

Company number 09241411

SELLEC LIMITED
(the "Company")

SCHEDULE

to the written special resolutions of the Company circulated on

Rights attaching to the Preferred Shares

The rights attached to the Preferred Shares are as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Schedule, the following words shall have the following meanings (unless the context otherwise requires):

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| "Act" | Companies Act 2006; |
| "Articles" | the articles of association of the Company for the time being; |
| "Available Profits" | profits available for distribution within the meaning of part 23 of the Act; |
| "Directors" | the directors of the Company for the time being; |
| "Disposal" | other than pursuant to an intra-group reorganisation, the sale or other disposal (whether by one transaction or a series of related transactions) of the whole or substantially the whole of the assets or undertaking of the Group (where substantially shall mean assets or undertakings accounting for at least 50% of the Group's turnover); |
| "Exit" | the earlier to occur of: (a) a Sale; or (b) a Disposal; or (c) a Listing; or (d) a Liquidation; |
| "Group" | the Company and any subsidiary (as that term is defined in section 1159 of the Act together with any company whose shares are registered in the name of another person (or its nominee), by way of security or in connection with the taking of security) of the Company from time to time; |
| "Group Company" | each and any body corporate in the Group; |
| "Investor Consent" | the prior written consent of the holder(s) for the time being of a majority in number of the issued Preferred Shares from time to time; |
| "Issue or Re-organisation" | any return of capital, issue of Shares or other securities of the Company by way of capitalisation of profits or reserves (other than a capitalisation issue in substitution for, or as an alternative to, a cash dividend which is made available to the holders of Preferred Shares), any consolidation, sub-division or re-classification or the cancellation of any shares following |

a repurchase or redemption of Shares (other than Preferred Shares), or any variation in the Issue Price or conversion rate applicable to any other outstanding Shares of the Company;

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| "Issue Price" | in respect of any Share, the subscription price paid (or agreed to be paid) in respect of that Share, including any share premium; |
| "Liquidation" | the making of an order or passing of a resolution for the winding up of the Company; |
| "Listing" | the successful application and admission of all or any of the Shares, or securities representing such Shares (including American depositary receipts, American depositary shares and/or other instruments) to the Official List of the Financial Conduct Authority or on the AIM market operated by the London Stock Exchange plc, or the Nasdaq National Stock Market of the Nasdaq Stock Market Inc., or to any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000); |
| "Ordinary Shares" | the ordinary shares of £1 each in the capital of the Company; |
| "Preferred Shares" | the preferred ordinary shares of £1 each in the capital of the Company; |
| "Relevant Securities" | <p>any Shares or other securities convertible into, or carrying the right to subscribe for Shares, issued by the Company after the Resolution Date, other than:</p> <ul style="list-style-type: none">(a) the grant of any options under, or issue of Shares pursuant to, an employees' share scheme (within the meaning of section 1166 of the Act);(b) any Shares or other securities issued by the Company in order for the Company to give effect to the rights attaching to the Preferred Shares set out in this Schedule; and(c) any Shares or other securities issued in consideration of the acquisition by the Company of any company or business which has been approved by the Directors; |
| "Resolution Date" | the date on which the resolution authorising the first allotment of Preferred Shares to which this Schedule is appended was passed by the Shareholders; |
| "Sale Proceeds" | the consideration payable (including any deferred and/or contingent consideration) whether in cash or otherwise to those Shareholders selling Shares in a Sale (less any fees and expenses payable by the selling Shareholders under that Sale); |
| "Sale" | <ul style="list-style-type: none">(a) other than as a result of an intra-group reorganisation, the completion of an agreement for the sale (whether by one transaction or a series of related transactions) of all or substantially all of the equity share capital of the Company (or any Group Company to which all or substantially all of the business or assets of the Company have been transferred); or(b) the completion of the acquisition, or where more than one, the last such acquisition, of equity share capital of the Company (or any Group Company to which all or substantially all of the business or assets of the Company has been transferred) made pursuant to an offer as a result of which the offeror becomes entitled or bound |

to acquire the remainder of such equity share capital,

and for the purposes of paragraph (b) of this definition, the date of completion of the acquisition shall be the date upon which the last acquisition is completed and reference to the offeror shall include any person with whom he is acting in concert;

"Shareholder" a holder for the time being of any Shares (excluding any member holding Shares in treasury);

"Shares" shares (of any class) in the capital of the Company; and

"Valuer" a firm of chartered accountants agreed between the holders for the time being of a majority in number of the issued Preferred Shares and the Directors or, in default of agreement within 10 Business Days of the first name being proposed by either of them, as appointed by the President of the Institute of Chartered Accountants in England and Wales on the application of any holder of Preferred Shares or the Directors.

