

DATED: _____ **202[]**

(1) The Investor[s]

(2) The Company

**SUBSCRIPTION AGREEMENT
RELATING TO [INSERT] [LIMITED]**



CONTENTS

Clause	Page
1. DEFINITIONS	3
2. INTERPRETATION	7
3. SUBSCRIPTIONS	8
4. COMPLETION	9
5. WARRANTIES.....	11
6. LIMITATIONS ON WARRANTY CLAIMS	12
7. SHARE OPTION PLAN	12
8. ANNOUNCEMENTS	13
9. COSTS AND EXPENSES	13
10. CUMULATIVE REMEDIES.....	13
11. WAIVER	14
12. ENTIRE AGREEMENT	14
13. VARIATION AND TERMINATION	14
14. NO PARTNERSHIP	15
15. ASSIGNMENT AND TRANSFER	15
16. RIGHTS OF THIRD PARTIES	15
17. COUNTERPARTS; NO ORIGINALS	15
18. NOTICES.....	16
19. SEVERANCE	16
20. GOVERNING LAW	16
21. JURISDICTION	16
22. REGULATORY MATTERS.....	17
23. CONFIRMATION BY INVESTORS.....	17
24. CONFIRMATION OF INVESTORS	17
25. PUT OPTION	17
SCHEDULE 1 THE INVESTORS	19
SCHEDULE 2	20
SCHEDULE 3	21
SCHEDULE 4	22
SCHEDULE 5	24
SCHEDULE 6	26
SCHEDULE 7	27

PARTIES

- (1) The person[s] whose name[s] and address[es] are set out in Schedule 1 ([together the "Investors" and each an][the] "Investor"); and
- (2) [INSERT] [LIMITED] (company number [insert]) whose registered office is at [insert] (the "Company").

INTRODUCTION

- (A) The Company is a private company limited by shares, brief particulars of which are set out in Schedule 2.
- (B) Details of the legal and beneficial ownership of the share capital of the Company are set out in Schedule 3.
- (C) The Investor[s] wish[es] to subscribe for shares in the capital of the Company on and subject to the terms of this agreement (the "Agreement").

OPERATIVE PROVISIONS

1. 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:

["**Additional New Shares**" means up to [insert] additional Seed Ordinary Shares to be subscribed for by one or more additional investors at a price at least equal to the Subscription Price pursuant to clause 3.4;]¹

"**Adherence Agreement**" has the meaning given in the Shareholders' Agreement;

"**Affiliate**" means, with respect to any Investor, any other person who, directly or indirectly, controls, is controlled by, or is under common control with such Investor, including, without limitation, any general partner, managing member, officer or director of such Investor or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management or advisory company with, such Investor;

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

"**Business**" means the business of the Company from time to time including [insert];

"**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);

¹ Only for when there is an "up to" round, leaving headroom

"Cash Flow Forecast" means the cash flow forecast as agreed between the Investors and the Company in the form set out at Schedule 7;

"Claim(s)" means any claim(s) for breach of any Warranty;

"Completion Conditions" means:

- (a) the passing of shareholders' resolutions in the agreed form at a duly convened general meeting of the Company or by shareholders' written resolution to;
 - (i) authorise the allotment of the New Shares;
 - (ii) [authorise the granting of options under the Share Option Plan and the allotment of Ordinary Shares pursuant to the exercise of such options;]²
 - (iii) waive pre-emption rights in respect of the issue and allotment of the New Shares; and
 - (iv) adopt the New Articles;
- (b) the delivery to Passion of a copy of the signed minutes of the meeting of the Board:
 - (i) approving the issue of the New Shares to the Investors and resolving to enter their names in the register of members of the Company subject to clause 4, and resolving to issue share certificates to the New Investors accordingly;
 - (ii) appointing [●] as an Investor Director;
 - (iii) approving and authorising the execution by the Company of the Shareholders' Agreement;
 - (iv) approving and authorising the execution by the Company of the Service Agreement[s] and the IP Assignment[s]; and
 - (v) resolving to make all requisite filings at Companies House;
- (c) the delivery to Passion of the executed Service Agreement[s]; and
- (d) the delivery to Passion of the executed IP Assignment[s] [and Domain Name Transfer Agreement];
- (e) the delivery to Passion of the executed Shareholders' Agreement; and
- (f) the delivery to Passion of the Cash Flow Forecast.

