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ADVANCE SUBSCRIPTION AGREEMENT

DATED 2023

PARTIES

- (1) **SuperSeed II LP**, a private fund limited partnership registered in England under registered number LP022187 whose registered office is at 231-232 Strand, London, WC2R 1DA acting by its general partner SuperSeed II (GP) LP (the “**Subscriber**”);
- (2) **[Insert Name]** of **[Insert address]** (“**Founder 1**”);
- (3) **[Insert Name]** of **[Insert address]** (“**Founder 2**”, Founder 1 and Founder 2 together being the “**Founders**”); and
- (4) **[]**, a company incorporated and registered in **[England and Wales]** with company number **[]** having its registered office at **[]** (the “**Company**”).

INTRODUCTION

- (A) The Subscriber has agreed to make advance subscription funds available to the Company in the total amount of **[]** (the “**Advance Subscription Funds**”) for the purpose and on the terms of this agreement.
- (B) The Advance Subscription Funds are divided into one tranche of £100,000 (“**Tranche 1**”) and a second tranche of **[]** (“**Tranche 2**”).
- (C) The parties are entering into this agreement to regulate the manner in which the Advance Subscription Funds to be treated and to grant the Subscriber with certain rights as an investor in the Company.

IT IS AGREED AS FOLLOWS

1. DEFINITIONS

1.1 In this agreement:

“ Advance Subscription Funds ”	has the meaning given in the Introduction.
“ Bad Leaver ”	means a Founder who ceases to be an employee of the Company or any of its subsidiaries as consequence of gross misconduct, fraud, dishonesty or conviction for a criminal offence (other than a road traffic offence which is not punishable by a custodial sentence);
“ Business Day ”	means a day on which English clearing banks are ordinarily open for the transaction of normal banking business in the City of London (other than a Saturday, Sunday or public holiday);
“ Change of Control ”	means the acquisition of a controlling interest in the Company (as defined in section 1124 of the Corporation Tax Act 2010) by any person or persons acting in concert (as

defined in the City Code on Takeovers and Mergers) with them;

“Conversion Price”

means:

- (a) in relation to Tranche 1, the price per Conversion Share which would result in Tranche 1 converting into such number of Conversion Shares as is equal to 5% of the Fully Diluted Capitalisation post-conversion;
- (b) in relation to Tranche 2:
 - (i) where conversion takes place pursuant to clause 3.1(a) (*Financing Round*), a price per Conversion Share equal to the Subscription Price less a discount of 20%;
 - (ii) where conversion takes place pursuant to clause 3.1(b) (*Change of Control*) or 3.1(c) (*Insolvency*), a price per Conversion Share equal to the value per each Conversion Share implied by the Change of Control or Insolvency less a discount of 20%;
 - (iii) where conversion takes place pursuant to clause 3.1(d) (*Longstop Date*), the price per Conversion Share which would result in Tranche 2 converting into such number of Conversion Shares as is equal to 7.5% of the Fully Diluted Capitalisation post-conversion;

“Conversion Shares”

means either:

- (a) in the case of shares issued pursuant to clause 3.1(a) (*Financing Round*), Next Round Shares; or
- (b) in the case of shares issued pursuant to clause 3.1(b) (*Change of Control*), or 3.1(c) (*Insolvency*) or 3.1(d) (*Longstop Date*) the most senior class of share in the Company at that time;

“Financing Round”

means a subscription for shares in the Company by one or more investors in a bona fide financing round under which the Company raises in aggregate at least £2,000,000 (or such lower amount as may be determined by the Subscriber in writing) excluding the Advance Subscription Funds;

“Founder Shares”

means, in relation to a Founder, the shares in the capital of the Company which are held by that Founder or their family members or connected persons;

“Fully Capitalisation”	Diluted means the number of shares in issue and outstanding immediately prior to conversion (excluding any deferred shares), assuming, for the purpose of this definition, that all options, employee option pools, warrants or convertible securities over shares and all other rights of conversion into shares in existence at such time (including the shares issued on conversion of the Advance Subscription Funds) are utilised, exercised and converted in full (irrespective of whether or not such options, warrants, convertible securities or rights of conversion, as the case may be, are, on their terms, exercisable or convertible at such time) in respect of the maximum number of shares into which they are capable of being exercised or converted;
“Insolvency”	means a situation in which: <ul style="list-style-type: none"> (a) an order is made for the Company’s compulsory liquidation; or (b) the Company is placed into voluntary liquidation (otherwise than for the purpose of reconstruction or amalgamation); or (c) the Company has an administrator or receiver appointed over the whole or any part of its assets or undertaking;
“Good Leaver”	means a Founder who ceases to be an employee of the Company or any of its subsidiaries and is not a Bad Leaver;
“Longstop Date”	means [6 / 12 / 24] [Note: Longstop Date to be agreed] calendar months from the date of this agreement or such other date agreed by the Company and the Subscriber in writing;
“Next Round Shares”	means, in respect of a Financing Round the most senior class of share issued in such Financing Round, which shall carry a 1x non-participating liquidation preference or such other class of share as may be agreed in writing between the Subscriber and the Company;
“New Securities”	means any shares in the capital of the Company to be granted or issued after the date of this agreement or any security, option, warrant, advance subscription agreement, convertible loan note or other instrument convertible into shares in the capital of the Company;
“Subscription Price”	means, in respect of a Financing Round, the lowest price paid per Next Round Share issued pursuant to such Financing Round;
“Tranche”	means Tranche 1 or Tranche 2;