1.2 A reference to this **"Schedule"** is to this schedule to the resolution of the Shareholders passed on the Resolution Date and a reference to a **"paragraph"** is to a paragraph of this Schedule.

1.3 Sections 5, 6, 9 and 21(1) of, and schedule 1 to, the Interpretation Act 1978 (as amended) shall apply in this Schedule in the same way as they do to statutes (except to the extent that any term defined in that Act conflicts with any express definition in this Schedule).

1.4 A reference in this Schedule to the words **"include(s)"** or **"including"** means include(s) or including in each case without limitation.

1.5 Any reference to any statute or statutory provision in this Schedule shall include any subordinate legislation made under the relevant statute or statutory provision and shall be construed as a reference to such statute, statutory provision or subordinate legislation as re-enacted, amended, replaced or extended from time to time before the Resolution Date.

2. VARIATION OF THE RIGHTS ATTACHING TO THE PREFERRED SHARES

2.1 The rights attached to the Preferred Shares may be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding up) with the consent in writing of the holders of at least 75% in nominal value of the issued Preferred Shares.

2.2 Without prejudice to the generality of paragraph 2.1, the special rights attaching to the Preferred Shares shall be deemed to be varied by the occurrence of any of the following events:

2.2.1. the amendment or repeal of any provision of, or addition of any provision to, the constitution of any Group Company;

2.2.2. the alteration in any manner (including, without limitation, by an increase, reduction, sub-division, consolidation, re-classification or a change in any of the rights attached) of any of the issued share capital or other securities of any Group Company or the creation by any Group Company of any shares or other securities (save as expressly provided for in this Schedule); or

2.2.3. any Group Company incurring any obligation (whether or not conditional) to do any of the foregoing.

2.3 The creation of a new class of Shares which has preferential rights to one or more existing classes of Shares shall not, except as provided in paragraph 2.2, constitute a variation of the rights of those existing classes of Shares.

3. VOTING

The Preferred Shares will not entitle the holders thereof to receive notice of general meetings and neither will they entitle the holders to attend or vote at any general meeting.

4. DIVIDENDS

The holders of the Preferred Shares shall be entitled to receive all cash dividends that may be declared from time to time by the Company on a like basis to that of the Ordinary Shareholders (including such basis as may be varied from time to time with respect to the Ordinary Shares by resolution of the members).

5. CAPITAL

5.1 On a return of capital on Liquidation or otherwise (except on a redemption or purchase by the Company of any Shares), the surplus assets of the Company remaining after the payment of its liabilities shall be applied in the following order of priority:

5.1.1. first, in paying to each holder of Preferred Shares in respect of each Preferred Share of which it is the holder, an amount equal to two times its Issue Price;

5.1.2. secondly (subject to the rights of the Ordinary Shareholders to vary any such entitlement at any time and provided that it does not affect the rights of the Preferred Shares set out in paragraph 5.1.1), in paying to the holders of the Ordinary Shares in respect of each Ordinary Share its Issue Price; and

5.1.3. the balance of such assets (if any) shall be distributed amongst the holders of the Ordinary Shares and Preferred Shares to be apportioned proportionately to the number of Ordinary Shares and Preferred Shares held by each member,

provided that nothing in this paragraph shall affect the rights of the Ordinary Shareholders to vary the priority of any distribution or alter, reduce or increase the rights of any class of Ordinary Shares to share in any distribution of assets which might affect the entitlements set out in paragraphs 5.1.2 or 5.1.3, provided only that such variation does not affect the rights of the Preferred Shareholders set out in paragraph 5.1.1.

6. REDEMPTION

6.1 The Company may, at any time on not less than one month's written notice to the holders of Preferred Shares, redeem such total number of Preferred Shares as is specified in such notice.

6.2 The Company may at any time, and from time to time, redeem any number of Preferred Shares and shall give the holders of the Preferred Shares notice in writing of such proposed redemption (a "**Company Redemption Notice**"). The Company Redemption Notice shall specify the Preferred Shares to be redeemed and the date fixed for redemption and shall be given not less than 7 days prior to the date fixed for redemption.