² Delete if not applicable (e.g. option scheme already in place)

"**CTA 2010**" means the Corporation Tax Act 2010;

"**Data Protection Legislation**" means any applicable legislation relating to the processing of personal data or the protection of the privacy of individuals, including the GDPR, together with any applicable implementing or supplementary national legislation including the UK Data Protection Act 2018; the Privacy and Electronic Communications Directive 2002/58/EC (as amended), together with any applicable implementing or supplementary national legislation including the Privacy and Electronic Communications (EC Directive) Regulations 2003 (as amended); the Investigatory Powers Act 2016 and the Investigatory Powers (Interception by Businesses etc. for Monitoring and Record-keeping Purposes) Regulations 2018;

"**Disclosed**" means fairly disclosed to the Investors in the Disclosure Schedule with sufficient explanation and detail to enable the Investors to identify the nature and scope of the matters disclosed;

"**Disclosure Schedule**" means Schedule 6 to this Agreement (Disclosure Schedule);

["**Domain Name Transfer Agreement**" means the domain name transfer agreement, in the agreed form, to be entered into between [insert name] and the Company pursuant to which the domain names relating to the Company will be transferred to the Company;]³

"**Encumbrance**" means any mortgage, charge, security interest, lien, pledge, assignment by way of security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected other than liens arising by operation of law);

["**Equity Securities Agreement**" means the [insert] agreement[s] entered into between the Company and the Equity Securities Holders on [insert date] in the principal aggregate amount of £[insert];]⁴

["**Equity Securities Holders**" means those Investors who are described as Equity Securities Holders in Schedule 1;]

"**Execution Date**" means the date of this agreement;

"**Founders**" means [insert] and [insert];

"**Founder's Questionnaire**" means the questionnaire entitled 'Founder's Questionnaire' provided by the Lead Investor to [each of] the Founder[s] for completion by the Founder[s];

"**GDPR**" means in each case to the extent applicable to data processing activities: (i) Regulation (EU) 2016/679; and (ii) UK GDPR;

"**Initial Completion**" has the meaning given in clause 4.2;

³ Delete if domain names are already registered in company's name

⁴ Insert details of CLN, SAFE, ASA etc that are converting on completion.

"**Initial Threshold**" has the meaning given in clause 4.2;

"**Intellectual Property**" means copyrights and related rights, trademarks and service marks, trade names, rights in logos and get-up and trade dress, goodwill and the right to sue for passing off or unfair competition, rights in inventions, rights to use and protect the confidentiality of confidential information (including trade secrets and know-how), registered designs, design rights, patents, utility models, semiconductor topographies, all rights of whatsoever nature in computer software and data, all rights of privacy and all other intellectual property or other intangible rights and privileges, and rights of a nature similar or allied to any of the foregoing, in every case which subsists now or in the future in any part of the world and whether or not registered, and including all granted registrations and all applications for registration, and rights to apply for and be granted, renewals and extensions of, and rights to claim priority from, any such rights;

"**Investor Director**" means the non-executive director appointed or to be appointed and continuing to hold office from time to time pursuant to the terms of the Shareholders' Agreement;

"**Investor Director Consent**" means the prior written consent of the Investor Director and, if the Investor Director has not been appointed, a New Shares Majority;

"**Investors**" means the persons whose names and addresses are set out in Schedule 1 and any other person to whom any of them transfer their shares (in accordance with the New Articles) [or who subscribes for Seed Ordinary Shares pursuant to clause 3.4 or otherwise]⁵ and who signs an Adherence Agreement in accordance with clause [9] of the Shareholders' Agreement and is named therein as an "Investor"

"**IP Assignments**" means the [respective] intellectual property assignment agreement[s] in the agreed form assigning to the Company all Intellectual Property relevant to the Business created by [each of the] the Founder[s];

"**Lead Investor**" means Passion Capital Nominees II Limited;

"**Longstop Date**" means 5.00pm (London time) on the date which is [5]⁶ Business Days following the Execution Date (or such later time and date as may be agreed by the Company and the Lead Investor);

"**New Articles**" means the new articles of association of the Company in the agreed form to be adopted on Completion as amended or superseded from time to time;

"**New Shares**" means the shares subscribed by the Investors pursuant to clause 3.1 [and clause 3.2] [and shall include the Additional New Shares if applicable];

"**New Shares Majority**" means those Investors holding at least 50 per cent of New Shares from time to time;

⁵ Only if "up to" round

⁶ Adjust for drawdown periods for co investors

"**Open Source Code**" means any software code that is distributed as "free software" or "open source software" or is otherwise distributed publicly in source code form under terms that permit modification and redistribution of such software, which Open Source Code includes software code that is licensed under the GNU General Public License, GNU Lesser General Public License, Mozilla License, Common Public License, Apache License, BSD License, Artistic License, or Sun Community Source License;

"**Ordinary Shares**" means ordinary shares of £[insert nominal value] each in the capital of the Company having the rights set out in the New Articles;

"**Seed Ordinary Shares**" means the seed ordinary shares of £[insert nominal value] each in the capital of the Company having the rights set out in the New Articles;

"**Service Agreement[s]**" means the [respective] agreement[s] in the agreed form for employment entered into between the Company and [each of] the Founder[s];

"**Shareholders**" means any shareholder of the Company from time to time (but excludes the Company holding treasury shares in the Company);

"**Shareholders' Agreement**" means a shareholders' agreement between (i) the Investors; (ii) the Founders; (iii) the Existing Shareholders (as defined therein); and (iv) the Company, dated on or around the Execution Date, as amended or varied from time to time;

"**Share Option Plan**" means the share option plan to be established by the Company pursuant to clause 7;

"**Shares**" means the Ordinary Shares and the Seed Ordinary Shares;

"**Subscription Adherence Agreement**" means the subscription adherence agreement substantially in the form set out in Schedule 5.

