hold the Shares (or any of them) in treasury;

20.2.2 deal with any of the Shares, at any time, in accordance with section 727; or

20.2.3 cancel any of the Shares, at any time, in accordance with section 729 of the Act.

20.3 The provisions of articles 9.4 to 9.11 (inclusive) shall apply to a sale or transfer of Shares held in treasury save that, for the purposes of this article 20.3:

20.3.1 reference in article 9 to an allotment shall include the sale or transfer of Shares; and

20.3.2 reference in the definition of "Relevant Securities" to Shares "issued after the Adoption Date" shall include Shares to be sold or transferred by the Company,

that immediately before the sale or transfer were, in each case, held by the Company as treasury shares

21. Company's Lien Over Shares

21.1 The Company has a lien (the **Company's Lien**) over every Share which is registered in the name of a person indebted or under any liability to the Company, whether he is the sole registered holder of the Share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the Company, whether payable immediately or at some time in the future.

21.2 The Company's Lien over a share:

21.2.1 takes priority over any third party's interest in that Share; and

21.2.2 extends to any dividend or other money payable by the Company in respect of that Share and (if the lien is enforced and the Share is sold by the Company) the proceeds of sale of that Share.

21.3 The Directors may at any time decide that a Share which is or would otherwise be subject to the Company's Lien shall not be subject to it, either wholly or in part.

22. Enforcement of the Company's Lien

22.1 Subject to the provisions of this article 22, if:

22.1.1 a Lien Enforcement Notice has been given in respect of a Share; and

22.1.2 the person to whom the notice was given has failed to comply with it,

the Company may sell that Share in such manner as the Directors decide.

22.2 A Lien Enforcement Notice:

22.2.1 may only be given in respect of a Share which is subject to the Company's Lien and in respect of a sum payable to the Company for which the due date for payment has passed;

22.2.2 must specify the Share concerned;

22.2.3 must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);

22.2.4 must be addressed either to the holder of the Share or to a transmittee of that holder; and

22.2.5 must state the Company's intention to sell the Share if the notice is not complied with.

22.3 Where Shares are sold under this article 22:

22.3.1 the Directors may authorise any person to execute an instrument of transfer of the Shares to the purchaser or to a person nominated by the purchaser; and

22.3.2 the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.

22.4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the Company's Lien) must be applied:

22.4.1 first, in payment of so much of the sum for which the lien exists as was payable at the date of the Lien Enforcement Notice; and

- 22.4.2 second, to the person entitled to the Shares at the date of the sale, but only after the certificate for the Shares sold has been surrendered to the Company for cancellation, or an indemnity in a form reasonably satisfactory to the Directors has been given for any lost certificates, and subject to a lien equivalent to the Company's Lien over the Shares before the sale for any money payable by that person (or his estate or any joint holder of the shares) after the date of the Lien Enforcement Notice.
- 22.5 A statutory declaration by a Director or the company secretary that the declarant is a Director or the company secretary and that a Share has been sold to satisfy the Company's Lien on a specified date:
- 22.5.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share; and
- 22.5.2 subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the Share.

ADMINISTRATIVE ARRANGEMENTS

23. Means of Communication to be Used

- 23.1 Subject to article 23.3, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
- 23.1.1 if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
- 23.1.2 if sent by fax, at the time of transmission; or
- 23.1.3 if sent by pre-paid first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or
- 23.1.4 if sent by pre-paid airmail to an address outside the country from which it is sent, at 9.00 am on the fifth Business Day after posting; or
- 23.1.5 if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
- 23.1.6 if sent or supplied by email, one hour after the notice, document or information was sent or supplied; or
- 23.1.7 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website; and
- 23.1.8 if deemed receipt under the previous paragraphs of this article 23.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 on the day when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.
- 23.2 To prove service, it is sufficient to prove that:
- 23.2.1 if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or
- 23.2.2 if sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or

- 23.2.3 if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or
- 23.2.4 if sent by email, the notice was properly addressed and sent to the email address of the recipient.
- 23.3 A Transfer Notice (or Deemed Transfer Notice) may not be served or delivered in electronic form (other than by fax), or by means of a website.
- 23.4 In proving that any notice, document or information was properly addressed, it will suffice to show that the notice, document or information was addressed to an address permitted for the purpose by the Act.
- 24. **Indemnity and Insurance**
- 24.1 Subject to article 24.2, but without prejudice to any indemnity to which a Relevant Officer is otherwise entitled:
 - 24.1.1 each Relevant Officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Relevant Officer:
 - 24.1.1.1 in the actual or purported execution and/or discharge of his duties, or in relation thereto; and
 - 24.1.1.2 in relation to the Company's (or other Group Company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted, or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part, or in connection with any application in which the court grants him, in his capacity as a Relevant Officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or other Group Company's) affairs; and
 - 24.1.2 the Company may provide any Relevant Officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 24.1 and otherwise may take any action to enable such Relevant Officer to avoid incurring such expenditure.
- 24.2 This article 24 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.
- 24.3 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any Relevant Officer in respect of any Relevant Loss.
- 24.4 In this article 24:
 - 24.4.1 Relevant Loss means any loss or liability which has been or may be incurred by a Relevant Officer in connection with that Relevant Officer's duties or powers in relation to the Company (or other Group Company) or any pension fund or employees' share scheme of the Company (or other Group Company); and
 - 24.4.2 Relevant Officer means any director or other officer or former director or other officer of any Group Company, but excluding any person engaged by a Group Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor.

APPENDIX

CONVERTIBLE LOAN AGREEMENT

DATED

2020

BY AND BETWEEN:

- (1) **[COMPANY NAME]** (company number [number]) whose registered office is at [address] (the "Company");¹
- (2) **UK FF NOMINEES LIMITED** (company number 12591650) whose registered office is at Level 37, 25 Canada Square, London E14 5LQ (the "Future Fund"); and
- (3) **THE PERSONS** whose names and addresses are set out in the table at paragraph 1 of the agreed terms below (together the "Other Lenders" and each an "Other Lender").

INTRODUCTION:

The Lenders have agreed to make available to the Company unsecured convertible loans on the terms set out in this convertible loan agreement, including the terms and conditions set out in schedule 1.

AGREED TERMS:

The terms of this Agreement are as follows. Words and expressions used in this Agreement and not defined below shall have the same meaning as is given to them in schedule 2 to this Agreement.