“Tranche 1” and **“Tranche 2”** has the meaning given in the Introduction; and

“Unvested Percentage” means, in relation to a Founder who is a Good Leaver, the percentage of their Founder Shares calculated as follows:

$$100 - ((1/48 \times 100) \times \text{NM})$$

where NM is the number of full calendar months that have elapsed from the date of this agreement until the date on which the Founder ceased to be an employee of the Company or any of its subsidiaries.

1.2 References

In this agreement, references to a party include its successors in title, transferees and assignees.

2. ADVANCE SUBSCRIPTION

2.1 Advance Subscription

Subject to the terms of this agreement, the Subscriber agrees on the date of this agreement to make the Advance Subscription Funds available to the Company.

2.2 Purpose

The Company will apply the Advance Subscription Funds towards its general working capital and for such other purposes as the Company and the Subscriber may from time to time agree in writing.

2.3 United Kingdom nexus

If the Company is not a company that is incorporated within the United Kingdom, the Company agrees that either:

- (a) it will apply the Advance Subscription Funds solely within the United Kingdom; or
- (b) the Company will procure that – before it undertakes any Financing Round – it shall execute a reorganisation pursuant to which the shareholders of the Company shall transfer their shares to a new holding company incorporated in the UK, and that such Financing Round takes place at the level of that new holding company. If this occurs, this agreement shall be novated such that it converts at the level of that new holding company.

2.4 Payment

The Subscriber shall pay the Advance Subscription Funds to the bank account of the Company notified to the Subscriber in writing.

2.5 Waiver

The Company hereby undertakes to procure all consents, waivers and shareholder resolutions necessary (pursuant to its articles of association or otherwise) so as to enable this agreement

to be entered into and to enable the issue of shares in the capital of the Company contemplated by this agreement to proceed free of pre-emption rights or other restriction.

3. CONVERSION

3.1 Subject to clause 4, the Advance Subscription Funds shall automatically convert into Conversion Shares at the Conversion Price, and the Company shall issue and allot to the Subscriber (or as the Subscriber shall direct) the number of fully paid Conversion Shares to which it is entitled:

- (a) in the event of a Financing Round, immediately prior to the unconditional completion of such Financing Round;
- (b) in the event of a Change of Control, immediately prior to the unconditional completion of such Change of Control; or
- (c) in the event of an Insolvency, immediately prior to the occurrence of such Insolvency event; or
- (d) on the Longstop Date (if no Financing Round or Change of Control has unconditionally completed, or Insolvency occurred, on or prior to the Longstop Date),

and, in each case, the Conversion Shares so allotted and issued shall be in full satisfaction and discharge of all obligations of the Company under this agreement to the Subscriber and this agreement shall terminate automatically and immediately on completion of such conversion.

4. LIQUIDATION PREFERENCE

If a Change of Control or an Insolvency occurs, and the Subscriber would otherwise receive, in relation to either Tranche, in respect of the Conversion Shares issued on that Change of Control or Insolvency, an amount which is less than the amount of the Advance Subscription Funds invested in that Tranche, the Subscriber will instead be entitled to receive an amount equal to the Advance Subscription Funds invested in that Tranche, such payment to become due upon completion of that Change of Control or become a debt owed by the Company on an Insolvency. If the Company's shareholders are offered a choice as to the form of proceeds to be received in relation to a Change of Control or Insolvency, the Subscriber will be given the same choice.

5. WARRANTIES

5.1 The Company warrants to the Subscriber that each and every Warranty set out in this clause 5.1 is true, accurate and not misleading at the date of this agreement:

[Note: Company to review the warranties to confirm that they are correct. If any warranties are not correct, please provide details and the drafting will need to be updated accordingly.]