6.3 Upon and at any time after (i) any general meeting of the Company being convened, or (ii) any resolution being proposed or circulated for agreement (whether in accordance with Chapter 2 of Part 13 of the Act or otherwise), or (iii) or any resolution or binding decision being made (without Investor Consent) which would give rise to, be deemed to give rise to, or effect:

6.3.1. (including, by virtue of paragraph 2.2) a variation of the rights attaching to the Preferred Shares; or

6.3.2. the winding up of the Company or its dissolution,

the holders for the time being of a majority in number of the issued Preferred Shares may require the Company, by serving on it a notice (a "**Shareholder Redemption Notice**"), to redeem such amount of Preferred Shares as is specified in such notice.

- 6.4 The holders of Preferred Shares shall be entitled to withdraw a Shareholder Redemption Notice if they serve the Company with written notice to that effect before the redemption takes place.
- 6.5 Where a Shareholder Redemption Notice has been duly given, the Company shall be obliged, subject to having sufficient Available Profits with which to redeem the same, to redeem the Preferred Shares specified in the Shareholder Redemption Notice on the third Business Day following the receipt of such notice (which day shall be the date fixed for redemption).
- 6.6 If the Company is unable, because of having insufficient Available Profits, to redeem in full the relevant number of Preferred Shares on the date fixed for redemption, the Company shall redeem as many of such Preferred Shares as can lawfully and properly be redeemed.
- 6.7 The number of Shares to be redeemed shall be apportioned between those holders of the Preferred Shares then in issue pro rata according to the number of Preferred Shares held by them respectively at the date fixed for redemption.
- 6.8 On the date fixed for redemption, each of the holders of the Preferred Shares falling to be redeemed shall be bound to deliver to the Company, at the Company's registered office, the certificate(s) for such Preferred Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate) in order that the same may be cancelled. Upon such delivery, the Company shall pay to the holder (or, in the case of any joint holders, to the holder whose name stands first in the Company's register of members in respect of such Shares) the amount due to it in respect of such redemption against delivery of a proper receipt for the redemption of monies and in default of such payment the Company shall immediately return the share certificates to the relevant holders of such Preferred Shares.
- 6.9 If any certificate delivered to the Company pursuant to paragraph 6.8 includes any Preferred Shares not falling to be redeemed on the date fixed for redemption, a new certificate in respect of those Shares shall be issued to the holder(s) thereof as soon as practicable thereafter (and, in any event, within 20 Business Days thereafter).
- 6.10 There shall be paid on the redemption of each Preferred Share an amount equal to:
 - 6.10.1. its Issue Price; and
 - 6.10.2. all accruals and/or unpaid amounts of dividend in respect thereof, calculated down to and including the date of actual payment,and the amount referred to in paragraph 6.10 shall become due from and immediately payable by the Company to the holders of such Preferred Shares.
- 6.11 All Shares redeemed pursuant to this paragraph 6 shall be cancelled and shall not be available for re-issue.
- 6.12 Where any date for redemption falls on a day which is not a Business Day, redemption shall take place on the next succeeding Business Day. If that next succeeding Business Day is in the month following the month in which payment would otherwise be made, payment shall take place on the next preceding Business Day.

7. EXIT

- 7.1 On a Sale, the Sale Proceeds shall be distributed in the manner and the order of priority set out in paragraph 5. The Directors shall not register any transfer of Shares if the Sale Proceeds are not distributed in that manner (save in respect of any Shares not sold in connection with that Sale) provided that, if the Sale Proceeds are not settled in their entirety upon completion of the Sale:

- 7.1.1. the Directors may register the transfer of the relevant Shares, provided that the Sale Proceeds due on the date of completion of the Sale have been distributed in the order of priority set out in paragraph 5; and
 - 7.1.2. each Shareholder shall take any reasonable action (to the extent lawful and within its control) required by the holders of a majority in number of the issued Preferred Shares to ensure that the balance of the Sale Proceeds are distributed in the order of priority set out in paragraph 5.
- 7.2 On a Disposal, the surplus assets of the Company remaining after payment of its liabilities shall be distributed (to the extent that the Company is lawfully permitted to do so) in the order of priority set out in paragraph 5, provided always that if it is not lawful for the Company to distribute its surplus assets in that manner, each Shareholder shall (to the extent lawful and within its control) take any reasonable action required by the holders of a majority in number of the issued Preferred Shares (including without limitation, putting the company into solvent liquidation).

