

[DATE]

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**SUBSCRIPTION AGREEMENT**

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**BETWEEN**

- (1) INVESTINGZONE LIMITED**
- (2) [INVESTEES COMPANY NAME]**
- (3) THE FOUNDER SHAREHOLDERS**  
*Listed at Annex B*
- (4) INVESTINGZONE LIMITED**  
*As agent for the Investors listed at Annex A*

**THIS AGREEMENT** (the "**Agreement**") is made the [Date] day of [Month], [Year]

**BETWEEN:**

- (1) **INVESTINGZONE LIMITED** ("**InvestingZone**"), a limited company incorporated in England and Wales under No. 08179786 whose registered office is at Fleet House, 8-12 New Bridge Street, London EC4V 6AL;
- (2) [Investee Company] (the "**Company**"), a company incorporated in England and Wales under No. ●●●●●● whose registered office is at [Registered Office Address];
- (3) **INVESTINGZONE LIMITED** (as the "**Attorney**"), acting under powers of attorney given for the purpose of signing and delivering this agreement on their behalf by each of the persons whose name address and level of investment is set out in Annex A (each an "**Investors**" and together the "**Investors**")
- (4) Each of the persons whose name address and shareholding in the Company as at the date of this agreement is set out in Annex B (each a "**Founder**" and together the "**Founder Shareholders**").

**BACKGROUND:**

- A. The Company was incorporated under the laws of England and Wales as a private limited company on [Date];
- B. At the date of this Agreement, the Company has an issued share capital of [Previously-Issued Shares] ordinary shares of £[Nominal Value] each (the "**Ordinary Shares**");
- C. Immediately before the execution of this Agreement, the Founder Shareholders listed at Annex B are the only persons who are registered holders of, or have options over or other rights to equity interests in, the share capital of the Company, and each holds the number and class of Shares, options or other equity interests set out next to his name;
- D. InvestingZone owns and makes available to registered members (under certain terms of membership, referred to as the "IZ Rules") the facilities and services of InvestingZone's online platform for purposes of permitting member companies and qualified investors to consider opportunities for offering and making investments in shares of a member company on the basis of a presentation made by the company, the assessment of that presentation by each investor, and certain terms and conditions as set out in this Agreement and the Articles.
- E. The Company and the Founder Shareholders having made a presentation of the Company's business on the InvestingZone platform, the Investors have indicated a willingness to subscribe for [Ordinary Shares] in the Company.
- F. Each Investor now wishes to subscribe for [Ordinary Shares] in the Company and (under the IZ Rules) has nominated InvestingZone as his or her agent to sign and deliver this Agreement on his or her behalf.
- G. The Company wishes to allot and issue Ordinary Shares to the Investors, in each case in accordance with the terms and conditions set out in this Agreement.

**IT IS AGREED** as follows:

1. **Definitions and Interpretation**

1.1 In this Agreement, unless the context otherwise requires:

"**Acting in Concert**" has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers for the time being in force;

<b>“Articles”</b>	means the Articles of Association of the Company as at the date of this agreement and as the same may be amended from time to time;
<b>“Associate”</b>	means in relation to a Shareholder: <ul style="list-style-type: none"><li>a) who is an individual, any of his Relations, Family Trusts, or the trustees of those Family Trusts; or</li><li>b) that is a company, any Member of the Same Group.</li></ul>
<b>“Board”</b>	means the board of directors (as constituted from time to time) of the Company;
<b>“Business Day”</b>	means any day (other than Saturday and Sunday) on which ordinary banks are open for business in London;
<b>“Business”</b>	has the meaning set out in clause 1 of Schedule 3;
<b>“Buyer”</b>	has the meaning given to it in clause 9.1;
<b>“Called Shares”</b>	has the meaning given to it in clause 10.2.1;
<b>“Called Shareholder”</b>	has the meaning given to it in clause 10.1;
<b>“Clear Business Days”</b>	in relation to a period of notice, means, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
<b>“Consent Actions”</b>	has the meaning given to it in clause 6;
<b>“Controlling Interest”</b>	means an interest in Shares giving to the holder or holders control of the Company within the meaning of Section 995 of the Income Tax Act 2007;
<b>“Director”</b>	means a director of the Company;
<b>“Drag Along Notice”</b>	has the meaning given to it in clause 10.2;
<b>“Drag Along Option”</b>	has the meaning given to it in clause 10.1;
<b>[“EIS”</b>	<b>has the meaning given to it in clause 5.3;]</b>
<b>“Family Trusts”</b>	in relation to an individual Shareholder, a trust or settlement set up wholly for the benefit of that individual Shareholder and/or his Relations;
<b>“Fundraising Valuation Date”</b>	has the meaning given to it in clause 8.3.2;