Share capital and authority

- (a) All of the shares set out in Schedule 2 are fully paid and comprise the entire fully-diluted share capital of the Company.
- (b) Save as set out in Schedule 2, none of the share capital of the Company is under option or subject to any mortgage, charge (fixed or floating), pledge, lien, security, interest or

other third party right (including rights of pre-emption), no options, warrants or other rights to subscribe for new shares in the Company have been granted or agreed to and no dividends or other rights or benefits have been declared, made or paid or agreed to be declared, made or paid thereon.

- (c) The execution and delivery by the Company of this agreement shall not breach or constitute a default under the Company's articles of association, or any other agreement or instrument to which Company is bound.
- (d) The Company has obtained all consents required to be obtained in order to validly execute and fully perform all of its obligations under this agreement.

Debt

- (e) The Company has no outstanding borrowings or debt facilities. The Company has not granted any security over any part of its undertaking or assets.

Litigation

- (f) The Company is not engaged in any legal action, proceeding or arbitration which is either in progress or is threatened or, so far as the Company is aware, is pending. The Company is not being prosecuted for any criminal offence and no governmental, regulatory or official investigation or inquiry concerning the Company is threatened or in progress or, so far as the Company is aware, pending.
- (g) So far as the Company is aware, there are no circumstances likely to lead to any such claim, legal action, proceeding or arbitration, prosecution, investigation or inquiry.

Insolvency

- (h) No order has been made and no petition presented or meeting convened or resolution passed for the winding up of the Company, nor so far as the Company is aware, any other action taken in relation to the appointment of an administrator, liquidator, receiver, administrative receiver, compulsory manager or any provisional liquidator (or equivalent in any other jurisdiction) or other process whereby the business is terminated and the assets of the Company are distributed amongst the creditors or shareholders or any other contributors.

Statutory and legal requirements

- (i) All statutory, municipal, governmental, court and other requirements applicable to the carrying on of the business of the Company, the formation, continuance in existence, creation and issue of securities, management, property or operation of the Company have been complied with, and all permits, authorities, licenses and consents have been obtained and all conditions applicable thereto complied with.

5.2 Each Warranty is a separate and independent warranty, and, save as otherwise expressly provided, no Warranty shall be limited by reference to any other Warranty or by the other terms of this agreement.

5.3 Where any Warranty is qualified by the expression "**so far as the Company is aware**" or words having similar effect, such Warranty shall be deemed to include a statement that such awareness means the actual knowledge of the Founders.

6. INFORMATION RIGHTS AND OBSERVER RIGHTS

6.1 The Company shall provide the Subscriber with the following information:

- (a) a copy of its annual accounts within 4 months after the end of each accounting period;
- (b) a quarterly management report which includes details of the Company's performance and key performance indicator updates;
- (c) a copy of its monthly management accounts and other financial information within 21 days after the end of each calendar month;
- (d) a capitalisation table providing details of the Company's issued share capital and any warrants, options or convertible securities that the Company has issued upon request and when there are any changes; and
- (e) such other information concerning the Company and its business as the Subscriber may reasonably request from time to time for the purpose of monitoring its investment.

6.2 The Subscriber shall be entitled to appoint one representative to attend meetings of the Company's board of directors (and any committees of the board of directors) who will be entitled to receive notice of and speak at such meetings but will not be entitled to vote.

6.3 If the Subscriber is not represented on the Company's board of directors, the Subscriber will be entitled to consult with and advise the Company's management on significant business issues, and the parties shall hold monthly mentoring and update meetings to discuss the Company's progress, prospects and opportunities. This clause 6.3 will terminate when the Company undertakes a Financing Round at which point it is expected that the Company will put in place appropriate governance arrangements with the investors involved with that Financing Round.

7. PARTICIPATION RIGHTS

7.1 If the Company proposes to issue any New Securities, the Company shall offer the Subscriber the opportunity to subscribe for its pro-rata share of the New Securities on the same terms and at the same price as those New Securities are being offered to other persons. That offer shall be in writing, shall be open for acceptance from the date of the offer to the date which is 15 Business Days after the date of the offer and shall provide full details of the New Securities proposed to be issued.

7.2 For the purposes of this clause 7, the Subscriber's pro-rata share of the New Securities is the ratio of (a) the number of shares in the capital of the Company which the Subscriber will receive upon conversion of the Advance Subscription Funds as a result of that issue of New Securities (or which the Subscriber would have received had that issue of New Securities been treated as a Financing Round) to (b) the number of shares in the capital of the Company issue immediately before that issue of New Securities (excluding deferred shares but including the shares issued upon conversion of the Advance Subscription Funds).

