

CONVERTIBLE LOAN AGREEMENT

DATED

BETWEEN:

- (1) XXXXXXXXXXXXXXXXXXXX (company number xxxxxx) whose registered office is at [] (the “**Company**”); and
- (2) **THE CHANCELLOR, MASTERS AND SCHOLARS OF THE UNIVERSITY OF OXFORD**, whose administrative offices are at University Offices, Wellington Square, Oxford, OX1 2JD, United Kingdom (the “**University**”);

BACKGROUND:

The University has agreed to make available to the Company an unsecured convertible loan 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.

- 1. Words and expressions used in this Agreement and not defined below shall have the meaning as is given to them in schedule 2 to this Agreement.
- 2. The University shall pay the Loan to the Company's Solicitors' Bank Account and the Company hereby accepts such Loan and shall owe and promise to pay to the University or its successors or assignees the principal amount of the 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.
- 3. Unconditional release of its Loan to the Company's Solicitors' Bank Account shall be a good and valid discharge of the obligation of the University to pay the Loan to the Company and the University shall not be concerned to see the application of the monies so paid.
- 4. The “**Company's Solicitors' Bank Account**” shall mean the client account of [] (the “**Company's Solicitors**”) with the following details:

Account Name	
Bank	
Account Number	
Sort Code	
Reference	

- 5. “**Discount**” shall mean 20 per cent.
- 6. “**Interest Rate**” shall mean 8 per cent per annum, simple interest.
- 7. “**Maturity Date**” means the date falling 36 months after the date of this Agreement.
- 8. “**Redemption Premium**” means, in respect of a Loan, a premium equal to a 100% of the principal amount of the Loan;

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

Signed by
a director duly authorised for and on
behalf of [REDACTED]

Director

Signed by
duly authorised for and on behalf of
**THE CHANCELLOR, MASTERS AND
SCHOLARS OF THE UNIVERSITY OF
OXFORD**

SCHEDULE 1

TERMS AND CONDITIONS

1. **CONDITION.** The Loan shall be subject only to the passing of all directors' and shareholders' resolutions of the Company to provide the requisite authority to receive the Loan 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 Loan shall not be used by the Company to:

- 3.1 repay any borrowings from a shareholder or a shareholder related party;
- 3.2 pay any dividends or other distributions;
- 3.3 pay professional fees incurred in relation to the incorporation of the Company;
- 3.4 conduct primary academic research that is not connected to the development of a product or service;
- 3.5 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
- 3.6 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 University.

4. INTEREST

- 4.1 Subject to Clause 4.3, interest will only be payable in respect of the Loan at the Interest Rate: (a) on an Event of Default; or (b) on a Conversion Event ("**Interest**").
- 4.2 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).
- 4.3 The payment of any Interest shall be satisfied by the Company: (a) in respect of an Event of Default, by way of a payment of such Interest in cash to the University; and (b) in respect of a Conversion Event, at the discretion of the Board, by way of: (i) a payment of such Interest in cash by the Company, in whole or in part, to the University on the relevant Conversion Date; and/or (ii) 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 Clause 5.
- 4.4 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

- 5.1 To the extent it remains outstanding and subject to Clauses 6 and 7, each Loan and any accrued but unpaid Interest (to the extent such Interest is not otherwise paid in cash pursuant to Clause 4 will convert into shares in the capital of the Company on the date of the earliest of the following (each a "**Conversion Date**"):
 - 5.1.1 **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;