<b>“Insolvency Act”</b>	means the Insolvency Act 1986, as the same may be amended from time to time;
<b>“Issuance Notice”</b>	has the meaning given to it in clause 7.1.1;
<b>“InvestingZone Option”</b>	has the meaning given to it in clause 8.1;
<b>“Member of the Same Group”</b>	means as regards any company, a subsidiary of that company, a company which is from time to time its holding company, and any other subsidiary of any such holding company;
<b>“Offer”, “Offer Notice”, “Offer Period”, “Offer Shares”</b>	have the meaning given in clause 9.2;
<b>“Operating Commitments”</b>	has the meaning given to it in clause 5;
<b>“Option”</b>	has the meaning given to it in clause 8.2;
<b>“Participation Notice”</b>	has the meaning given to it in clause 7.2.2;
<b>“Parties”</b>	means each of the Investors, the Company and each of the Founder Shareholders (and each of them, a <b>“Party”</b> );
<b>“Person”</b>	means any natural person or any corporation, partnership, association or other legal entity wherever incorporated or formed;
<b>“Presentation”</b>	means the presentation of the Company and its Business as posted and published on the InvestingZone platform;
<b>“Proposed Buyer”</b>	has the meaning given to it in clause 10.1;
<b>“Proposed Transfer”</b>	has the meaning given to it in clause 9.1;
<b>“Relations”</b>	means the spouse, civil partner, widow or widower of a Shareholder and the Shareholder’s children and grandchildren (including step and adopted children), and step and adopted children of the Shareholder’s children;
<b>“Sale Date”</b>	has the meaning given to it in clause 9.3;
<b>[“SEIS”</b>	<b>has the meaning given to it in clause 5.3;]</b>
<b>“Seller”</b>	means a transferor of Shares;
<b>“Sellers’ Shares”</b>	has the meaning given to it in clause 10.1;

- “Selling Shareholders”** has the meaning given to it in clause 10.1;
- “Shares”** means any shares in the capital of the Company (including, but not limited to, Ordinary Shares);
- “Specified Price”** has the meaning given to it in clause 9.2;
- “Subscription Price”** has the meaning given to it in clause 2.1;
- “Video Pitch”** means a video presentation that was included in the Presentation; and
- “Warranties”** has the meaning given to it in clause 4.1.

1.2 Unless the context requires otherwise, each reference in this Agreement to:

- 1.2.1 “writing”, and any similar expression, includes a reference to any communication effected by facsimile transmission, email or similar means;
- 1.2.2 a statute or a provision of a statute is a reference to that statute or provision as amended or re-enacted at the relevant time;
- 1.2.3 “this Agreement” or to any other agreement or document referred to in this Agreement means this Agreement or such other agreement or document as amended, varied, supplemented, modified or novated from time to time and includes the Schedules; and
- 1.2.4 clauses and schedules are references to clauses and schedules of and to this Agreement.

1.3 In this Agreement:

- 1.3.1 all agreements on the part of any of the Parties which comprise more than one person or entity shall be joint and several;
- 1.3.2 any reference to the Parties includes a reference to their respective personal representatives, heirs, successors in title and permitted assignees;
- 1.3.3 words importing the singular include the plural and vice versa; and
- 1.3.4 words importing any gender include any other gender.

1.4 The headings in this Agreement are for convenience only and shall not affect its interpretation.

## 2. **Subscription for Ordinary Shares**

- 2.1 As soon as practicable following the execution of this Agreement, the Investors shall subscribe, in aggregate, for [A] Ordinary Shares, such Ordinary Shares to be issued at a price of £[B] per Share for a total purchase price of £[A\*B] (the **“Subscription Price”**).
- 2.2 All Parties acknowledge and that, under the terms of membership and use of the InvestingZone platform for purposes of the Company seeking investment from other members, InvestingZone is entitled to be paid a fee of £[A\*B\*5%] which will be paid by means of deduction from the Subscription Price.
- 2.3 Upon receipt from the Investors by the Company of £[A\*B\*95%] in immediately available funds, the Board shall enter each of the Investors in the register of members of the Company as the registered holder of the relevant number of Ordinary Shares, shall allot and issue such Ordinary Shares to each Investor, and

shall authorise the issue of share certificates accordingly.

- 2.4 The execution of this Agreement and issuance of Ordinary Shares may occur either in person at such place as the Company and InvestingZone may jointly agree, or else by mail, email or other written means.

3. **Rights, Obligations and Restrictions of the Investors**

The rights, obligations and restrictions of the Investors with respect to the Ordinary Shares subscribed for pursuant to this Agreement shall be as set out in the Articles except as otherwise expressly set out in this Agreement.

4. **Warranties**

- 4.1 In consideration of the Investors and InvestingZone agreeing to enter into this Agreement, the Company and each Founder Shareholder in his or her personal capacity warrants, jointly and severally, to the Investors that each of the statements set out in Schedule 1 (and any in Schedule 3) (the "**Warranties**"), is true and accurate in all material respects as of the date of this Agreement.
- 4.2 Where any Warranty is expressly qualified by the knowledge of the Company, such qualification shall mean the knowledge of any Director after conducting reasonable inquiries.
- 4.3 Each Warranty is to be construed separately and independently and (except where this Agreement provides otherwise) is not limited by any other provision of this Agreement or any other Warranty.