1. Each Lender set out below shall pay the respective Loan set out against its name in the table below to the Company's Solicitors' Bank Account and the Company hereby accepts such Loans and shall owe and promise to pay to each such Lender or its successors or assignees the principal amount of each such Loan, together with any Redemption Premium and/or any accrued but unpaid Interest as the case may be, in accordance with the terms of this Agreement:

| Lender | Address and email address | Total Amount of Loan (£) |
|-----------------|--|--------------------------|
| The Future Fund | Level 37, 25 Canada Square, London E14 5LQ futurefundsupport@british-business-bank.co.uk | [•] |
| [•] | [•] | [•] |
| [•] | [•] | [•] |
| Total | | |

2. Unconditional release of its Loan to the Company's Solicitors' Bank Account shall be a good and valid discharge of the obligation of a Lender to pay such amount (as set out in paragraph 1 above) to the Company and such Lender shall not be concerned to see the application of the monies so paid.
3. No Lender is obliged to make its Loan unless the other Loans are made simultaneously.
4. During the period commencing on the date of this Agreement and ending 90 days after the date of this Agreement (the "Headroom Period"), the Company may (at the discretion of the

¹ NOTE: Company details to be inserted.

Board) receive up to an aggregate of the Headroom Amount in additional unsecured convertible loans of the Company from additional lenders, as reasonably determined by the Board on the same terms as set out in this Agreement, subject to the execution by the Company and each such additional lender of a Subscription Deed within the Headroom Period, upon which each such additional lender will become an Other Lender for the purposes of this Agreement. The Company shall notify the Lenders within 5 Business Days of the expiry of the Headroom Period of the aggregate amount of such additional unsecured convertible loans received by the Company, the identity of the additional lenders and the amounts of their respective Loans.

5. The "Company's Solicitors' Bank Account" shall mean the client account of [insert name of Company's Solicitors] (the "Company's Solicitors") with the following details:

| | |
|----------------|------------------|
| Account Name | [•] |
| Bank | [•] |
| Account Number | [•] |
| Sort Code | [•] |
| Reference | <<Company Name>> |

6. "Discount" shall mean [] per cent. (if no number is included, or a number lower than 20 per cent. is included, then the Discount shall be 20 per cent.)
7. "Interest Rate" shall mean [] per cent per annum, simple interest (if no number is included, or a number lower than 8 per cent. is included, then the Interest Rate shall be 8 per cent.).
8. "Maturity Date" means the date falling 36 months after the date of this Agreement.
9. "Valuation Cap" shall mean [] (if no number is included, then no Valuation Cap shall apply).
10. "Headroom Amount" shall mean [] (if no number is included, then the Headroom Amount shall be zero).

SIGNATURE BLOCKS:

This Agreement has been executed on the date shown on the first page.²

Signed: _____
For and on behalf of: **[COMPANY NAME]**

Signed: _____
For and on behalf of: **UK FF NOMINEES LIMITED**

² NOTE: Company and other lender names to be inserted into the respective signature blocks.

Signed: _____
For and on behalf of: **[OTHER LENDER NAME]**

Signed: _____
For and on behalf of: **[OTHER LENDER NAME]**

SCHEDULE 1

TERMS AND CONDITIONS

1. **CONDITION.** The Loans shall be subject only to the passing of all directors' and shareholders' resolutions of the Company to provide the requisite authority to receive the Loans and satisfy any related conversion under the terms of this Agreement (including the waiver of any pre-emption rights howsoever expressed) and receipt by the Company of any written approval or waiver under any existing agreement that the Company is a party to, including pursuant to any existing debt financing arrangements required by the Company to avoid such receipt and conversion being a breach of such agreement.
2. **SECURITY.** The obligations of the Company under this Agreement: (a) shall be unsecured; (b) shall rank pari passu within this Agreement and with all other unsecured indebtedness or obligations of the Company; and (c) shall be subordinated to any existing secured debt of the Company.
3. **USE OF PROCEEDS.** The Loans shall not be used by the Company to: (a) repay any borrowings from a shareholder or a shareholder related party (other than the repayment of any borrowings pursuant to any bank or venture debt facilities); (b) pay any dividends or other distributions; (c) for a period of twelve months from the date of this Agreement, make any bonus or other discretionary payment to any employee, consultant or director of the Company other than as contracted prior to the date hereof and as paid by the Company in the ordinary course of business; or (d) pay any advisory or placement fees or bonuses to any corporate finance entity or investment bank or similar service provider on monies advanced by the Future Fund.
4. **INTEREST.**
 - a. Subject to Section 4(c), interest will only be payable in respect of each Loan at the Interest Rate: (i) on an Event of Default; or (ii) on a Conversion Event ("**Interest**").
 - b. Interest, if payable, will accrue from day to day at the Interest Rate and will be calculated on the basis of a 365-day year and the actual number of days elapsed from the date of this Agreement to the Redemption Date in the case of an Event of Default or the Conversion Date (as the case may be).
 - c. The payment of any Interest shall be satisfied by the Company: (i) in respect of an Event of Default, by way of a payment of such Interest in cash to each Lender; and (ii) in respect of a Conversion Event, at the discretion of the Board, by way of: (A) a payment of such Interest in cash by the Company, in whole or in part, to any relevant Lender on the relevant Conversion Date; and/or (B) to the extent any such Interest has not been paid in cash under part (A) above, conversion of such Interest into shares in the capital of the Company pursuant to Section 5.
 - d. The Company shall make all payments to be made by it under this Agreement without any Tax Deduction, unless a Tax Deduction is required by law.
5. **CONVERSION.**
 - a. To the extent it remains outstanding and subject to Sections 6 and 7, each Loan and any accrued but unpaid Interest (to the extent such Interest is not otherwise paid in cash pursuant to Section 4) will convert into shares in the capital of the Company on the earliest of the following (each a "**Conversion Date**"):
 - (i) Qualified Financing: automatically, on a Qualified Financing, into the most senior class of shares with identical rights and preferences as attached to, and with the same obligations as, the securities issued to the investor(s) in the Qualified Financing (including any warrants, options, bonus shares or

other economic rights made available to investor(s) in such Qualified Financing) at the Conversion Price;