"**Subsequent Completion**" has the meaning given in clause 4.2;

"**Subscription Price**" means £[insert price per share] per share in relation to the New Shares;

"**UK GDPR**" means Regulation (EU) 2016/679 as applicable as part of UK domestic law by virtue of section 3 of the European Union (Withdrawal) Act 2018 and as amended by the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019 (as amended); and

"**Warranties**" means the warranties given by the Company pursuant to clause 5 (references to a particular warranty being to a statement set out in Schedule 4).

2. **INTERPRETATION**

2.1 The clause and paragraph headings and the table of contents used in this agreement are inserted for ease of reference only and shall not affect construction.

2.2 References to persons shall include bodies corporate, unincorporated associations and partnerships, in each case whether or not having a separate legal personality.

- 2.3 References to "**writing**" or "**written**" includes any other non-transitory form of visible reproduction of words.
- 2.4 Words in the singular include the plural and in the plural include the singular.
- 2.5 References to the word "**include**" or "**including**" (or any similar term) are not to be construed as implying any limitation and general words introduced by the word "**other**" (or any similar term) shall not be given a restrictive meaning by reason of the fact that they are preceded or followed by words indicating a particular class of acts, matters or things.
- 2.6 Section 1122 of the CTA 2010 shall apply to determine whether one person is "**connected**" with another for the purposes of this agreement.
- 2.7 References in the Warranties to the Company and the Board shall include each of the subsidiaries of the Company (if any) and the directors for the time being of those subsidiaries respectively.

3. SUBSCRIPTIONS

- 3.1 Subject to the provisions of clause 4.1 to 4.5 (inclusive), each of the Investors applies for the allotment and issue to it at Initial Completion of the following New Shares as set out in the table below and the Company accepts such applications:

(1) Investor	(2) No. of Seed Ordinary Shares ⁷	(3) [No. of Ordinary Shares] ⁸	(4) Total subscription monies (£)
Passion Capital Nominees II Limited	[insert]	[insert]	[insert]
[insert]	[insert]	[insert]	[insert]
Total	[insert]	[insert]	[insert]

- 3.2 [Subject to the provisions of clause 4.1 to 4.5 (inclusive), each of the Equity Securities Holders shall be issued at Initial Completion with such number of New Shares as set out in the table below at a price of £[insert] per share on conversion of the amount owing under the Equity Securities Agreement in accordance with the terms of such Equity Securities Agreement:]

(1)	(2)	(3)	(4)

⁷ Passion (and other Investors) will subscribe for Seed Ordinary Shares which benefit from a 1x non-participating liquidation preference

⁸ Investors can subscribe for ordinary shares if they are wanting to benefit from tax incentives (e.g. S/EIS). These shares don't receive any liquidation preference

Equity Securities Holder	No. of Seed Ordinary Shares	[No. of Ordinary Shares]	Principal amount [plus accrued interest] (£)
[insert]	[insert]	[insert]	[insert]
Total	[insert]	[insert]	[insert]

3.3 [Each Equity Securities Holder confirms and agrees that it irrevocably waives, releases and relinquishes all rights such Equity Securities Holder may have under the Equity Securities Agreement other than to convert the amounts owing under such Equity Securities Agreement into (and irrevocably applying the redemption monies in subscribing for) Shares pursuant to clause 3.2 with effect from Initial Completion, and that following Initial Completion the Company's obligations under such Equity Securities Agreement shall have been satisfied in full and the Equity Securities Agreement shall be of no further force or effect.]

3.4 [No later than [insert date] (unless the Company and the Lead Investor have agreed to extend such date), the Company may allot and issue the Additional New Shares to one or more additional investors that have been approved by the Company and the Lead Investor at one or more additional completions where meeting(s) of the Board shall be held (or written resolutions of the Board shall be passed) to approve the allotment and issue of such Additional New Shares subject to receipt of funds, provided that any such additional investor(s) execute a Subscription Adherence Agreement together with an Adherence Agreement to become a party to the Shareholders' Agreement as an Investor (if not already a party to the Shareholders' Agreement in that capacity) prior to the issue of such Additional New Shares.]