5. **Operating Commitments**

The Company agrees to take each of the following actions, (the "**Operating Commitments**"):

- 5.1 Provide the Investors with a report, in reasonable detail, on the Company's activities and progress no less often than every three months;
- 5.2 Pursue the Business in good faith, exercising reasonable efforts and due care, procure that the Business is properly managed, use all reasonable endeavours to comply with all applicable laws, and maintain all licenses, consents and authorities which are required or necessary to carry on the business of the Company from time to time, *provided* that:
- 5.2.1 To the extent that the Company ceases to pursue the Business in order to pursue a different business, the obligation set out in this clause 5.2 shall not apply to the Business but shall apply to such different business; and
- 5.2.2 A winding up of the Business due to a legitimate business failure and in accordance with this Agreement shall not constitute a breach of this clause 5.2.
- 5.3 [In light of the fact that the Presentation established that the Company would be eligible for, and would make available to the Investors, relief under [the Enterprise Investment Scheme ("**EIS**") [the Seed Enterprise Investment Scheme ("**SEIS**")], and that prior to the date of this Agreement the Company has received advance assurance from HM Revenue & Customs that the investment contemplated by this Agreement would be eligible for [EIS] [SEIS] relief:
- 5.3.1 Promptly and accurately file with HM Revenue & Customs all forms required to ensure that the Investors may claim [EIS] [SEIS] relief;
- 5.3.2 Promptly send to the Investors any certificates, correspondence or other documents from HM Revenue & Customs establishing or otherwise related to [EIS] [SEIS] relief; and
- 5.3.3 Subject to legal obligations or the order of a court or other competent judicial authority, refrain from taking any actions whatsoever which

would limit or jeopardise the ability of the Investors to claim [EIS] [SEIS] relief on the investment contemplated by this Agreement].<sup>1</sup>

## 6. Consent Actions

The Company agrees, and each Founder Shareholder agrees to cause the Company, not to take any of the actions set out in Schedule 2 (the "**Consent Actions**"), without the prior written permission of [InvestingZone and] Investors owning in aggregate not less than 50% of all Ordinary Shares then recorded as held by Investors, provided that [InvestingZone and] the Investors agree that permission will not be unreasonably withheld or delayed.

## 7. Participation Rights

7.1 If at any time the Company proposes to issue additional Shares, other than Shares issued upon the exercise of one or more share options duly granted by the Company in accordance with clause 8:

7.1.1 The Company shall give written notice to the Investors and to InvestingZone stating the number and class of Shares, and the price per Share, to be issued (an "**Issuance Notice**"). The Issuance Notice shall not be deemed confidential information and may be sent by an Investor to any adviser or other person that the Investor deems appropriate.

7.1.2 The Company shall not effect such issuance for at least 10 Business Days following receipt of such Issuance Notice by the Investors.

### 7.2 Participation

7.2.1 Upon receipt of an Issuance Notice, each Investor has the option, but not the obligation, to subscribe at the price set out in the Issuance Notice for up to that proportion of the Shares proposed to be issued which the number of Shares which the Investors holds as of the date of the Issuance Notice bears to the total issued share capital at the time the Company gives the Issuance Notice.

7.2.2 If an Investor wishes to exercise the option set out in clause 7.2.1, he or she shall deliver to the Company, within 10 Business Days of receiving an Issuance Notice, a written notice of such exercise (a "**Participation Notice**") setting out the number of Shares for which he or she wishes to subscribe (such number not to exceed the number of Shares to which he is entitled pursuant to clause 7.2.1) and enclosing payment equal to such number of Shares *multiplied by* the price per Share set out in the Issuance Notice.

7.2.3 If the Company receives a valid and timely Participation Notice from an Investor, the Company shall, upon receipt of the payment enclosed therewith, issue to that Investor the number of Shares set out in the Participation Notice, *provided*, that the Company may (at its discretion) require the Investor to become party to a subscription or similar agreement prior to issuing such Shares if all other subscribers for the Shares described in the relevant Issuance Notice (or any Participation Notice received in response to the Issuance Notice) are also required to become party to such agreement.

7.2.4 Any Shares issued pursuant to clause 7.2.3 shall be deemed not to be subject to any of the terms of this Agreement.

7.2.5 Subject to clause 6, any Shares referred to in an Issuance Notice with respect to which no valid and timely Participation Notice is received may be issued by the Company in the manner stated in the Issuance Notice

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<sup>1</sup> To be included only where the Presentation indicated that the company was SEIS- or EIS-eligible

provided such issuance is completed within six months after the date of the Issuance Notice.