- (ii) Non-Qualified Financing: at the election of the Lender Majority (such election to be received by the Company in writing no later than 10 Business Days' prior to the Non-Qualified Financing), on a Non-Qualified Financing (provided that it shall be at the election of the Relevant Majority on a Non-Qualified Financing in which the Company raises newly committed capital equal to or less than 25% of the aggregate of the principal amount of the Loans then outstanding), into the most senior class of shares with identical rights and preferences as attached to, and with the same obligations as, the securities issued to the investor(s) in the Non-Qualified Financing (including any warrants, options, bonus shares or other economic rights made available to investor(s) in such Non-Qualified Financing) at the Conversion Price;
 - (iii) Exit: automatically, in the event that (A) a Lender would receive a greater amount as cash consideration on an Exit for the sale of the shares that are issued to it on conversion of its Loan than it would otherwise receive had it been repaid its Loan with a Redemption Premium pursuant to Section 6(c); or (B) the Lenders would receive any non-cash consideration for the sale of such shares (other than where the Lender Majority (in respect of all Loans other than the Future Fund's Loan) or the Future Fund (in respect of its Loan) has elected, where the Lenders would receive any non-cash consideration, to receive repayment of the Loan and the Redemption Premium in accordance with Sections 6(d) and 6(e)), immediately prior to an Exit, into the most senior class of shares as will be in issue at the date of completion of such Exit at the Conversion Price; or
 - (iv) Maturity: automatically, on the Maturity Date, into the most senior class of shares as are in issue at the Maturity Date at the Conversion Price.
- b. If and when a Conversion Event is proposed, other than in respect of conversion on the Maturity Date, the Company shall give each Lender not less than 20 Business Days prior written notice of the proposed Conversion Event specifying (to the best of its knowledge) the terms and prospective date of the Conversion Event, provided that if such notice has been given and it subsequently becomes clear to the Company that such Conversion Event will not after all take effect, the Company shall give each Lender written notice to that effect and any election of the Lender Majority or Future Fund (as relevant) in respect of a Non-Qualified Financing or Exit shall be deemed to have been revoked, without prejudice to the Company giving each Lender further written notice in the event of any subsequent proposed Conversion Event pursuant to this Section 5(b).
 - c. If and when prior written notice of a proposed Conversion Event has been given pursuant to Section 5(b) above, the Future Fund shall be entitled to request a meeting with the Company in which the Future Fund and the Company shall discuss in good faith the suite of shareholder governance rights that may be afforded to the Future Fund as a shareholder in the Company, commensurate with the proportion of the share capital that the Future Fund shall hold from the Conversion Event and an appropriate mechanism for the expeditious exercise of those rights by the Future Fund. For the avoidance of doubt, the Company shall be under no obligation to agree to provide any specific shareholder rights in those good faith discussions.
 - d. Where an Exit occurs within six months of a Non-Qualified Financing pursuant to which the Lenders have elected to convert the Loans into the most senior class of shares in the Company, each Lender shall be entitled to the consideration (in cash or otherwise) on such Exit which would be the greater of: (i) the amount to be received for the sale of the shares that are issued to it on conversion of its Loan pursuant to Section 5(a)(ii) above; and (ii) the amount that it would otherwise have received had

its Loan been repaid with a Redemption Premium on the relevant Conversion Date pursuant to Section 5(a)(ii).

- e. On the Conversion Date arising from a Non-Qualified Financing the Company shall be deemed to have warranted to the Future Fund that the Company is not in breach of any of the provisions contained in Section 8(e) and that it is not aware of any breach of any such provision by the Other Lenders.
- f. Shares arising on conversion of the Loans and/or any accrued but unpaid Interest pursuant to Section 5(a) or otherwise pursuant to this Agreement shall be issued and allotted by the Company on the Conversion Date and the certificates for such shares shall be despatched to the persons entitled to them at their own risk. Each share arising on conversion shall be issued for a subscription amount equal to the Conversion Price, which amount shall be satisfied by the release and discharge of the same amount of the Loans and/or accrued but unpaid interest or other amounts payable pursuant to this Agreement. Such shares issued shall be credited as fully paid and rank pari passu with the most senior class of shares as will be in issue with effect from the Conversion Date and shall carry the right to receive all dividends and other distributions declared after the Conversion Date, provided that the issue price or starting price (as the case may be) for any liquidation preference and any anti-dilution rights (if applicable) attaching to the shares that arise on conversion of such Loan will be calculated by reference to the relevant Conversion Price, rather than the price paid by the investor(s) on any Qualified Financing or Non-Qualified Financing. The entitlement of each relevant Lender to a fraction of a share shall be rounded to the nearest whole number of shares which result from the conversion.

6. **REPAYMENT.** Each Loan shall be repaid by the Company as follows (each a "**Redemption Date**"):

- a. in respect of all Loans other than the Future Fund's Loan, at the election of a Lender Majority (such irrevocable election to be received by the Company and the Future Fund in writing no later than 30 Business Days prior to the Maturity Date) and instead of conversion of such Loans under Section 5(a)(iv), on the Maturity Date together with the Redemption Premium;
- b. in respect of the Future Fund's Loan, at the election of the Future Fund (such election to be received by the Company in writing no later than 10 Business Days prior to the Maturity Date) and instead of conversion of such Loan under Section 5(a)(iv), on the Maturity Date together with the Redemption Premium;
- c. automatically, in the event that a Lender would receive a greater amount under this Section 6(c) in respect of its Loan than it would otherwise receive as cash consideration on an Exit in respect of the shares that would have been issued to it on conversion of its Loan, on an Exit together with the Redemption Premium;
- d. in the event that the Lenders would receive any non-cash consideration on an Exit in respect of the shares that would have been issued to them on conversion of the Loans, instead of conversion under Section 5(a)(iii), in respect of all Loans other than the Future Fund's Loan, at the election of a Lender Majority (such irrevocable election to be received by the Company and the Future Fund in writing no later than 15 Business Days prior to such Exit), on an Exit together with the Redemption Premium;
- e. in the event that the Lenders would receive any non-cash consideration on an Exit in respect of the shares that would have been issued to them on conversion of the Loans, instead of conversion under Section 5(a)(iii), in respect of the Future Fund's Loan, at the election of the Future Fund (such election to be received by the Company in writing no later than 5 Business Days' prior to the Exit) on an Exit together with the Redemption Premium; or

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- f. on an Event of Default together with any accrued but unpaid Interest and the Redemption Premium.

Save as set out above, no Loan shall be redeemed or prepaid, in whole or in part, without the prior written consent of each Lender.

7. EVENT OF DEFAULT.

- a. The Loans and any accrued but unpaid Interest shall be repaid together with the Redemption Premium by the Company on demand by any Lender (in respect of their own Loan) upon occurrence of an Event of Default, provided that only the Future Fund shall be entitled to demand repayment and the Redemption Premium upon occurrence of an Event of Default as a result of a breach by the Company of the covenants contained in Sections 8(a), 8(c), 8(e), 8(g), or 8(i).
- b. The Company shall give written notice to the Lenders immediately upon the Company becoming aware of the occurrence of an Event of Default, containing reasonable details of that Event of Default, and shall provide such other information as is reasonably requested in writing by each Lender in respect of such Event of Default.