3.5 Each Investor shall be entitled to direct that its New Shares be issued and registered in the name of any nominee or custodian holding such shares on its behalf as bare nominee from time to time and the provisions of clauses 3.1, [3.2, 3.3] and 4 shall be interpreted accordingly.

4. COMPLETION

4.1 Upon and with effect from the Execution Date, the parties acknowledge and agree that the Completion Conditions have been satisfied or waived in full and that subject to clauses 4.2 to 4.5 (inclusive), each Investor shall, on or prior to the Longstop Date, pay the sum set out against its name in column [3] of the table in clause 3.1 (being the Subscription Price for the New Shares) by electronic funds transfer to the bank account of the Company as set out below and payment made in accordance with this clause 4.1 shall constitute a good discharge for such Investor of its obligations under this clause 4.1.

Account name:

Bank:

Account number:

Sort code:

[IBAN:]

[Swift code:]

- 4.2 Upon receipt by the Company of subscription monies paid in accordance with clause 4.1 **Error! Reference source not found.** for £[insert] (the "Initial Threshold") the Company shall issue [(i)] the New Shares listed in the table in clause 3.1 to each Investor whose subscription monies have been received by the Company [and (ii) the New Shares listed in the table in clause 3.2 to each Equity Securities Holder] credited as fully paid and enter its name in the register of members in respect of such New Shares and execute and deliver to such Investor a certificate in respect of such New Shares ("Initial Completion"). The Company shall issue the remaining New Shares listed in the table in clause 3.1 to each remaining Investor credited as fully paid and enter its name in the register of members in respect of such New Shares and execute and deliver to such Investor a certificate in respect of such New Shares upon receipt by the Company of the relevant subscription monies paid by such Investor in accordance with clause 4.1 (each, a "Subsequent Completion").
- 4.3 In addition to and without prejudice to all other rights and remedies available to the parties, including without limitation the right for the Company to bring a claim for breach of contract, the Board shall be entitled to determine that any Investor who fails to pay a subscription amount due under clause 4.1 by the Longstop Date shall be deemed not to have made any application for New Shares under clause 3.1 (but without prejudice to the applications made by the other Investors under that clause) and upon such determination this agreement shall be deemed varied, without the consent of any other party, or action required, so as to remove all references to such Investor who shall cease to be a party to this agreement [provided such Investor is not otherwise subscribing for New Shares under clause 3.2, in which case this agreement shall be deemed varied only so as to remove the references to such Investor applying for New Shares under clause 3.1 and to make any associated changes][, and the Company may instead allot and issue such New Shares to one or more additional investors that have been approved by the Company and the Lead Investor]. The Board may in its sole discretion and without the consent of any party to this agreement, take such action to amend and/or restate this agreement to reflect such deemed variation(s) as it deems necessary or desirable.
- 4.4 The Company undertakes to the Investors that it shall:
- (a) hold any subscription funds received prior to Initial Completion pursuant to clause 4.1 from an Investor in connection with that Investor's application for New Shares to its strict order on behalf of that Investor pending Initial Completion; and
 - (b) in the event that this agreement terminates in accordance with clause 4.5, return any subscription funds received by the Company from any Investor pursuant to clause 4.1 to the relevant Investor as soon as reasonably practicable following termination, to such account as that Investor may in writing direct (without needing to account for any interest).
- 4.5 Without prejudice to all other rights and remedies available to the parties, including without limitation the right to bring a claim for breach of contract, if the Initial Threshold is not satisfied by the Longstop Date, the Company and the Lead Investor shall be entitled to determine that this agreement shall terminate with effect from such determination (or such other specified date) and the parties shall have no further rights or obligations under this agreement, other than (i) accrued rights and obligations at that time; and (ii) the Company's obligations pursuant to clause 4.4(b).

4.6 Within 30 days following Initial Completion (or the final Subsequent Completion (if applicable)), the Company shall deliver to the Investors a capitalisation table of the Company as of the last such completion including details of all: (i) issued Shares; (ii) options, both allocated and unallocated under the Share Option Plan(s) (as defined in the Shareholders' Agreement); (iii) warrants; and (iv) any and all other rights to subscribe for shares or convertible securities, if any.

5. **WARRANTIES**

5.1 The Company warrants to the Investors that each and every Warranty set out in Schedule 5 is true, accurate and not misleading at the Execution Date subject only to (i) the matters Disclosed; and (ii) any exceptions expressly provided for under this agreement.

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 The rights and remedies of the Investors in respect of any breach of any of the Warranties shall not be affected by Initial Completion or any Subsequent Completions [or any additional completions pursuant to clause 3.4], any investigation made by or on behalf of the Investors into the affairs of the Company or any other event or matter whatsoever which otherwise might have affected such rights and remedies except a specific and duly authorised written waiver or release.