- 5.1.2 Non-Qualified Financing: at the election of the University (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 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;
- 5.1.3 Exit: automatically 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, in the event that (a) the University 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 Clause 6.1.2 **Error! Reference source not found.**; or (b) the University would receive any non-cash consideration for the sale of such shares (other than where the University has elected, where the University would receive any non-cash consideration, to receive repayment of the Loan and the Redemption Premium in accordance with Clauses 6.1.3 and 6.1.4); or
- 5.1.4 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.
- 5.2 If and when a Conversion Event is proposed, other than in respect of conversion on the Maturity Date, the Company shall give the University 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 the University written notice to that effect and any election of the University in respect of a Non-Qualified Financing or Exit shall be deemed to have been revoked, without prejudice to the Company giving the University further written notice in the event of any subsequent proposed Conversion Event pursuant to this Clause 5.2.
- 5.3 If and when prior written notice of a proposed Conversion Event has been given pursuant to Clause 5.2 above, the University shall be entitled to request a meeting with the Company in which the University and the Company shall discuss in good faith the suite of shareholder governance rights that may be afforded to the University as a shareholder in the Company, commensurate with the proportion of the share capital that the University shall hold from the Conversion Event and an appropriate mechanism for the expeditious exercise of those rights by the University.
- 5.4 Where an Exit occurs within six months of a Non-Qualified Financing pursuant to which the University has elected to convert the Loan into the most senior class of shares in the Company, the University shall be entitled to the consideration (in cash or otherwise) on such Exit which would be the greater of: (a) the amount to be received for the sale of the shares that are issued to it on conversion of its Loan pursuant to Clause 5.1.2 above; and (b) the amount that it would otherwise have received had its Loan been repaid with a Redemption Premium on the relevant Conversion Date pursuant to Clause 6.1.3.
- 5.5 On the Conversion Date arising from a Non-Qualified Financing the Company shall be deemed to have warranted to the University that the Company is not in breach of any of the provisions contained in Clause 8.5.
- 5.6 Shares arising on conversion of the Loan and/or any accrued, but unpaid Interest pursuant to Clause 5.1 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 dispatched to the University. 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 Loan 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 the 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 the University to a fraction of a share shall be rounded to the nearest whole number of shares which result from the conversion.

- 6.1 The Loan shall be repaid by the Company as follows (each a “Redemption Date”):
- 6.1.1 at the election of the University (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 Clause 5.1.4, on the Maturity Date together with the Redemption Premium;
 - 6.1.2 automatically, in the event that the University would receive a greater amount under this Clause 6.1.2 in respect of the 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;
 - 6.1.3 in the event that the University 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 Clause 5.1.3, in respect of the University's Loan, at the election of the University (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
 - 6.1.4 on an Event of Default together with any accrued but unpaid Interest and the Redemption Premium.
- 6.2 Save as set out above, the Loan shall not be redeemed or prepaid, in whole or in part, without the prior written consent of the University.

7 EVENT OF DEFAULT

- 7.1 The Loan and any accrued, but unpaid Interest shall be repaid together with the Redemption Premium by the Company on demand by the University upon occurrence of an Event of Default, provided that the University 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 undertakings contained in Clauses 8.1, 8.3, 8.5, 8.7, or 8.9.
- 7.2 The Company shall give written notice to the University 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 the University in respect of such Event of Default.

8 UNDERTAKINGS

The Company undertakes to the University as follows:

- 8.1 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: (a) provide the University information required pursuant to, and in the format set out in, schedule 3 in respect of each quarter from the date of this Agreement within 20 Business Days of the end of such financial quarter; (b) to the extent requested in writing by the University, promptly provide the University 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 University pursuant to (b) above for reasons of commercial sensitivity and/or legal privilege, and on such Board decision, shall provide prompt written notice to the University that it is withholding such information and (c) prepare for each financial year a Social Impact Report including the Company's theory of change and metrics as agreed in writing between the University and the Company.;
- 8.2 for so long as the Loan is 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 University 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 pursuant to any bona fide venture debt facilities;
- 8.3 in the event that it is determined by the University (in its absolute discretion) that it would be prejudicial to the reputation of the University to continue holding its Loan and/or any shares in the capital of the Company, the University 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 University, in each case for an aggregate price of £1.00 at any time (the “**Put Option**”), provided that: (a) the Put Option shall be exercisable by irrevocable notice in writing from the University to the Company (the “**Put Option Notice**”); (b) the terms of the completion of the Put Option have been authorised by a resolution of the Company; and (c) 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 (d) 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 Loan or transfer the legal and beneficial ownership of the relevant shares being sold to the Company under this Clause 8.3, including obtaining a waiver any pre-emption rights relating to such transfer;