8. COVENANTS. The Company hereby covenants in favour of the Lenders and (where they are expressly stated as having obligations) the Lenders covenant in favour of the Company and each other as follows:

- a. for so long as its Loan is outstanding or it holds shares in the capital of the Company (other than where an Exit has occurred pursuant to paragraph (c) of the definition of Exit in schedule 2), the Company shall: (i) provide the Future Fund information required pursuant to, and in the format set out in, schedule 4 in respect of each quarter from the date of this Agreement within 20 Business Days of the end of such financial quarter; and (ii) to the extent requested in writing by the Future Fund, promptly provide the Future Fund with the same information that is provided to the Company's other lead and/or major investors from time to time under the terms of any shareholders' agreement in place between, amongst others, the Company and such investors, including any accounts, budgets, forecasts, reports, capitalisation tables and/or any right to reasonably request other information, in each case for the purposes of monitoring its investment in the Company, provided that the Board may unanimously decide, acting reasonably, to withhold any such information requested by the Future Fund pursuant to (ii) above for reasons of commercial sensitivity and/or legal privilege, and on such board decision, shall provide prompt written notice to the Future Fund that it is withholding such information;
- b. for so long as the Loans are outstanding, the Company shall not permit the creation of any indebtedness of the Group that is senior to the obligations of the Company under this Agreement without the prior written consent of the Relevant Majority other than in respect of any bona fide senior indebtedness on arms' length terms from any person that is not an existing shareholder (or any connected person of an existing shareholder and 'connected person' shall have the meaning attributed to it at the date of this Agreement by sections 1122 and 1123 of the Corporation Tax Act 2010) or a Lender or pursuant to any bona fide venture debt facilities;
- c. in the event that it is determined by the Future Fund (in its absolute discretion) that it would be prejudicial to the reputation of the Future Fund and/or the UK Government to continue holding its Loan and/or any shares in the capital of the Company, the Future Fund shall have the option to require the Company to repay its Loan or purchase all of the shares in the capital of the Company held by the Future Fund, in each case for an aggregate price of £1.00 at any time (the "Put Option"), provided that: (i) the Put Option shall be exercisable by irrevocable notice in writing from the Future Fund to the Company (the "Put Option Notice"); (ii) the terms of the completion of the Put Option have been authorised by a resolution of the Company; and (iii) completion of the Put Option shall take place as soon as reasonably

practicable and in any event no later than 20 Business Days following the Company's receipt of the Put Option Notice; and (iv) each of the Lenders and the Company shall execute, and the Company shall procure so far as it lies within its power to do so the execution of, all such documents and deeds and do all such acts and things as may be reasonably required from time to time to implement the Put Option and repay the Future Fund's Loan or transfer the legal and beneficial ownership of the relevant shares being sold to the Company under this Section 8(c), including waiving any pre-emption rights relating to such transfer;

- d. in the event that: (i) a Loan converts into shares on a Qualified Financing or Non-Qualified Financing pursuant to Section 5(a)(i) or (ii); and (ii) within six months of the date of such conversion, the Company proposes to complete an equity financing round (excluding: (A) any Loans made pursuant to this Agreement; (B) any subscription for shares made on the exercise of any option granted to an employee, officer or consultant of the Company by way of incentive; and (C) any issue of shares on conversion of a Loan under this Agreement) in which shares are issued to investor(s) that rank senior to the shares issued to the Lenders on the Qualified Financing or Non-Qualified Financing (as the case may be), the Company shall provide at least 10 Business Days' written notice of such event to the Lenders (such notice to include all information concerning the equity financing round that they might reasonably expect to receive to enable them to make an informed assessment as to whether to exercise its following rights in relation thereto) and each Lender shall then have the option to convert the shares that were issued to it on the Qualified Financing or Non-Qualified Financing under Section 5 (as the case may be), into an equal number of shares of the most senior class of shares that were issued on the equity financing round under part (ii) above, with identical rights and preferences and with the same obligations as the securities issued to the investor(s) under that equity financing round, provided that if a Lender fails to respond within the time period given in such notice, it shall be deemed to have elected to so convert such shares. The Company shall not proceed with such an equity financing round unless the Company is capable and authorised to give effect to any such conversion;
- e. for so long as the Future Fund's Loan is outstanding or it holds shares in the capital of the Company, the Company and the Other Lenders shall at all times:
- (i) act in good faith towards the Future Fund with respect to each provision of this Agreement; and
 - (ii) do all things reasonably within their power (including, in respect of the Other Lenders, exercising or refraining from exercising (as appropriate) their voting rights (if relevant) at shareholder meetings and, through any nominated director, at board meetings and using any and all powers vested in them from time to time as shareholders) which are necessary to give effect to the spirit and intent of this Agreement, including:
 - (A) not taking any steps or actions which impair or adversely affect or derogate from, in any manner whatsoever, the enforceability in any respect of this Agreement;
 - (B) not agreeing or entering into any side agreement or arrangement with each other or any other investors participating in any convertible loan, advance subscription or similar arrangement which would adversely affect the economic interests of the Future Fund pursuant to this Agreement;
 - (C) prior to conversion or repayment of the Future Fund's Loan, not artificially inflating the price per share paid on any equity financing round following the date of this Agreement in a manner which is adverse to the Future Fund;

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- (D) procuring that the Future Fund is not treated in a manner which is disproportionate to the manner in which other Lenders and other shareholders are treated (having regard to their respective class and holdings of Loans and/or shares in the capital of the Company); and
- (E) procuring that any covenants in this Agreement relating to the shares in the capital of the Company are given enforceable effect after termination of this Agreement, whether by way of incorporation into a shareholders' agreement relating to the Company or otherwise;
- f. upon conversion of a Loan: (i) each Lender shall be supplied with such documentation as may be reasonably required to satisfy it that the Company has authority to allot the relevant shares being issued to that Lender; (ii) each Lender shall be provided with a copy of all of the executed and dated documents in connection with the subject matter of this Agreement, including this Agreement and any executed Subscription Deeds from time to time; (iii) the issue price or starting price (as the case may be) for any liquidation preference and any anti-dilution rights (if applicable) attaching to the shares that arise on conversion of such Loan will be calculated by reference to the relevant Conversion Price, rather than the price paid by the investor(s) on any Qualified Financing or Non-Qualified Financing;
- g. following conversion of the Future Fund's Loan, the Future Fund shall at any time be entitled to transfer any shares in the capital of the Company that are held by the Future Fund, without restriction as to price or otherwise and free of pre-emption rights howsoever expressed, in connection with any sale to an Institutional Investor that is acquiring the whole or part (being not fewer than 10 companies, including the Company) of the Future Fund's interest in a portfolio of investments which comprise or result from the conversion of unsecured convertible loans substantially on the same terms as this Agreement, provided always that such transaction(s) is bona fide in all respects and in such event the Company and the Lenders shall procure such modification to the Company's articles of association as shall be necessary in order to give full legal and practical effect to this Section 8(g);
- h. for so long as a Lender's Loan is outstanding (and without prejudice to the provisions of Section 8(i)), it shall at any time be entitled to transfer its Loan as if the Loan were subject to the same transfer restrictions and permitted transfer provisions as set out in the articles of association and shareholders' agreement of the Company from time to time as the most senior class of shares in the Company would be subject to;
- i. for so long as the Future Fund's Loan is outstanding or it holds shares in the capital of the Company, the Future Fund shall at any time be entitled to transfer its Loan or any shares in the capital of the Company that are held by the Future Fund, without restriction as to price or otherwise and free of pre-emption rights howsoever expressed, to any Associated Government Entities;
- j. the Company shall comply with all applicable laws and regulations including all applicable laws and regulations relating to anti-bribery, anti-corruption or sanctions and shall carry out a review of the Company's operations to identify bribery and corruption risks and introduce, maintain and implement a suitable anti-bribery and corruption policy which applies to the Company;
- k. the Company shall at all times perform and comply in all material respects with its obligations set out in this Agreement (including procuring any third party and/or regulatory approvals required in order to issue the shares on conversion to the Lenders or any particular Lender);
- l. each of the Company and the Lenders shall procure (including through exercise of voting rights) that sufficient authorities and/or waivers are maintained at all times to permit issue and allotment of all shares that may be required to be issued and allotted upon conversion of any or all of the Loans, free from any pre-emption rights;