5.4 No information relating to the Company of which the Investors have knowledge (actual, implied or constructive) other than by reason of it being Disclosed in accordance with clause 5.1(a) shall prejudice any Claim which the Investors shall be entitled to bring or shall operate to reduce any amount recoverable by the Investors under this agreement.

5.5 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 Founder[s].

5.6 The Investors agree among themselves that the following provisions shall (unless they subsequently agree in writing amongst themselves to the contrary acting by way of a New Shares Majority) apply in relation to the bringing of any Claim:

(a) no Claim shall be brought by any of the Investors without the prior written consent of the New Shares Majority;

(b) the costs incurred by any Investors in bringing a Claim shall be borne by all of the Investors proportionately to the amounts subscribed by each of them for New Shares pursuant to this agreement; and

(c) any damages obtained as a result of any Claim will, after deduction of all costs and expenses, be divided amongst the Investors in such proportions.

Any Investor shall be entitled to waive its right to bring and/or participate in a Claim at any time prior to the issue of proceedings with the consequence that it shall not be liable to bear its proportion of the costs referred to in (b) above (which costs per Investor shall increase rateably

for the remaining Investors) nor entitled to any of the damages referred to in (c) above. In such circumstances, the consent of that Investor will not be required under clause 5.6(a) and the aggregate limitation of liability of the Company for such Claim under clause 6.3 shall be reduced by an amount equal to the amount subscribed for the New Shares by such Investor.

6. LIMITATIONS ON WARRANTY CLAIMS

6.1 The limitations set out in this clause 6 shall not apply to any Claim which is:

- (a) the consequence of fraud, dishonesty, wilful concealment or wilful misrepresentation by or on behalf of the Company; or
- (b) which is a result of a breach of warranty statement 2 of Schedule 5.

6.2 No Claim may be made against the Company unless written notice of such Claim is served on the Company, giving reasonable details of the Claim, within the 18 month period after the Warranties were last given.

6.3 The aggregate liability of the Company in respect of all and any Claims shall be limited (subject to clause 5.6) to an amount equal to the aggregate amount subscribed for the New Shares by the Investors pursuant to this agreement, together with the proper and reasonable costs of recovery in respect of any Claim incurred by or on behalf of the Investors.

6.4 No liability in respect of any breach of the Warranties shall arise if such breach occurs by reason of any matter which would not have arisen but for the coming into force of any legislation not in force at Completion or by reason of any change to HMRC's practice occurring after Completion.

6.5 Nothing in this Agreement shall prejudice an Investor's duty under common law to mitigate any loss or liability which is the subject of a Claim.

7. SHARE OPTION PLAN

7.1 The Company shall adopt a Share Option Plan in a form acceptable to the Lead Investor whereby options over Ordinary Shares (subject to a maximum option pool of [insert number] Ordinary Shares) may be granted to employees and consultants of the Company (other than the Founders) pursuant to the Share Option Plan in such number as may be decided by the Board (with Investor Director Consent).

7.2 The Share Option Plan shall provide, unless otherwise agreed by a New Shares Majority, that each option granted thereunder shall vest:

- (a) with respect to twenty-five per cent (25%) of the shares subject to such grant, twelve (12) months after the date of such grant; and
- (b) with respect to the remaining shares subject to such grant, on a monthly basis over a period of three years thereafter,

except with the prior approval of the Board (including Investor Director Consent). The Share Option Plan shall not provide for acceleration of the vesting schedule of unexercised options, except with the prior approval of the Board (including Investor Director Consent).

8. ANNOUNCEMENTS

8.1 Except in accordance with clause 8.2, the parties shall not make any public announcement or issue a press release or respond to any enquiry from the press or other media concerning or relating to this agreement or its subject matter (including but not limited to the Investors' investment in the Company) or any ancillary matter.

8.2 Notwithstanding clause 8.1, any party (or in the case of an Investor, the general partner or investment manager of such Investor) may:

- (a) make any press release to the effect that it has made an investment in the Company and/or that it is a shareholder in the Company without obtaining the prior approval of any other parties;
- (b) make or permit to be made an announcement concerning or relating to this agreement or its subject matter or any ancillary matter with: (A) the prior written approval of a New Shares Majority and the Board or (B) if and to the extent required by:
 - (i) law;
 - (ii) any securities exchange on which such party's securities are listed or traded;
 - (iii) any regulatory or governmental or other authority with relevant powers to which such party is subject or submits, whether or not the requirement has the force of law; or
 - (iv) any court order.

8.3 Notwithstanding clause 8.1, an Investor may display the Company's name and logo on its website and other promotional material as an investee company.

9. 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.