## 8. Options

- 8.1 The Company grants InvestingZone the right to acquire up to [NUMBER<sup>2</sup>] Shares for £[PRICE<sup>3</sup>] per Share ("**IZ Exercise Price**"), on the terms of this agreement and subject to the provisions of Schedule 4. By signing this agreement, InvestingZone accepts the InvestingZone Option and agrees to be bound by its terms.
- 8.2 Subject to clauses 6 and 8.1, the Company may grant one or more further options, warrants or similar rights to purchase its Shares at a later date (in each case, an "**Option**") to its employees, agents and others as the Board deems fit and in accordance with the Articles and applicable law, subject to the requirement set out in clause 8.3.
- 8.3 If at any time the Company proposes to grant one or more Options, the exercise price for that Option shall equal or exceed the current Share price, meaning that:
- 8.3.1 Assuming the Option were to be exercised immediately, the valuation of the Company immediately following the exercise of such Option, as measured by *dividing* the aggregate exercise price by the percentage of the Company's total issued share capital which the Shares issued pursuant to such Option represents, must be equal to or exceed the valuation of the Company as of the date on which the Option is granted; and
- 8.3.2 The valuation of the Company for purposes of clause 8.3.1 shall be deemed to be the valuation set by the most recent fundraising round prior to the issuance of the share options (the "**Fundraising Valuation Date**"), provided that if there has been an independent valuation of the Company after the Fundraising Valuation Date, and the Investors in its sole discretion believes such valuation to be accurate, then such independent valuation will be used instead.

## 9. Tag Along

- 9.1 Except in the case of transfers pursuant to clause 10, if any of the Founder Shareholders proposes to transfer any Shares (a "**Proposed Transfer**") as part of a transaction or series of transactions which would, if carried out, result in any person (other than a person who holds a Controlling Interest in the Company at that time or an Associate of such a person) (a "**Buyer**"), and any person Acting in Concert with the Buyer, acquiring a Controlling Interest in the Company, then the provisions of this clause 9 shall apply.
- 9.2 Before completing the Proposed Transfer, the Founder Shareholders shall procure that the Buyer makes an offer (an "**Offer**") to the Investors to buy all of the Shares held by the Investors, for a consideration in cash per Share that is at least equal to the highest price per Share offered or paid by the Buyer, or any person Acting in Concert with the Buyer, in the Proposed Transfer or in any related previous transaction in the six months preceding the date of the Proposed Transfer (the "**Specified Price**").
- 9.3 The Offer shall be made by written notice (an "**Offer Notice**"), at least 20 Business Days (the "**Offer Period**") before the proposed sale date (the "**Sale Date**"). To the extent not described in any accompanying documents, the Offer Notice shall set out:

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<sup>2</sup> Number of shares that equals 1% of post money shares issued.

<sup>3</sup> Exercise price same as price at which the Shares have been issued under the applicable IZ fundraising

- 9.3.1 the identity of the Buyer;
  - 9.3.2 the purchase price and other terms and conditions of payment;
  - 9.3.3 the proposed date of the transfer; and
  - 9.3.4 the number of Shares proposed to be purchased by the Buyer from the Investors ("**Offer Shares**").
- 9.4 If the Buyer fails to make the Offer to the Investors then, except where clause 10.7 applies, the Founder Shareholders shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer intended to effect the Proposed Transfer.
- 9.5 Each Investor may choose to accept the Offer with respect to all or portion of the Offer Shares. If the Offer is accepted by an Investor within the Offer Period, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all of the Offer Shares held by the Investor or such portion of the Offer Shares as the Investor has indicated he/she wishes to be purchased.
10. **Drag Along**
- 10.1 If any of the Founder Shareholders (the "**Selling Shareholders**") wish to transfer any Shares (the "**Sellers' Shares**") to a bona fide arm's length purchaser (the "**Proposed Buyer**"), and the transaction would, if carried out, result in the Proposed Buyer acquiring a Controlling Interest in the Company, then the Selling Shareholders shall have the option to require all Investors (the "**Called Shareholders**") to sell and transfer all of the shares they hold to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this clause 10 (the "**Drag Along Option**").
- 10.2 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect (a "**Drag Along Notice**") at any time before the transfer of the Sellers' Shares to the Called Shareholder. The Drag Along Notice shall specify that:
- 10.2.1 each Called Shareholder is required to transfer all their Shares (the "**Called Shares**") pursuant to this clause 10;
  - 10.2.2 the person to whom the Called Shares are to be transferred;
  - 10.2.3 the consideration payable for the Called Shares calculated in accordance with clause 10.4; and
  - 10.2.4 the proposed date of the transfer.
- 10.3 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not sold the Sellers' Shares to the Proposed Buyer within 20 Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 10.4 The Called Shareholders shall sell each Called Share for a consideration in cash per Called Share that is at least equal to the highest price per Share offered or paid by the Proposed Buyer, or any person Acting in Concert with the Proposed Buyer, for the Seller's Shares or in any related previous transaction in the six months preceding the date of the Drag Along Notice.
- 10.5 No Drag Along Notice shall require the Called Shareholders to agree to any terms except those specifically set out in this clause 10.
- 10.6 Completion of the sale of the Called Shares shall take place on the same date as the date proposed for completion of the sale of the Sellers' Shares unless the Called Shareholders and the Selling Shareholders agree otherwise.
- 10.7 Provided that the Proposed Buyer is ready, willing and able to complete the sale of

the Called Shares on the completion date determined in accordance with clause 10.6, the requirement for a mandatory offer under clause 9 shall not apply to any transfer of shares to a Proposed Buyer (or as they may direct) pursuant to a sale for which a Drag Along Notice has been duly served.