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- m. no application has been or is intended to be made to any listing authority, stock exchange or other market for the Loans to be listed or otherwise traded;
 - n. in the event that, prior to the repayment or conversion of the Loans, the Company issues any other unsecured loan notes or advance subscriptions to any other lender or subscriber (as the case may be) on terms relating to the subject matter of Sections 2, 4, 5, 6 and/or 7 that are more favourable than those contained herein: (i) the Company shall promptly provide written notice of the same to the Lenders; (ii) the Company shall provide such information and documents as are reasonably required by the Lenders to consider the preferential terms of such other unsecured convertible loan notes; and (iii) any such favourable terms shall be automatically deemed to apply to the outstanding Loans and this Agreement shall be amended so that each Lender also benefits from such improved terms (and the parties shall procure the same); and
 - o. each of the Company and the Lenders agree to procure, to the extent that each is able, that: (i) the Loans shall not be considered as a financing round (whether a qualified financing round or non-qualified financing round, however defined) for the purposes of any Existing Convertible Securities; (ii) this Agreement shall not trigger any most favoured nation clause or similar under any Existing Convertible Securities held by Other Lenders; (iii) the value of the Loans then outstanding shall not be included in any valuation cap in connection with determining the price per share applicable on conversion of any Existing Convertible Securities; (iv) the Conversion Price applicable to the Loans under Section 5 shall not be used as the referral price for the purposes of determining the lowest price per share applicable on conversion of any Existing Convertible Securities; and (v) any relevant documents pertaining to such Existing Convertible Securities shall be modified to the extent necessary to give effect to the provisions of this Section 8(o).
9. **WARRANTIES.** The Company hereby warrants to the Lenders that, as at the date of this Agreement:
- a. the Company satisfies in full the Eligibility Criteria;
 - b. the Company is a company duly formed, validly existing and in good standing under the laws of England and Wales, Scotland or Northern Ireland and the Company has full power and authority to enter into and perform its obligations under this Agreement;
 - c. the execution and performance of this Agreement by the Company has been duly authorised by all necessary actions and no other consents, authorisations or approvals of any kind or of any governmental authority or other third party are required in connection with the execution or performance of this Agreement by the Company and this Agreement has been duly executed and delivered by the Company and is valid and binding upon the Company and enforceable in accordance with its terms;
 - d. the consummation of the transactions contemplated hereunder and the performance of this Agreement by the Company do not violate the provisions of the articles of association of the Company, or any applicable law, and do not result in any breach of, or constitute a default under, any agreement, indenture or other instrument to which the Company is a party or by which it is bound;
 - e. the Group has conducted its business and dealt with its assets in all material respects in accordance with applicable legal and administrative requirements and there is no action, suit, proceeding or investigation commenced, pending or, to the knowledge of the Company, threatened against the Company likely to have a material adverse effect on the business of the Company; and
 - f. no Event of Default is outstanding or is likely to result from the making of the Loans.

10. **LENDER WARRANTIES.**

- a. Each Other Lender hereby warrants to the Future Fund in respect of itself only that it is either (i) an "investment professional" within the meaning given to that term in article 19 of the FPO; (ii) capable of being classified as a "professional client" within the meaning given in the Glossary to the FCA Rules; (iii) a high net worth company, unincorporated associated or high value trust falling within article 49(2) of the FPO; (iv) a "certified sophisticated investor" or a "self-certified sophisticated investor" within the meaning given in articles 50 and 50A respectively of the FPO; (v) a "certified high net worth individual" within the meaning of article 48 of the FPO; (vi) an association of high net-worth or sophisticated investors within the meaning of article 51 of the FPO; or (vii) an equivalent professional, high net worth, institutional or sophisticated investor in accordance with applicable law and regulation in such Other Lender's home jurisdiction. Each Other Lender falling within the categories of "certified sophisticated investor", "self-certified sophisticated investor" or "certified high net worth individual" warrants in respect of itself only that it has the necessary signed statements and/or certificates as required under the FPO.
- b. Each Other Lender hereby warrants to the Company and the Future Fund that it has the capacity and authority to enter into and perform its obligations under the Agreement and no other consents, authorisations or approvals of any kind are required in connection with the execution or performance of this Agreement by it.
11. **CURRENCY.** The Loans are denominated in Pounds Sterling. Where conversion of any Loan occurs by reference to a Conversion Price which is denominated in a currency other than Pounds Sterling, the principal amount of such Loan and the Interest (where relevant) shall be converted utilising the five day average closing mid-point spot rate for conversion of Pounds Sterling to that currency as published in the London edition of the Financial Times published on the Business Day prior to the Conversion Date (or such earlier date within the previous 5 Business Days as may be agreed for convenience by the Company and a Lender Majority).
12. **WAIVER.** The waiver, express or implied, by a Lender of any right it holds under this Agreement or any failure to perform or breach by the Company shall not constitute or be deemed a waiver of any other right under this Agreement. No failure to exercise or delay in exercising any right or remedy or under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise operate to preclude any other right or remedy. No specific remedy hereunder shall be construed as excluding remedies at law.
13. **AMENDMENT.** All and any of the provisions of this Agreement may be deleted, varied, supplemented, restated or otherwise changed in any way at any time with the prior written consent of the Company and the Relevant Majority, provided that any such change shall not, without the prior written consent of a Lender: (i) vary or remove the express contractual right of that Lender as set out in Section 8 and this Section 13 (as the case may be); (ii) impose any new obligation(s) on that Lender; or (iii) change the rights of that Lender or increase an existing obligation of that Lender in a manner which, in the reasonable opinion of the Company, is disproportionate to the manner in which it treats the other Lenders (having regard to their respective rights under this Agreement and the Loans).
14. **CONFIDENTIALITY AND NO ANNOUNCEMENTS.** No party shall distribute or disclose or make any public announcement or issue a press release or respond to any enquiry from the press or other media concerning or relating to the amounts of the Loans and the addresses and email addresses of the Lenders as set out in paragraph 1 and the terms of paragraphs 5, 6, 7, 9 and 10 of this Agreement except:
- a. with the prior written consent of the Company and the Relevant Majority;
- b. to the extent required to do so by law or by any regulatory or government authority of competent jurisdiction to which that party is subject, including any listing authority or stock exchange on which any shares of the disclosing party are listed or traded; or

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- c. to the extent required to do so by a court of competent jurisdiction,

provided that, in each case the recipient is subject to an obligation to keep the disclosure confidential on the same basis as is required of the disclosing party under this Agreement and such disclosing party shall procure the same, so far as it lies within its power to do so.