10. CUMULATIVE REMEDIES

The rights, powers, privileges and remedies conferred upon the Investors in this agreement are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law.

11. **WAIVER**

The express or implied waiver by any party to this agreement of any of its rights or remedies arising under this agreement or by law shall not constitute a continuing waiver of the right or remedy waived or a waiver of any other right or remedy.

12. **ENTIRE AGREEMENT**

12.1 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 supersede and extinguish 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.

12.2 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.

12.3 Without limiting the generality of the foregoing, each of the parties irrevocably and unconditionally waives any right or remedy it may have to claim damages and/or to rescind this agreement by reason of any misrepresentation (other than a fraudulent misrepresentation) having been made to it by any person (whether party to this agreement or not) and upon which it has relied in entering into this agreement.

12.4 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 in respect of a Claim shall be for breach of contract.

12.5 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.

13. **VARIATION AND TERMINATION**

13.1 Subject to clause 4.3, all and any of the provisions of this agreement may be deleted, varied, supplemented, restated or otherwise changed in any way at any time, and this agreement may be terminated at any time, with the prior written consent of the Company and a New Shares Majority, in which event such change or termination shall be binding against all of the parties hereto provided that if such change would impose any new obligations on a party or increase any existing obligation, the consent of the affected party to such change shall be specifically required.

13.2 This agreement may be terminated with the prior written consent of the Company and a New Shares Majority, in which event such termination shall be binding against all of the parties hereto save that nothing in this clause shall release any party from liability for breaches of this agreement which occurred prior to its termination provided that if a party has an express contractual right under this agreement that is not incorporated into any replacement or successor subscription agreement, that party's consent shall be specifically required for the termination of that right.

14. **NO PARTNERSHIP**

Nothing in this agreement is intended to or shall be construed as establishing or implying any partnership of any kind between the parties.

15. **ASSIGNMENT AND TRANSFER**

15.1 Subject to clause 15.3, this agreement is personal to the parties and no party shall:

- (a) assign any of its rights under this agreement; or
- (b) transfer any of its obligations under this agreement; or
- (c) sub-contract or delegate any of its obligations under this agreement; or
- (d) charge or deal in any other manner with this agreement or any of its rights or obligations,

save that an Investor shall be entitled to delegate any of its obligations under this agreement to its general partner or the management company authorised from time to time to act on behalf of that Investor.

15.2 Any purported assignment, transfer, sub-contracting, delegation, charging or dealing in contravention of clause 15.1 shall be ineffective.

15.3 An Investor may assign the whole or part of any of its rights in this agreement to any person who has received a transfer of shares in the capital of the Company from such Investor in accordance with the New Articles and has executed an Adherence Agreement.

16. **RIGHTS OF THIRD PARTIES**

16.1 Subject to clause 16.2, 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.

16.2 The general partner of an Investor or the management company authorised from time to time to act on behalf of an Investor or another person or persons nominated by an Investor, shall be entitled to enforce all of the rights and benefits of such Investor under this agreement at all times as if party to this agreement.

17. **COUNTERPARTS; NO ORIGINALS**

17.1 This agreement may be executed in any number of counterparts, each of which shall constitute an original, and all the counterparts shall together constitute one and the same agreement.

17.2 The exchange of a fully executed version of this agreement (in counterparts or otherwise) by electronic means using DocuSign or similar shall be sufficient to bind the parties to the terms and conditions of this agreement and no exchange of originals is necessary.

18. **NOTICES**

18.1 Any communication and/or information to be given in connection with this agreement shall be in writing in English and shall either be delivered by hand (which shall include by internationally recognised overnight courier service) or sent by first class post, email or other electronic form:

- (a) to the Company at its registered office or by email to each of the directors from time to time; or
- (b) to an Investor at the address or to the email address of that Investor shown in Schedule 1,

or in each such case such other address as the recipient may notify in writing to the other parties for such purpose.

18.2 A communication sent according to clause 18.1 shall be deemed to have been received:

- (a) if delivered by hand, at the time of delivery; or
- (b) if sent by pre-paid first class post, on the second day after posting; or
- (c) if sent by email or other electronic communication, at the time of completion of transmission by the sender,

except that if a communication is received between 5.30 pm on a Business Day and 9.30 am on the next Business Day, it shall be deemed to have been received at 9:30am on the second of such Business Days.

19. **SEVERANCE**

19.1 If any provision of this agreement is held to be invalid or unenforceable by any judicial or other competent authority, all other provisions of this agreement will remain in full force and effect and will not in any way be impaired.

19.2 If any provision of this agreement is held to be invalid or unenforceable but would be valid or enforceable if some part of the provision were deleted, the provision in question will apply with the minimum modifications necessary to make it valid and enforceable.

20. **GOVERNING LAW**

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.

21. **JURISDICTION**

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.