- 8.4 in the event that: (a) the Loan converts into shares on a Qualified Financing or Non-Qualified Financing pursuant to Clause 5.1.1 or 5.1.2; and (b) within six months of the date of such conversion, the Company proposes to complete an equity financing round (excluding: (i) any Loans made pursuant to this Agreement; (ii) 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 (iii) any issue of shares on conversion of the Loan under this Agreement) in which shares are issued to investor(s) that rank senior to the shares issued to the University 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 University (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 the University shall then have the option to convert the shares that were issued to it on the Qualified Financing or Non-Qualified Financing under Clause 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 (b) 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 the University 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;
- 8.5 for so long as the University’s Loan is outstanding or it holds shares in the capital of the Company, the Company shall at all times act in good faith towards the University with respect to each provision of this Agreement and shall:
- 8.5.1 do all things reasonably within their power which are necessary to give effect to the spirit and intent of this Agreement, including 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;
- 8.5.2 not agree or enter into any side agreement or arrangement with any other investors participating in any convertible loan, advance subscription or similar arrangement which would adversely affect the economic interests of the University pursuant to this Agreement;
- 8.5.3 prior to conversion or repayment of the University’s Loan, not artificially inflate the price per share paid on any equity financing round following the date of this Agreement in a manner which is adverse to the University;
- 8.5.4 procure that the University is not treated in a manner which is disproportionate to the manner in which other shareholders are treated (having regard to their respective class and holdings of Loans and/or shares in the capital of the Company); and
- 8.5.5 not without the prior written consent of the University change its name to or trade under any name which includes the word “Oxford” or do anything that could reasonably have a material detrimental impact on the University’s reputation including, but not limited to: (a) the supply goods or services to any person which is, or is directly owned or controlled by one or more, Sanctioned Person(s); or do any acts in breach of Sanctions; or seek to raise or accept investment or funding from any Sanctioned Person(s); or (b) being involved in any material way in: (i) the production of, and trade in, tobacco; (ii) internet gambling, online casinos or pornography; (iii) any activity related to modifying the genetic heritage of human beings which could make such changes heritable or have the aim of human cloning for reproductive purposes; or (iv) the development of weapons, armaments or ammunition.
- 8.5.6 procure that any undertakings 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;

- 8.6 upon conversion of the Loan: (a) the University 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 University; (b) the University 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; (c) 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;
- 8.7 following conversion of the University's Loan, the University shall at any time be entitled to transfer any shares in the capital of the Company that are held by the University, without restriction as to price or otherwise and free of pre-emption rights howsoever expressed, to a Member of the University Group and in such event the Company 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 Clause 8.7;
- 8.8 for so long as the Loan is outstanding (and without prejudice to the provisions of Clause 8.1), the University shall at any time be entitled to transfer the 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;
- 8.9 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;
- 8.10 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 University);
- 8.11 the Company 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;
- 8.12 no application has been or is intended to be made to any listing authority, stock exchange or other market for the Loan to be listed or otherwise traded; and
- 8.13 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 Clauses 2, 4, 5, 6 and/or 7 that are more favourable than those contained herein: (a) the Company shall promptly provide written notice of the same to the University; (b) the Company shall provide such information and documents as are reasonably required by the University to consider the preferential terms of such other unsecured convertible loan notes; and (c) any such favourable terms shall be automatically deemed to apply to the outstanding Loan and this Agreement shall be amended so that the University also benefits from such improved terms (and the parties shall procure the same).

9 WARRANTIES.

The Company hereby warrants to the University that, as at the date of this Agreement:

- 9.1 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;
- 9.2 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;
- 9.3 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;
- 9.4 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;
 - 9.5 no Event of Default is outstanding or is likely to result from the making of the Loan;
 - 9.6 no action, arbitration or administrative proceeding of or before any court, tribunal or agency is current involving the Company or in relation to its business or, to its knowledge, no action, arbitration or administrative proceeding before any court is pending or threatened; and
 - 9.7 it has not taken any corporate action nor have any other steps been taken or legal proceedings been started or threatened against it for its winding up, dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of it or of any or all of its revenues or assets other than in respect of a solvent liquidation or reorganization.