Notwithstanding the above, nothing in this Agreement shall prevent the Future Fund from disclosing any information whether or not relating to the Company and its affairs to Associated Government Entities or which the Future Fund, in its absolute discretion, considers that it is required to disclose in order to comply with any statutory or parliamentary requirements, whether or not existing at the date of this Agreement.

15. **COSTS.** Each party shall bear its own costs and disbursements incurred in connection with the provision, execution and enforcement of this Agreement and of matters incidental to this Agreement.
16. **ASSIGNMENT.** No party may assign this Agreement or any of its rights or obligations hereunder without the prior written consent of the other parties, provided that a Lender may assign the whole or part of any of its rights in this Agreement to any person who has received a transfer of its Loan or of any shares arising from conversion of the Loan from such Lender in accordance with this Agreement or the Company's articles of association respectively and has executed a deed of adherence to this Agreement adhering to the terms of this Agreement as a Lender in a form provided by the Company.
17. **RIGHTS OF THIRD PARTIES.** This Agreement does not confer any rights on any person or party (other than the parties to this Agreement that have executed this Agreement or any Subscription Deed) pursuant to the Contracts (Rights of Third Parties) Act 1999.
18. **COUNTERPARTS; NO ORIGINALS.** This Agreement may be executed in any number of counterparts (whether signed in physical, electronic or other means), each of which shall constitute an original, and all the counterparts shall together constitute one and the same agreement. The exchange of a fully executed version of this Agreement (in counterparts or otherwise) by electronic transmission in PDF format or other agreed format shall be sufficient to bind the parties to the terms and conditions of this Agreement and no exchange of originals is necessary.
19. **NOTICES.**
- a. Any communication and/or information to be given in connection with this Agreement shall be in writing in English and shall be delivered by email to each relevant party at the email address shown in this Agreement or such other email address as the recipient may notify to the other parties for such purpose.
- b. A communication sent in accordance with this Section shall be deemed to have been received at the time of completion of transmission by the sender, except that if a communication is received between 5.30pm on a Business Day and 9.30am on the next Business Day, it shall be deemed to have been received at 9:30am on the second of such Business Days.
20. **ENTIRE AGREEMENT.** This Agreement and the documents referred to in it constitutes the entire agreement and understanding between the parties with respect to the subject matter of this Agreement and supersedes and extinguishes any prior drafts, agreements, undertakings, understandings, promises, representations or conditions whether oral or written, express or implied between the parties relating to such subject matter (other than any representations or statements given in the Application by the Company and an Other Lender in respect of itself only, which shall not be extinguished pursuant to this Section 20 and on which the Future Fund has relied on in entering into this Agreement).

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21. **EQUITABLE REMEDIES.** Without prejudice to any other rights or remedies that the parties may have, the parties acknowledge and agree that damages alone may not be an adequate remedy for any breach by them of this Agreement and that the remedies of injunction and specific performance as well as any other equitable relief for any threatened or actual breach of this Agreement by any party may be more appropriate remedies.
22. **GOVERNING LAW AND JURISDICTION.** This Agreement (and any dispute or claim relating to it or its subject matter (including non-contractual claims)) is governed by and is to be construed in accordance with English law. The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any claim, dispute or issue (including non-contractual claims) which may arise out of or in connection with this Agreement.

SCHEDULE 2

DEFINITIONS

In this Agreement, except where a different interpretation is necessary in the context, the words and expressions set out below shall have the following meanings:

"Agreement" means this convertible loan agreement, including its schedules, and any Subscription Deed entered into following the date of this agreement;

"Application" means the application required in respect of the Future Fund Scheme containing the requisite details of the Company and the Other Lenders and the headline terms requested in respect of the Loans (as set out in paragraphs 1 and 6 to 10), as submitted by the Lead Lender;

"Associated Government Entities" means:

- a. any UK Government departments, including their executive agencies, other subsidiary bodies and other parts of UK Government;
- b. companies wholly or partly owned by UK Government departments and their subsidiaries;
- c. non-departmental public bodies, other public bodies, public corporations and their subsidiary bodies sponsored by UK Government departments; and/or
- d. any successors to any of the entities set out in (a), (b) and (c) above or any new bodies which fall within the same criteria;

"Base Date" means the 20 April 2020;

"Board" means the board of directors of the Company from time to time;

"Business Day" means a day on which the English clearing banks are ordinarily open for the transaction of normal banking business in the City of London (other than a Saturday or Sunday);

"Conversion Date" has the meaning given in Section 5;

"Conversion Event" means all or any of the events listed in Section 5(a)(i) to (iv) inclusive;

"Conversion Price" means:

- a. in respect of a Qualified Financing pursuant to Section 5(a)(i), a price per share equal to the lowest price per share paid by investor(s) for such senior class of shares on the Qualified Financing after reducing such price per share by the Discount;
- b. in respect of a Non-Qualified Financing pursuant to Section 5(a)(ii), a price per share equal to the lowest price per share paid by investor(s) for such senior class of shares on such Non-Qualified Financing after reducing such price per share by the Discount;
- c. in respect of an Exit pursuant to Section 5(a)(iii), a price per share equal to the lowest price per share paid by investor(s) for such class of shares in the then most recent bona fide equity financing in which the Company either: (i) raises newly committed capital after the Base Date and prior to the Maturity Date equal to an amount which is greater than 25% of the aggregate of the principal amount of the Loans then outstanding, after reducing such price per share by the Discount; or (ii) raised committed capital prior to the Base Date, from one or a series of related transactions involving the issue by the Company of shares to investor(s) (excluding (A) any Loans made pursuant to this Agreement; (B) any shares issued on the exercise of any option granted to an employee, officer or consultant of the Company by way of

incentive; and (C) any issue of shares on conversion of a Loan under this Agreement);

- d. in respect of the Maturity Date pursuant to Section 5(a)(iv), a price per share equal to the lowest price per share paid by investor(s) for such class of shares in the then most recent bona fide equity financing in which the Company either: (i) raises newly committed capital after the Base Date and prior to the Maturity Date equal to an amount which is greater than 25% of the aggregate of the principal amount of the Loans then outstanding, after reducing such price per share by the Discount; or (ii) raised committed capital prior to the Base Date, from one or a series of related transactions involving the issue by the Company of shares to investor(s) (excluding (A) any Loans made pursuant to this Agreement; (B) any shares issued on the exercise of any option granted to an employee, officer or consultant of the Company by way of incentive; and (C) any issue of shares on conversion of a Loan under this Agreement),

provided that, (A) only the principal amount converting shall be reduced by the Discount and not any Interest; and (B) where a Valuation Cap has been agreed and included in this Agreement, in each of (a) - (d) (inclusive) above, if the price per share which results from dividing the Valuation Cap by the number of shares comprised in the Fully Diluted Share Capital is lower than the price per share that would otherwise apply under part (a), (b), (c) or (d) (as the case may be), the Conversion Price shall be equal to such lower price;