- 10.8 On the completion date determined in accordance with clause 10.6 each Called Shareholder shall deliver stock transfer forms for the Called Shares, together with the relevant share certificate (or a suitable indemnity for any lost share certificate) to the Company and, against delivery of such documents, the Company shall pay the Called Shareholder, on behalf of the Proposed Buyer, the amounts they are due pursuant to clause 10.4 to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholder pursuant to clause 10.4 in trust for the Called Shareholder without any obligation to pay interest.
- 10.9 To the extent that the Proposed Buyer has not, on the completion date determined in accordance with clause 10.6, put the Company in funds to pay the consideration due pursuant to clause 10.4, the Called Shareholders shall be entitled to the return of the stock transfer form and share certificate (or suitable indemnity) for the relevant Called Shares and the Called Shareholders shall have no further obligations under this clause 10 in respect of their Shares.
- 10.10 If any Called Shareholder does not, on completion of the sale of the Called Shares, execute transfer(s) in respect of all of the Called Shares held by him, the Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be their agent to execute all necessary transfer(s) on his behalf and, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares, deliver such transfer(s) to the Proposed Buyer (or as they may direct) as the holder thereof. After the Proposed Buyer (or their Investors) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. Failure to produce a share certificate shall not impede the registration of shares under this clause 10.

## 11. **Transfers**

- 11.1 Subject to the Articles, the Investors may transfer any Investor Shares to any person other than an Investor, at any time.
- 11.2 If a transfer is made pursuant to clause 11.1, this Agreement shall not apply as between the transferee and the Company unless otherwise agreed.

## 12. **Other Matters**

The matters set out in Schedule 3 are incorporated herein by reference.

## 13. **Conflict with the Articles**

Insofar as any provision of this Agreement shall conflict with any provisions of the Articles, this Agreement shall prevail.

## 14. **Duration**

- 14.1 This Agreement shall continue in full force and shall bind the Investors (or the New Investors, as described in clause 11), the Company and each Director for so long as the Investors or a New Investors shall be the registered holder in respect of any Ordinary Shares issued hereunder.
- 14.2 In the event that a Director ceases to be a member of the Board, those provisions of this Agreement that obligate the Director to cause the Company to take or not to take a particular action shall cease to bind such Director, but all other provisions of this Agreement shall continue to bind such Director for the period described in clause 14.1.

**15. Notices and Service**

- 15.1 All notices to be given under this Agreement shall be in writing and shall either be delivered personally or sent by first class or airmail prepaid post, facsimile transmission or email and shall be deemed duly served and received:
- 15.1.1 in the case of a notice delivered personally, at the time of delivery;
  - 15.1.2 in the case of a notice sent inland by first class prepaid post, 2 Clear Business Days after the date of dispatch;
  - 15.1.3 in the case of a notice sent overseas by airmail, 7 Clear Business Days (being Business Days in the place to which the notice is dispatched) after the date of dispatch; and
  - 15.1.4 in the case of facsimile transmission or email, if sent during normal business hours then at the time of transmission and if sent outside normal business hours then on the next following Business Day.
- 15.2 Any notice to an Investor shall be sent to the registered address of the Investor at such time, or, in the case of a notice sent by email, to such other email address as the Investor notifies to the Company from time to time, *except*, that the Company may comply with its obligations under clause 5.1 by submitting the relevant report via the InvestingZone platform.
- 15.3 Any notice to the Company shall be sent to the registered office of the Company or, in the case of a notice sent by email, to an email address of the Company or such other email address of the Company which the Investor reasonably believes a Director checks regularly.
- 15.4 Any notice to a Director shall be sent to the registered office of the Company or, in the case of a notice sent by email, to an email address of which the Investors reasonably believes the Director checks regularly.

**16. No Partnership or Agency**

- 16.1 This Agreement shall not be construed so as to create a partnership or joint venture between any of the Parties.
- 16.2 Nothing in this Agreement shall be construed so as to constitute any of the Parties the agent of another.

**17. No Waiver**

No failure or delay by any Party in exercising any of its rights under this Agreement shall be deemed to be a waiver of that right, and no waiver by any Party of a breach of any provision of this Agreement shall be deemed to be a waiver of any subsequent breach of the same or any other provision.

**18. Severance**

If any provision of this Agreement is held by any court or other competent authority to be invalid or unenforceable in whole or in part, this Agreement shall continue to be valid as to its other provisions and the remainder of the affected provision.

**19. Entire Agreement**

- 19.1 This Agreement together with the Presentation contains the entire agreement between the Parties, and supersedes and replaces all previous agreements and understandings between the Parties, with respect to the matters set out herein.
- 19.2 Each Party acknowledges that, in entering into this Agreement, it is not relying on any representation, warranty, pre-contractual statement or other provision except as expressly provided in this Agreement or the Presentation.
- 19.3 Without limiting the generality of the foregoing, no party shall have any remedy in

respect of any untrue statement made to him upon which it may have relied in entering into the Agreement unless contained in this Agreement or the Presentation, and a Party's only remedy is for breach of contract. However, nothing in this Agreement purports to exclude liability for any fraudulent statement or act.

20. **Non-Assignment**

This Agreement is personal to the Parties, and no Party may assign, mortgage, or charge (otherwise than by floating charge) any of its rights hereunder, or sub-contract or otherwise delegate any of its obligations hereunder, except with the written consent of the other Parties.