22. REGULATORY MATTERS

No Investor or general partner of any Investor or management company authorised from time to time to act on behalf of any Investor is acting for or advising any other party to the transaction that is the subject of this agreement and accordingly no such Investor, general partner of any Investor and/or management company of any Investor (as appropriate) shall be responsible to any other party for providing any protection afforded to any client (as defined in the Glossary to the FCA Handbook of rules and guidance) for any Investor.

23. CONFIRMATION BY INVESTORS

Each Investor acknowledges to the other Investors that such Investor is not relying upon any person, firm, or corporation, other than the Company and its officers and directors (other than the Investor Director), in making its investment or decision to invest in the Company. Each Investor agrees that no Investor, no respective Affiliates of any Investor and no Investor Director shall be liable to any of the other Investors, or any of the Investors in the case of the Investor Director, for any action heretofore or hereafter taken or omitted to be taken by any of them in connection with the transactions described or contemplated in this Agreement.

24. CONFIRMATION OF INVESTORS

Each Investor hereby confirms that it falls within one of the exemptions contained in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) relating to the experience or wealth of such Investor (such as are contained in articles 19(5), 48, 49(2), 50 or 50A of such Order) or in section 86(1)(a) of the Financial Services and Markets Act 2000 (qualified investors), or, to the extent that the Investor is based outside the United Kingdom, confirms that it is not subject to such restrictions.

25. PUT OPTION⁹

25.1 The Lead Investor shall have the option at its sole discretion to require the Company and/or any of the Founders to acquire at nominal value and at any time, all of the shares in the capital of the Company held by the Lead Investor (the "**Put Option Shares**") by delivery of a notice to the Company and/or any of the Founders (the "**Put Option Notice**") save that in the event that the Company is unable to acquire such shares in accordance with applicable law, then the put option in respect of the Company pursuant to this clause shall not be exercisable.

25.2 In the event that the Lead Investor serves a Put Option Notice, subject to applicable law the Company, the Founder(s) and the Shareholders shall use reasonable endeavours to procure the passing of all resolutions at Board meetings and shareholders' meetings of the Company, the entry by the Company into such documentation as is required to give effect to this provision and all such

⁹ Note: this put option is a 'clean up' provision to ensure that at the end of fund life we are able to divest of all our shares in the company (to ensure we can wind-up our fund at the end of its life). As the shares will be transferred at nominal value this clause is not designed to provide us with any economic return

other steps as are necessary to effect the purchase and cancellation of the Lead Investors shares by the Company within 30 days of receipt of a Put Option Notice.

**SCHEDULE 1
THE INVESTORS**

Name	Address
Passion Capital Nominees II Limited, as nominee for Passion Capital IV LP	Second Floor, Laxmi, The Tanneries, 57 Bermondsey Street, London SE1 3XJ Email: investmentteamii@passioncapital.com
[insert]	[insert]
[insert] (Equity Securities Holder)	[insert]

SCHEDULE 2

PARTICULARS OF THE COMPANY

Name: [insert]
Status: Private limited company
Registered number: [insert]
Date of incorporation: [insert]
Registered office: [insert]
Directors: [insert]
Secretary: [insert, if applicable]
Accounting reference date: [insert]
Issued share capital: [insert] ordinary shares of £[insert nominal value] each

Mortgages, charges and other security: [insert]

SCHEDULE 3

Existing shareholders of the Company - pre-Completion

Member	Number of Ordinary Shares held
[insert]	[insert]
TOTAL	[insert]

SCHEDULE 4

COMPLETION WARRANTIES

1. The Disclosure Schedule as at Completion:
 - (a) is true as to factual matters;
 - (b) is not misleading by omission of material facts;
 - (c) does not in any material respect contain any opinions or conclusions with which the Founder[s] disagree[s]; and
 - (d) has not been invalidated by events occurring after its preparation.
2. The information contained in Schedule 2 and Schedule 3 and in the Founder's Questionnaire[s] is true, complete and accurate in all respects.
3. The Ordinary Shares are fully registered in the Company's register of members as set out in Schedule 2 and Schedule 3 and are fully paid and the Company has not allotted or issued any share capital other than the Ordinary Shares shown in Schedule 2 and Schedule 3 and, save as contemplated by this agreement, no contract has been entered into which requires or may require the Company to allot or issue any share or loan capital and the Company has not allotted or issued any securities which are convertible into share or loan capital. The Ordinary Shares are not subject to any transfer or other agreements of any kind.
4. The Company does not have and has never had any subsidiaries.
5. The Company is not a party, has never been a party and no facts or circumstances exist whereby it could become a party to any dispute or proceeding or litigation of whatever nature (whether relating to commercial agreements or employee arrangements or otherwise) and the Company is not aware of any such situation that could arise.
6. The Company has at all times materially complied with all laws, regulations or other legal requirements applicable to it of whatever nature.
7. Other than off-the-shelf software and Open Source Code available within the public domain, all Intellectual Property and other assets used by the Company in connection with the Business (or used by any subsidiary) are legally and beneficially owned by the Company (and not by anyone else, including by any subsidiary) free from any Encumbrance and are valid, subsisting and in full force and effect and have not been infringed by any third party, nor have they infringed the rights of any third party and they are free from any dispute and there are no grounds on which any person is or will be able to seek cancellation, rectification or any other modification of any registration.
8. The Company has not entered into any agreement or arrangement that contains onerous or unusual terms or which were entered into otherwise than in the ordinary and usual course of business.