"Discount" has the meaning given to it in paragraph 6;

"Eligibility Criteria" means the eligibility criteria set out on the Portal for 'the company' (as such term is defined thereon) as at the date of final submission of the Application to the Portal by the Lead Lender;

"Event of Default" means any of the following events:

- a. any Group Company stops payment of its debts generally or ceases to carry on all or a substantial part of its business;
- b. any Group Company is deemed to be unable to pay its debts as they fall due or compounds or proposes or enters into any reorganisation or special arrangement with its creditors generally;
- c. a moratorium is declared in respect of any indebtedness of any Group Company;
- d. any petition is advertised by any person for the winding-up of any Group Company or an order is made or a resolution is passed with respect to the liquidation, winding-up, administration or dissolution of a Group Company which is not discharged within 10 Business Days of presentation;
- e. an encumbrancer takes possession or a liquidator, receiver, administrative receiver, administrator or court-appointed receiver or other similar officer is appointed over the whole or the major part of the assets or undertaking of any Group Company or if distress, execution or other legal process is levied or enforced upon or against the whole or the major part of the assets of any Group Company and is not discharged, paid out, withdrawn or removed within 10 Business Days; or
- f. any Group Company fails, in any material respect, to comply with any of the covenants, conditions or provisions contained in this Agreement or breaches, in any material respect, any provisions of this Agreement and which breach, if capable of cure, is not cured within 20 Business Days in the reasonable opinion of the Lender Majority;

"Existing Convertible Securities" means any securities convertible into, or carrying the right to subscribe for, shares in the Company that are outstanding as at the date of this Agreement (including

any existing convertible loan notes, advance subscriptions, simple agreements for future equity, promissory notes or similar);

"Exit" means either:

- a. the arms' length sale of (or the grant of a right to acquire or to dispose of) any of the shares in the capital of the Company (in one transaction or as a series of transactions) which will result in the purchaser of those shares (or grantee of that right) and any persons Acting in Concert (as defined in The City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended from time to time)) together acquiring an interest in such shares giving control of the Company (within the meaning of section 1124 of the Corporation Tax Act 2010), except where following completion of the sale the shareholders and the proportion of shares held by each of them are the same or substantially the same as the shareholders and their shareholdings in the Company immediately prior to such sale and the rights and obligations of the Company under this Agreement have been novated to such new holding company on completion of such sale;
- b. a sale of all or substantially all of the Group's undertakings and assets (including the grant of an exclusive licence of intellectual property not entered into in the ordinary course of business); or
- c. the admission of all or any of the Company's shares or securities representing those shares on the Official List of the United Kingdom Listing Authority, the AIM Market operated by the London Stock Exchange Plc, the New York Stock Exchange, the NASDAQ Stock Market of the NASDAQ OMX Group Inc. or any other recognised investment exchange (as defined in section 285 of FSMA);

"FCA" means the Financial Conduct Authority;

"FCA Rules" means the FCA's handbook of rules and guidance;

"Financial Year" means each accounting reference period of the Company determined from time to time in accordance with Chapter 3 of Part 15 of the Companies Act 2006;

"FPO" means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;

"FSMA" means the Financial Services and Markets Act 2000;

"Fully Diluted Share Capital" means the aggregate at the time of: (i) the issued share capital of the Company; (ii) in respect of Section 5(a)(i) and (ii) only, all shares capable of being issued by the Company upon the exercise of any additional options authorised pursuant to the terms of such Qualified Financing or Non-Qualified Financing; and (iii) all shares capable of being issued by the Company pursuant to any outstanding rights to subscribe for, or convert any security into, shares as if all those outstanding rights had been exercised in full (including all outstanding warrants, convertible loan notes, advance subscriptions and all other convertible or exercisable securities then outstanding) but excluding: (A) the shares to be issued under this Agreement; and (B) in respect of Section 5(a)(iii) only, all shares capable of being issued by the Company in respect of unallocated and/or unvested options;

"Future Fund Scheme" means the UK Government scheme to issue convertible loans to companies which are facing financing difficulties due to the 2020 Covid-19 pandemic;

"Group Companies" means from time to time the Company and each and any of its subsidiaries, **"Group Company"** means any one of them and **"Group"** means, together, the Company and its subsidiaries;

"Headroom Amount" has the meaning given to it in paragraph 10;

"Institutional Investor" means any fund, partnership, body corporate, trust or other person or entity whose principal business is to make investments or a person whose business is to make, manage or advise upon investments for any of the foregoing, other than an Institutional Investor who the Board determines in its reasonable discretion is a competitor with the business of the Company;

"Interest" has the meaning given to it in Section 4(a);

"Interest Rate" has the meaning given to it in paragraph 7;

"Lead Lender" means the Other Lender which submitted the Application in respect of the Future Fund Scheme;

"Lender Majority" means the holder(s) of in excess of 50% of the total Loans that remain outstanding from time to time under this Agreement, excluding those held by the Future Fund;

"Lenders" means the Future Fund and the Other Lenders and any lenders that have agreed to make available to the Company an unsecured convertible loan pursuant to a Subscription Deed;

"Loans" means the unsecured convertible loans to be provided by the Lenders pursuant to the terms of this Agreement and **"Loan"** means any one such convertible loan provided by a particular Lender;

"Maturity Date" has the meaning given to it in paragraph 8;

"Non-Qualified Financing" means any bona fide equity financing round, other than a Qualified Financing, occurring after the date of this Agreement in which the Company raises newly committed capital prior to the Maturity Date from one or a series of related transactions involving the issue by the Company of shares to investor(s) (excluding (i) any Loans made pursuant to this Agreement; (ii) any shares issued on the exercise of any option granted to an employee, officer or consultant of the Company by way of incentive; and (iii) any issue of shares on conversion of a Loan under this Agreement);

"Portal" means the Future Fund Scheme's web portal at www.uk-futurefund.co.uk;

"Qualified Financing" means any bona fide equity financing round occurring after the date of this Agreement in which the Company raises an amount equal to at least the aggregate amount of the Loans received by the Company at the time of such financing round, in newly committed capital prior to the Maturity Date from one or a series of related transactions involving the issue by the Company of shares to investor(s) (excluding (i) any Loans made pursuant to this Agreement; (ii) any shares issued on the exercise of any option granted to an employee, officer or consultant of the Company by way of incentive; and (iii) any issue of shares on conversion of a Loan under this Agreement);

"Redemption Date" has the meaning given to it in Section 6;

"Redemption Premium" means, in respect of a Loan, a premium equal to 100% of the principal amount of such Loan;

"Relevant Majority" means the Lender Majority and the Future Fund for so long as it holds any Loan and/or shares in the capital of the Company;

"Subscription Deed" means a subscription deed substantially in the form set out in schedule 3 to this Agreement;

"Tax Deduction" means a deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature; and

"Valuation Cap" has the meaning given to it in paragraph 9.