10 CONFIDENTIALITY AND NO ANNOUNCEMENTS

- 10.1 Neither 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 amount of the Loan except:
 - 10.1.1 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
 - 10.1.2 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.
- 10.2 Notwithstanding the above, nothing in this Agreement shall prevent the University from disclosing any information whether or not relating to the Company and its affairs which the University, in its absolute discretion, considers that it is required to disclose in order to comply with the Freedom of Information Act 2000 or any other statutory requirements, whether or not existing at the date of this Agreement.

11 SUBSIDY CONTROL

- 11.1 The Company acknowledges that the University must ensure that the provision of the Loan to the Company complies with all Applicable Laws, including the UK's international obligations in relation to subsidy control and any UK subsidy control legislation.
- 11.2 The Company will take all reasonable steps to assist the University in complying with the UK's international obligations in relation to subsidy control and any UK subsidy control legislation and will respond to any proceedings or investigations into the provision of the Loan by any relevant court or tribunal of relevant jurisdiction or any other regulatory body.
- 11.3 The Company acknowledges that it is required to keep a written record of any subsidy control correspondence or documentation it receives in connection with the Loan for a period of at least three (3) years from the date it receives such correspondence or documentation.
- 11.4 If the Loan is found to constitute an Unlawful Subsidy or is (a) under investigation, (b) subject to judicial proceedings, or (c) subject to an investigation by the Competition and Markets Authority, in relation to whether it may be an Unlawful Subsidy, the parties shall seek to restructure the conditions of the Loan to the extent necessary to ensure that no Unlawful Subsidy exists or will be created; and/or Co-operate to provide evidence that the conditions in connection with the provision of the Loan do not or will not give rise to Unlawful Subsidy.

- 11.5 If the Loan is found to constitute or contain any Unlawful Subsidy by any relevant court or tribunal of relevant jurisdiction or regulatory body, or is not in the University's sole opinion capable of being restructured so as to be compliant with the Applicable Laws:
- 11.5.1 there shall be an Event of Default and the Company must repay any such Unlawful Subsidy in accordance with clause 6.1.4; and
- 11.5.2 this Agreement will terminate.
- 11.6 In addition, the Company agrees not to make use of the Loan in any way which the Company is aware (acting reasonably) would affect trade in goods and electricity between Northern Ireland and the European Union without seeking the prior consent of the University.
- 11.7 The Company accepts that no payment of the Loan will be made if the Company becomes subject to a recovery order following any competent regulatory authority decision declaring historic subsidy or aid unlawful.
- 11.8 The parties acknowledge that nothing in this Agreement shall require the University to make available any Loan in such a way as would confer Unlawful Subsidy (or State aid) to the Company.

12 GENERAL

- 12.1 **WAIVER.** The waiver, express or implied, by the University of any right it holds under this Agreement shall not operate to preclude any other right or remedy. No specific remedy hereunder shall be construed as excluding remedies at law.
- 12.2 **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 parties.
- 12.3 **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.
- 12.4 **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 the University 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 the University 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 in a form provided by the Company.
- 12.5 **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.
- 12.6 **COUNTERPARTS.** 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.
- 12.7 **NOTICES.** 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. A communication sent in accordance with this Clause 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.
- 12.8 **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).

- 12.9 **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.
- 12.10 **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;

"Applicable Laws" means any applicable law, statute, bye-law, regulation, order, regulatory policy, guidance or industry code, rule of court or directive or requirement of any regulatory body, delegated or subordinate legislation or notice of any regulatory body.