21. **Further Assurances**

Each Party shall from time to time (both during the continuance of this Agreement and after its termination) do all such acts and execute all such documents as may be reasonably necessary in order to give effect to the provisions of this Agreement.

22. **Costs**

Each Party's costs and expenses (including professional, legal and accountancy expenses) of the preparation, negotiation and execution of this Agreement and any associated documentation shall be borne by such Party.

23. **Applicable Law and Jurisdiction**

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

23.2 The Parties agree to submit to the non-exclusive jurisdiction of the courts of England and Wales.

24. **Counterparts**

This Agreement may be signed in counterparts, which together shall constitute one agreement. If this Agreement is signed in counterparts, no signatory hereto shall be bound until all Parties named below have duly executed, or caused to be duly executed, a counterpart of this Agreement.

**This Agreement** has been duly executed on the date set out on the first page.

SIGNED by

---

[Name]

for **InvestingZone Limited**

SIGNED by

---

[Name]

for [Investee Company]

SIGNED by

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[Name]

for **InvestingZone Limited**, acting  
under power of attorney for each of the  
Investors set out in Annex A

SIGNED by

---

[Founder]

SIGNED by

---

[Founder]

SIGNED by

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[Founder]





## **Schedule 1**

### **Warranties**

#### **1. Corporate**

- 1.1 The Company has been duly formed and is validly existing under the laws of England and Wales.
- 1.2 The current capitalisation structure of the Company set out in Annex B is true and accurate in all respects.
- 1.3 The issued share capital of the Company is fully paid.
- 1.4 The Board has duly authorised the Company to allot the Ordinary Shares contemplated by this Agreement on the terms and subject to the conditions set out in this Agreement.
- 1.5 Except as set out in Annex B, there are no outstanding share options or similar rights or agreements (other than this Agreement) to issue any Shares.
- 1.6 The Company has taken all necessary action and has all necessary power and authority to enter into and perform this Agreement.
- 1.7 [The Company has received advanced assurance from HM Revenue & Customs that the investment contemplated by this Agreement will be eligible for [EIS] [SEIS] relief.]<sup>4</sup>

#### **2. Intellectual Property**

- 2.1 The Company owns or has a valid right to use all intellectual property rights which it requires to carry on the Business in the manner set out in the Presentation, including in the Video Pitch (if applicable)
- 2.2 To the knowledge of the Company, none of the Company's intellectual property rights have been or are being infringed by any Person.
- 2.3 To the knowledge of the Company, none of the Company's current or planned activities infringe upon the intellectual property of any Person.

#### **3. Indebtedness**

- 3.1 The Company has no borrowings or indebtedness other than indebtedness to trade creditors incurred in the ordinary course of business.
- 3.2 The Company has not given any guarantee, indemnity, warranty or bond or incurred any other similar obligation or created any security for or in respect of liabilities, actual or contingent, of any other Person.
- 3.3 To the knowledge of the Company, there are no mortgages, charges or liens over any of the Company's assets.

#### **4. Disputes**

- 4.1 To the knowledge of the Company, there is no litigation or dispute, either current, pending, lapsed or threatened, between the Company and any third party.
- 4.2 To the knowledge of the Company, neither the Company nor any of the Directors are in breach of any relevant legislation.
- 4.3 Neither the Company nor any of its Directors has ever been convicted of any criminal offence involving dishonesty.

#### **5. Agreements**

- 5.1 All material agreements to which the Company is a party have been complied with

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<sup>4</sup> To be included only where such advanced assurance has been granted.

in all material respects by the Company and, to the knowledge of the Company, by each other party to those agreements.

- 5.2 To the knowledge of the Company, all material agreements to which the Company is party are valid and constitute binding and enforceable obligations of the parties to those agreements.
- 5.3 No notice of any intention to terminate, repudiate or disclaim, and no notice of any default in respect of, any agreement to which the Company is a party has been given or received by the Company.
- 5.4 No agreement to which the Company is a party will be affected by, nor does any such agreement prevent, the Company from entering into or performing this Agreement.

## 6. **No Insolvency or Winding Up**

- 6.1 The Company is not insolvent as defined by section 123 of the Insolvency Act.
- 6.2 The Company has not entered into any scheme of arrangement or voluntary or other arrangement with any of its creditors.
- 6.3 To the knowledge of the Company, the Company is not the subject of any order or resolution for its winding up.
- 6.4 To the knowledge of the Company, the Company is not the subject of any outstanding petition for its winding up or of any petition applying for an administration order to be made in respect of it, nor has it had a receiver appointed over all or any part of its undertaking or assets, nor has an administrator been appointed in respect of it nor had any analogous thing done in any other jurisdiction.

## 7. **Disclosures**

- 7.1 Each factual statement set out in the Presentation, including in the Video Pitch (if applicable), is true and accurate in all material respects as of the date on which it was made, and any statement of opinion set out in the Presentation, including in the Video Pitch (if applicable), represents the genuine opinion of the Company and of each Director as of the date of this agreement.
- 7.2 The Presentation as a whole, including the Video Pitch (if applicable), presents a fair and reasonable portrayal of the Business.
- 7.3 Each document, statement and other submission provided by the Company and each Director during any pre-investment due diligence process is true and accurate in all material respects, and to the knowledge of the Company and each Director such documents, statements and other submissions contain no material omissions.