In this Agreement, unless otherwise specified:

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- a. references to redemption includes repayment and vice versa and the words "redemption" and "redeemed" shall be construed accordingly;
 - b. a "group undertaking" or an "undertaking" is to be construed in accordance with section 1161 of the Companies Act 2006, a "subsidiary undertaking" is to be construed in accordance with section 1162 of that act and a "subsidiary" or "holding company" is to be construed in accordance with section 1159 of that act;
 - c. references to paragraphs and schedules are references to paragraphs of and schedules to this Agreement;
 - d. references to Sections are to sections of schedule 1 to this Agreement ;
 - e. the schedules form part of and are incorporated into this Agreement;
 - f. headings are included for ease of reference only and shall not affect the interpretation of this Agreement;
 - g. "includes" and "including" shall mean including without limitation;
 - h. a "person" includes any person, individual, company, firm, corporation, government, state or agency of a state or any undertaking (whether or not having separate legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated or exists);
 - i. "writing" means typed text or legible manuscript text;
 - j. reference to a legal or regulatory provision or standard is to be construed as a reference to that legal or regulatory provision or standard as the same may have been amended or re-enacted before the date of this Agreement;
 - k. the singular shall include the plural and vice versa and references to any gender shall include references to the other genders; and
 - l. reference to the time of day is reference to the time in London, England.

DATED **2020**

[ADDITIONAL LENDER NAME] (company number **[number]**) whose registered office is at **[address]**
(the "Additional Lender").

INTRODUCTION

- (1) The Additional Lender has agreed to make available to the Company an unsecured convertible loan in the aggregate amount of £[number] (the "**Additional Loan**") pursuant to the terms of this subscription deed (this "**Deed**") and the convertible loan agreement dated [●] 2020 between (1) the Company, (2) the Future Fund (as defined therein) and (3) the Other Lenders (as defined therein) (the "**Agreement**").
- (2) This deed (the "**Deed**") is entered into in compliance with the terms of Section 1 of the Agreement.

AGREED TERMS

1. Words and expressions used in this Deed shall have the same meaning as is given to them in the Agreement unless defined herein or the context otherwise expressly requires.
2. The Additional Lender shall, no later than five Business Days after the date of this Deed, pay the Additional Loan to the Company's Solicitors Bank Account and the Company shall accept such Additional Loan and shall owe and promise to pay to the Additional Lender or its successors the principal amount of the Additional Loan, together with any Redemption Premium and/or any accrued but unpaid Interest, as the case may be, in accordance with the terms of the Agreement.
3. Unconditional release of the Additional Loan to the Company's Solicitors shall be a good and valid discharge of the obligation of the Additional Lender to pay such amount to the Company and the Additional Lender shall not be concerned to see the application of the monies so paid.
4. The Additional Lender hereby agrees to:
 - a. assume the benefit of the rights under the Agreement in respect of the Additional Loan;
 - b. assume the burden of the obligations under the Agreement to be performed after the date hereof in respect of the Additional Loan; and
 - c. be bound by the Agreement in all respects.

in each case as if it was a party to the Agreement as one of the "Lenders" and shall perform all the obligations expressed to be imposed on such a party to the Agreement, to be performed or on or after the date hereof, provided that the Additional Lender shall take the benefit of the warranties set out in Section 9 but without any repetition thereof such that those warranties are true and accurate as at the date of the Agreement and not as at the date of this Deed.

5. This Deed is made for the benefit of:

- a. the parties to the Agreement; and
- b. any other person(s) who may after the date of the Agreement (and whether or not prior to or after the date hereof) assume any rights or obligations under the Agreement and be permitted to do so by the terms thereof,

and this Deed shall be irrevocable without the consent of the Company acting on their behalf in each case only for so long as they hold any unsecured convertible loan and/or shares in the capital of the Company.

6. This Deed shall be governed by and construed in accordance with the laws of England and Wales.

This Deed has been executed and delivered as a deed on the date shown on the first page.

EXECUTED AS A DEED on behalf of)
THE COMPANY)
acting by a director)

in the presence of: _____

Signature of witness _____

Name of witness _____

Address of witness _____

Occupation of witness _____

EXECUTED AS A DEED on behalf of)
THE ADDITIONAL LENDER)
acting by)

in the presence of: _____

Signature of witness _____

Name of witness _____

Address of witness _____

Occupation of witness _____

SCHEDULE 4

QUARTERLY REPORTING INFORMATION

The reporting information on the Group required to be provided by the Company to the Future Fund via the Portal pursuant to Section 8(a) of schedule 1 is as set out below:

1. within the first 90 days following the date of this Agreement, calculated in accordance with the Company's normal accounting policies;
 - a. revenue for the last two Financial Years;
 - b. earnings before interest, taxation, depreciation and amortisation ("**EBITDA**") for the last two Financial Years; and
 - c. net cash flow for the last two Financial Years,

provided that where any such information is not available in respect of the last two Financial Years as the Company was incorporated within the current Financial Year or the last Financial Year, the Company shall provide the same information for the period since incorporation of the Company;
2. on a quarterly basis following the date of this Agreement (including in respect of the first quarter following the date of this Agreement):
 - a. calculated in accordance with the Company's normal accounting policies and the most recent management accounts of the Group:
 - (i) revenue for the relevant quarter and current Financial Year;
 - (ii) current monthly recurring revenue for the relevant quarter and current Financial Year, if applicable to the Company;
 - (iii) EBITDA for the relevant quarter and current Financial Year;
 - (iv) net cash flow for the relevant quarter and current Financial Year;
 - (v) current monthly cash burn rate; and
 - (vi) current cash balance;
 - b. post-money valuation of the Company in the most recent funding round;
 - c. performance of the Group against the current budget of the Group:
 - (i) revenue (achieved vs budget); and
 - (ii) net cash flow (achieved vs budget);
 - d. the Company's management team's reasonable assessment of the likely timing, amount and form of the Group's next financing activity and its estimated valuation of the Company (on a pre-money basis) at such financing;
 - e. the Company's management team's reasonable and supportable estimated forecast for the Group's revenue and net cash flow for the current Financial Year and the next two Financial Years;
 - f. where a Conversion Event has occurred, provided that the monthly net cash flow of the Group is negative;

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- (i) current performance of the Group against non-financial key performance indicators;
 - (ii) key intellectual property and knowhow developed, if applicable to the Group; and
 - (iii) "Technology Readiness Level" milestones achieved (TRL 1-9), if applicable to the Group.