"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 Clause 5;

"Conversion Event" means all or any of the events listed in Clause 5.1;

"Conversion Price" means:

- a. in respect of a Qualified Financing pursuant to Clause 5.1.1, 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 Clause 5.1.2, 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 Clause 5.1.3, 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 raises newly committed capital prior to the Maturity Date equal to an amount which is greater than 25% of the aggregate of the principal amount of the Loan then outstanding, after reducing such price per share by the Discount; and
- d. in respect of the Maturity Date pursuant to Clause 5.1.4, 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 raises newly committed capital 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;

provided that, only the principal amount converting shall be reduced by the Discount and not any Interest;

"Discount" has the meaning given to it in paragraph 5 of the Agreed Terms;

"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 undertakings, 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 University;

“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: (a) the issued share capital of the Company; (b) in respect of Clauses 5.1.1 and 5.1.2 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 (c) 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: (i) the shares to be issued under this Agreement; and (ii) in respect of Clause 5.1.3 only, all shares capable of being issued by the Company in respect of unallocated and/or unvested options;

“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;

“Interest” has the meaning given to it in Clause 4.1;

“Interest Rate” has the meaning given to it in paragraph 6 of the Agreed Terms;

“Loan” means the unsecured convertible loan to be provided by the University pursuant to the terms of this Agreement;

“Maturity Date” has the meaning given to it in paragraph 7 of the Agreed Terms;

“Member of the University Group” means the University, its subsidiaries, any colleges of the University, Oxford Science Enterprises plc and any fund in respect of which the University or any of its subsidiaries or any of the colleges of the University acts as a partner, investor, shareholder, adviser, manager, trustee or unit holder;

“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) the Loan 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);

“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 Loan 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) the Loan 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 Clause 6 of the Agreed Terms;

“Redemption Premium” means, in respect of a Loan, the premium equal to a percentage of the principal amount of such Loan set out in paragraph 8 of the Agreed Terms;

“Sanctions” means economic, financial or trade sanctions, export controls or restrictive measures enacted, imposed, administered or enforced from time to time by any of: (a) the United Kingdom; (b) the United States of America; (c) the European Union or any of its member states; or (d) the respective governmental institutions and agencies of any of the foregoing which are duly appointed, empowered or authorised to enact, administer, implement and/or enforce such sanctions, export controls or restrictive measures, including, without limitation, the Office of Foreign Assets Control of the US Department of Treasury (OFAC), the United States Department of State and Her Majesty's Treasury (HMT).

“Sanctioned Person” means, at any time, any person or persons: (a) named or otherwise identified from time to time in any sanctions list issued by the European Union, the United Kingdom or the United States Office of Foreign Assets Control and/or United States Department of the Treasury; and (b) any person or persons owned or controlled by one or more persons falling within category (a) of this definition.

“Subsidy” means any financial assistance which:

- (a) arises from the resources of a public authority, including: (i) a direct or contingent transfer of funds such as direct grants, loans or guarantees; (ii) the forgoing of revenue that is otherwise due; or (iii) the provision of goods or services, or the purchase of goods or services;
- (b) confers an economic advantage on one or more enterprises;
- (c) is specific such that it benefits one or more enterprises over one or more other enterprises with respect to the production of goods or the provision of services; and
- (d) has, or is capable of having an effect on: (i) competition or investment within the UK; or (ii) trade or investment between the UK and a country or territory outside of the UK.

“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

“Unlawful Subsidy” means a Subsidy which has been granted in contravention of:

- (a) the UK/EU Trade and Cooperation Agreement 2020; or
- (b) the Subsidy Control Act 2022; or
- (c) any other Applicable Laws applying to the provision of Subsidy.

In this Agreement, unless otherwise specified:

- 1 references to redemption includes repayment and vice versa and the words "redemption" and "redeemed" shall be construed accordingly;
- 2 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;
- 3 references to paragraphs and schedules are references to paragraphs of and schedules to this Agreement;
- 4 references to Clauses are to clauses of schedule 1 to this Agreement;
- 5 the schedules form part of and are incorporated into this Agreement;
- 6 headings are included for ease of reference only and shall not affect the interpretation of this Agreement;
- 7 “includes” and “including” shall mean including without limitation;

- 8 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);
- 9 "writing" means typed text or legible manuscript text;
- 10 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;
- 11 the singular shall include the plural and vice versa and references to any gender shall include references to the other genders; and
- 12 reference to the time of day is reference to the time in London, England.

SCHEDULE 3
QUARTERLY REPORTING INFORMATION

The reporting information on the Group required to be provided by the Company to the University pursuant to Clause 8.1 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:
 - (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