8. FOUNDER VESTING

8.1 If at any time during the period of 48 months from the date of this agreement (the “**Relevant Period**” a Founder ceases to be an employee of the Company or any of its subsidiaries, that Founder shall be required to transfer the following number of Founder Shares in accordance with clause 8.2:

- (a) if the Founder is a Bad Leaver, all of their Founder Shares;
- (b) if the Founder is a Good Leaver on or before the date which is 12 months after the date of this agreement, all of their Founder Shares; and
- (c) if the Founder becomes a Good Leaver after the date which is 12 months after the date of this agreement, their Unvested Percentage of Founder Shares.

8.2 If a Founder is required to transfer some or all of their Founder Shares pursuant to clause 8.1, that Founder shall offer their Founder Shares for a purchase price equal to the nominal value of those Founder Shares in the following order of priority:

- (a) first, to the Company (subject to applicable law); and
- (b) second, to the remaining shareholders of the Company on a pro-rata basis, or to any other person agreed by the Company and the Subscriber,

and the departing Founder shall be deemed to have appointed the Company as its agent for the purpose of executing all documents and taking all steps required to give effect to the terms of this clause 8.

8.3 This clause 8 shall terminate upon the completion of a Financing Round pursuant to which the Company and the Founders have agreed a replacement vesting schedule.

9. COMMUNICATIONS

9.1 *In writing*

Unless otherwise expressly stated herein, all communications under this agreement will be in writing and may be made by letter or email.

9.2 *Address*

Any communication by letter to be made or delivered by one party to the other will be made or delivered to that other party at the address shown next to its name on the first page of this agreement or to such other address as may from time to time be notified by one party to the other in accordance with this clause and any communication by email to be made by one party to the other will be made to such email address as may from time to time be notified by one party to the other in accordance with this clause.

9.3 *Delivery*

Any communication made or delivered under this agreement will be deemed made or delivered

- (a) when received, in the case of an email;
- (b) when left at the relevant address, in the case of a personally delivered letter; or
- (c) two Business Days after dispatch, in the case of a letter sent by prepaid first class post in an envelope addressed to the relevant address.

10. GENERAL

10.1 *Costs and Expenses*

Each party shall bear its own costs and disbursements incurred in the negotiations leading up to and in the preparation of this agreement and of matters incidental to this agreement.

No interest

10.2 No interest is payable on the Advance Subscription Funds.

10.3 *Entire agreement*

This agreement and the documents referred to or incorporated in it constitute the entire agreement between the parties relating to the subject matter of this agreement and supersedes and extinguishes any prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature whatsoever, whether or not in writing, between the parties in relation to the subject matter of this agreement.

Each of the parties acknowledges and agrees that it has not entered into this agreement in reliance on any statement or representation of any person (whether a party to this agreement or not) other than as expressly incorporated in this agreement and the documents referred to or incorporated in this agreement.

Each of the parties acknowledges and agrees that the only cause of action available to it under the terms of this agreement and the documents referred to or incorporated in this agreement shall be for breach of contract.

Nothing contained in this agreement or in any other document referred to or incorporated in it shall be read or construed as excluding any liability or remedy as a result of fraud

10.4 *Termination and Variation*

This agreement shall automatically terminate in accordance with clause 3 and otherwise shall only be terminated or varied in a writing signed by the Company and the Subscriber.

10.5 *Counterparts; no originals*

This agreement may be executed in counterpart, and this has the same effect as if the signatures on the counterparts were on a single copy of this agreement. The exchange of a fully executed version of this agreement (in counterparts or otherwise) by electronic transmission in PDF format shall be sufficient to bind the parties to the terms and conditions of this agreement and no exchange of originals is necessary.

10.6 *Third parties*

This agreement does not confer any rights on any person or party (other than the parties to this agreement) pursuant to the Contracts (Rights of Third Parties) Act 1999.

10.7 *Assignment*

This agreement is personal to the parties and neither party shall assign or transfer any of its rights or obligations under this agreement without the prior written consent of the other party.

11. GOVERNING LAW AND JURISDICTION

11.1 This agreement (and any dispute or claim relating to it or its subject matter, including non-contractual claims) will be governed by and construed in accordance with English law.

11.2 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.

This agreement has been entered into on the date stated at the beginning of this agreement.

SIGNED for and on behalf of the)
Company)
)
Director

SIGNED by **SUPERSEED II (GP) LP**)
on behalf of **SUPERSEED II LP**)
)
Authorised signatory

SIGNED by **[FOUNDER 1]**)
)
)
[Name of Founder 1]

SIGNED by **[FOUNDER 2]**)
)
)
[Name of Founder 2]