9. The Company has no indebtedness for borrowed money or any other liabilities of any nature (whether accrued, absolute, contingent or otherwise) that the Company has directly or indirectly created, incurred, assumed or guaranteed, or with respect to which the Company has otherwise become directly or indirectly liable other than those incurred in the ordinary course of business.
10. There are no existing contracts, arrangements or loans to which the Company is a party and no debts or liabilities owed by the Company, in each case in which the directors and/or Shareholders and/or any person connected with any of them is interested.
11. The Company has entered into contracts of service for all directors, employees and consultants of the Company and such contracts and arrangements have been entered into in the ordinary course of business, are in full force and effect and no notice has been given on either side to terminate any of them and no disputes are anticipated in respect of any of them.
12. The Company maintains appropriate and suitable insurance policies.
13. In respect of any personal data processed by the Company:
 - (a) the Company has made all necessary registrations and notifications of its particulars in accordance with the Data Protection Legislation;
 - (b) all details supplied to the Information Commissioner in relation to each application for registration or notification are accurate; and
 - (c) the Company has not received any notice or complaint under the Data Protection Legislation alleging non-compliance with the Data Protection Legislation, nor has it received any claim for compensation for loss or unauthorised disclosure of data and the Company is not aware of any circumstances which may give rise to any of the foregoing.

SCHEDULE 5

SUBSCRIPTION ADHERENCE AGREEMENT

THIS AGREEMENT is made on [insert date]

- (1) [Insert] [Limited] (company number [insert] whose registered office is at [insert address] (the "Company"); and
- (2) [Insert] of [Insert]

Subscription Agreement dated [insert] between (1) the Investors and (2) the Company (the "Agreement")

1. This is a Subscription Adherence Agreement entered into in compliance with the terms of clause [3.4] of the Agreement.
2. Words and expressions defined in the Agreement have the same meaning in this agreement unless given a different meaning in this agreement.
3. [I/We] apply for the allotment and issue to [me/us] of Seed Ordinary Shares as set out in the table (the "Subscription Shares") below at a purchase price per share of £[insert] (the "Purchase Price").

(1)	(2)
No. of Seed Ordinary Shares	Total subscription monies (£)

4. [I/We] shall pay the Purchase Price by electronic Funds transfer to the bank account of the Company as set out below:

Account name:
Bank:
Account number:
Sort code:
[IBAN:]
[Swift code:]
5. [I/We] acknowledge that this application is made on the basis that [I/we] will hold all Subscription Shares issued to [me/us] subject to the term of the Shareholders' Agreement and the Company's articles of association as may be amended from time to time.
6. In consideration for the issue of the Subscription Shares, [I]/[we] hereby agree to be bound by the Agreement in all respects as if [I]/[we] were a party thereto as an Investor and to perform all the

obligations expressed to be imposed on such a party to the Agreement. [I]/[We] further agree to assume the benefit of the rights which the Agreement confers on Investors. This agreement is made for the benefit of:

- (a) the parties to the Agreement; and
- (b) any other person or persons 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.

The parties agree that the allotment and issue of the Subscription Shares for the Purchase Price shall be completed following the execution of this agreement by the parties and the receipt by the Company of the Purchase Price in cleared funds.

This agreement (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of, or in connection with, this agreement or its subject matter (including non-contractual disputes or claims).

This agreement has been executed on the date shown on the first page.

EXECUTED by)
[] LIMITED acting by a director)
acting as [general partner/manager])
of [THE INVESTOR])

..... Director

EXECUTED by)
[THE COMPANY])
acting by a director)

..... Director

SCHEDULE 6

Disclosure Schedule

Warranty No.	Disclosure

SCHEDULE 7

Cash Flow Forecast

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

The Company

Executed for and on behalf of)
[INSERT] [LIMITED])
acting by a director) _____

The Investors

Executed)
for and on behalf of)
PASSION CAPITAL NOMINEES II LIMITED)
acting by a director) _____

Executed)
for and on behalf of)
[INSERT] [LIMITED])
acting by a director) _____

Executed by)
[INSERT]) _____