## **Schedule 2**

### **Consent Actions**

1. *Articles.* Amend or otherwise alter the Articles.
2. *Winding Up.* Pass any resolution, commence proceedings or take any steps for the administration, winding up or liquidation of the Company.
3. *Share Capital Reductions or Re-Purchases.* Reduce or purchase any of the Company's Share Capital.
4. *Anti-Dilution.* Issue or agree to issue any equity securities, including Ordinary Shares, if the price per Share with respect to such issue is such that the valuation of the Company immediately following the issuance of such Shares (as measured by dividing the price per Share by the percentage of the Company's total issued

share capital each newly-issued Share represents after issuance) is less than £[*Current Post-Money Valuation*].

5. *Asset Transfers*. Other than in the normal course of its Business, transfer or otherwise dispose of, or procure such transfer or disposition of, the whole or any substantial part of the assets of the Company, including any shares of any subsidiaries of the Company, whether by one transaction or a series of transactions.
6. *Loans*. Lend any money, including to any directors or employees of the Company, except to any subsidiaries of the Company for use in the normal course of its Business.

### **Schedule 3** **Special Provisions**

1. **Definition of "Business"**

[*Definition of the "Business" to be added*]

2. **Additional Warranties**

The following warranties shall constitute Warranties for all purposes of this Agreement as if they were set out in Schedule 1:

[*Additional warranties to be added as appropriate*]

3. **Additional Operating Commitments**

The following Commitments shall constitute Operating Commitments for all purposes of this Agreement as if they were set out in clause 5:

[*Additional operating Commitments to be added as appropriate*]

4. **Additional Consent Actions**

The following Commitments shall constitute Consent Actions for purposes of this Agreement as if they were set out in Schedule 2:

[*Additional warranties to be added as appropriate*]

5. **Other Matters**

5.1 The Company shall, and the Directors shall cause the Company to, use the funds received from the Investors for the following purposes: [*Purposes to be added from Presentation*]

5.2 The Company shall not pay compensation (including salary, bonus, expense reimbursement or otherwise) of more than £[●●●]<sup>5</sup> to the Directors in aggregate until the earlier of (a) such time as the Company receives an additional £250,000 or more in equity capital or (b) two years after the date hereof.

[*Further provisions to be added as appropriate*]

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<sup>5</sup> Number to be set based on declared use of proceeds (if any) and what appears reasonable under the circumstances of the company.

## **Schedule 4**

### **InvestingZone Option**

#### **1. Definitions:**

The definitions set out below apply in this Schedule:

**Associated Company:** means any company that controls the Company; or which the Company controls; or which is under the control of any company that also has control of the Company; and 'control' has the meaning set out in this clause 1.1.

**Control:** means the power of a person (P) to secure that the affairs of a company (company A) are conducted in accordance with P's wishes either (i) by means of the holding of shares or the possession of voting power in company A or any other company, or (ii) as a result of powers conferred by the articles of association of, or any other document regulating, company A or any other company.

**Exercise Conditions:** the conditions relating to the exercise of the IZ Option specified in clause 3 of this Schedule.

**Exercise Price:** £[PRICE] per Share<sup>6</sup>, the price payable by InvestingZone to acquire Shares under the IZ Option, subject to any adjustment under clause 5.

**Expiry Date:** the date falling seven (7) years after the date of this Agreement.

**IZ IZ Option:** the right conferred on InvestingZone to acquire Shares as set out in this Schedule and under this Agreement.

#### **2. IZ Option Restriction:**

- 2.1. The IZ Option may only be exercised after, and to the extent that, any of the Exercise Conditions have been satisfied or waived.
- 2.2. The IZ Option does not entitle InvestingZone to acquire any percentage of the share capital of the Company, other than the percentage that Shares actually acquired under the IZ Option represent at any time.
- 2.3. The grant and existence of the IZ Option does not restrict the Company's freedom to issue any shares, rights to subscribe for shares, or any other securities, at any time after the date of this Agreement Provided that the Company observes and complies with all applicable provisions of this Agreement and the Articles relating to the issue of shares, rights to subscribe for shares, or any other securities.
- 2.4. Apart from the express requirements of this Schedule 4, there are absolutely no conditions or restrictions (or implied conditions or restrictions), under this Agreement or any other, on InvestingZone's freedom to make whatever decision it wishes (or no decision at all) concerning the IZ Option. In doing so, InvestingZone may take into account (or disregard) whatever factors it wishes.

#### **3. Exercise Conditions:**

- 3.1. The IZ Option may be exercised if, in the reasonable opinion of InvestingZone, at any time before the Expiry Date, any of the following events or circumstances has occurred or is likely to occur:
  - 3.1.1. there is a transfer of the whole, or substantially the whole, of the businesses of the Company (other than a transfer following which the ultimate beneficial ownership of those businesses remains the same); or
  - 3.1.2. any person ("Offeror"):

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<sup>6</sup> Exercise price same as price at which the Shares have been issued under the applicable IZ fundraising

- a. makes an offer to acquire the whole of the issued share capital of the Company (on its own account or acting together with others), including where any shares are to be acquired pursuant to drag-along or tag-along provisions under this Agreement; or
- b. makes an offer to acquire all issued Shares and as a result may obtain Control of the Company (on its own account or acting together with others); or
- c. negotiates a share sale and purchase agreement with shareholders of the Company under which the Offeror will obtain Control of the Company (on its own account or acting together with others); or
- d. is expected to obtain Control of the Company (on its own account or acting together with others) as a result of the court sanctioning a compromise or arrangement under section 899 of the Companies Act 2006, or
- e. any person gives a valid notice to acquire Shares under sections 979 to 982 (takeover offers: right of offeror to buy out minority shareholders) of the Companies Act 2006; or

3.1.3. shares of the Company are admitted to trading on any investment exchange.

3.2. The Company must notify InvestingZone of any relevant circumstances that are or may become an event or circumstance specified in clause 3.1, but whether or not the Company does notify InvestingZone, InvestingZone may reach its own determination at any time that an event or circumstance specified in clause 3.1 has occurred or may be about to occur, in which case InvestingZone will notify the Company as soon as reasonably practicable.

3.3. From the date on which (as the case may be) the Company gives notice to InvestingZone or InvestingZone gives notice to the Company under clause 3.2, InvestingZone will be allowed a reasonable period during which to determine whether to exercise the IZ Option in anticipation of the change of Control (such period not to exceed 30 days). At the end of that period, unless InvestingZone has given notice to exercise the IZ Option, the IZ Option will end.

#### **4. Method of exercise:**

4.1. The IZ Option may only be exercised in full on one occasion and not in part or on successive occasions.

4.2. The IZ Option shall be exercised by notice from InvestingZone to the Company that:

4.2.1. sets out the number of Shares that InvestingZone wishes to acquire; and

4.2.2. is accompanied by payment to the Company equal to the aggregate of the Exercise Price multiplied by the number of Shares specified in the notice.

4.3. Within 14 days after the receipt of a valid exercise notice by the Company Shares shall be allotted and issued to InvestingZone (or transferred to InvestingZone, if the Company arranges for the IZ Option to be satisfied with already issued Shares).

4.4. Except for any rights determined by reference to a date before the date of allotment, Shares allotted and issued in satisfaction of the exercise of the IZ Option shall rank equally in all respects with the other shares of the same class in issue at the date of allotment.

4.5. If the Company arranges for the IZ Option to be satisfied with already issued Shares, the Shares transferred to satisfy the exercise of the IZ Option shall be transferred free of any lien, charge or other security interest, and with all rights attaching to them, other than any rights determined by reference to a date before the date of transfer.

**5. Variations:**

5.1. The following provisions shall apply if there is, or is to be:

5.1.1. any variation of the share capital of the Company that affects (or will affect) Shares, including a consolidation, sub-division or conversion of Shares; or

5.1.2. any rights issue, demerger, disposal of a business by the Company or any Associated Company, payment of a special dividend by the Company or any similar event that will or may affect the value of Shares.

5.2. If any of the events specified at clause 5.1 applies, InvestingZone may give notice to the Company to adjust any or all of the terms of the IZ Option if and as necessary (in InvestingZone's reasonable opinion) so that (to the extent possible) an exercise (in full) of the IZ Option would be broadly equivalent whether it took place immediately after the later of adjustment under this clause 5.2 and the relevant event falling within clause 5.1, or immediately before the earlier of that adjustment and that event. For this purpose InvestingZone will judge equivalence in terms of the net value that would be gained or lost (as the case may be) and assume that the IZ Option can be freely exercised.

5.3. The IZ Option terms that may be adjusted under clause 5.2 are:

5.3.1. the number of Shares subject to the IZ Option;

5.3.2. the class of Shares subject to the IZ Option; and

5.3.3. subject to clause 5.4, the Exercise Price.

5.4. Under this clause 5, InvestingZone may not be required to materially increase the total amount payable to exercise the IZ Option in full.

**6. General Provisions:**

6.1. The IZ Option is personal to InvestingZone, who may not (without the prior written approval of the Company, such approval not to be unreasonably withheld or delayed) transfer or assign, or create any charge or other security interest over the IZ Option, or deal with it in any other way. The same restrictions shall also apply to any interest in the IZ Option or any right arising under it. InvestingZone may surrender the IZ Option, whether or not for consideration.

6.2. The whole IZ Option shall end on the earliest of:

6.2.1. the Expiry Date;

6.2.2. the date on which InvestingZone surrenders the IZ Option or notifies the Company in writing that InvestingZone will not at any future time exercise the IZ Option; or

6.2.3. any time when the winding up of the Company commences.

6.3. After the IZ Option ends by lapse, expiry, surrender or otherwise it cannot be exercised, become exercisable, be released for consideration or be of use or benefit to InvestingZone in any other way (except in respect of InvestingZone's rights before the time of its lapse).