8. CONVERSION OF PREFERRED SHARES

- 8.1 All of the Preferred Shares shall automatically convert into Ordinary Shares on the date of a Listing.
- 8.2 At least 1 Business Day before the date of the Listing, each holder of the relevant Preferred Shares converted or to be converted shall deliver the certificate(s) (or an indemnity in a form reasonably satisfactory to the Directors for any lost share certificate) for the Preferred Shares being converted (together with such other evidence (if any) as the Directors may reasonably require to prove good title to those Shares) to the Company at its registered office for the time being.
- 8.3 Conversion of the Preferred Shares shall only be effective immediately before such Listing. If such Listing does not become effective, or does not take place, such conversion shall be deemed not to have occurred.
- 8.4 On conversion pursuant to this paragraph 8 the relevant Preferred Shares shall (without any further authority) stand converted into Ordinary Shares on the basis of one Ordinary Share for each Preferred Share held (subject to adjustment to take account of any sub-division, consolidation or re-classification of either the Preferred Shares or the Ordinary Shares at any time before a conversion in accordance with this paragraph 8) and the Ordinary Shares resulting from the conversion shall rank pari passu in all respects with the existing issued Ordinary Shares; and
- 8.5 Forthwith following a conversion pursuant to this paragraph 8, the Company shall enter the holder(s) of the converted Preferred Shares in the register of Shareholders of the Company as the holder(s) of the appropriate number of Ordinary Shares and, subject to the relevant holder of Preferred Shares delivering the relevant share certificate(s) (or indemnity or other evidence) in respect of the Preferred Shares in accordance with paragraph **Error! Reference source not found.**, the Company shall, within 10 Business Days of conversion, forward a definitive share certificate for the appropriate number of fully paid Ordinary Shares to such holder of converted Preferred Shares, by post to his address as shown in the Company's register of Shareholders, at his own risk and free of charge.

9. ANTI-DILUTION

- 9.1 If the Company issues any Relevant Securities without consideration or for a consideration per Share less than the Issue Price of the Preferred Shares (a "**Qualifying Issue**"), the Company shall make a bonus issue of such number of Preferred Shares ("**Anti-Dilution Shares**") to each holder for the time being of Preferred Shares (unless and to the extent that any such holder of Preferred Shares has specifically waived its rights in whole or in part under this paragraph 9 in writing or ceases to be eligible to exercise its rights under this paragraph 9 by virtue of paragraph 10.5.2) (each an "**Eligible Investor**").

- 9.2 The number of Anti-Dilution Shares to be issued to each Eligible Investor shall be the number equal to N (rounded down to the nearest whole number), where N is calculated as follows:

$$N = [(PIP / WA) \times Z] - Z$$

Where:

N = the number of Anti-Dilution Shares to be issued to the Eligible Investor.

DRP = the Issue Price (in pounds sterling) per Relevant Security of the Qualifying Issue.

PIP = the Issue Price of each Preferred Share subscribed by the relevant Eligible Investor.

Z = the number of Preferred Shares held by the relevant Eligible Investor prior to the Qualifying Issue (but excluding any Preferred Shares acquired as a result of any previous operation of this paragraph 9).

$$WA = [(PIP \times SC) + (DRP \times NS)] / (SC + NS).$$

SC = the total number of Shares in the issued equity share capital (as defined in section 548 of the Act) of the Company (excluding any Preferred Shares acquired as a result of any previous operation of this paragraph 9) the total number of equity securities (as defined in section 560(1) of the Act) of the Company, in each case immediately prior to the Qualifying Issue.

NS = the total number of Relevant Securities comprised within the Qualifying Issue.

- 9.3 The Anti-Dilution Shares shall:

- 9.3.1. be paid up by the automatic capitalisation of available reserves of the Company (without any further authority required);
- 9.3.2. within 15 Business Days of the date of the Qualifying Issue be issued to the relevant Eligible Investors in accordance with paragraph 9.2 and credited as fully paid up in cash; and
- 9.3.3. shall rank pari passu in all respects with the existing Preferred Shares.

- 9.4 If and to the extent that the Company is prohibited from issuing the Anti-Dilution Shares in accordance with paragraph 9.3 (whether by virtue of the Act or otherwise), the entitlement of each Eligible Investor to such an issue of Anti-Dilution Shares shall be reduced in the same proportion that its holding of Preferred Shares bears to the total number of Preferred Shares then in issue and each Eligible Investor shall be entitled, at any time, to subscribe at par for the balance of that number of Anti-Dilution Shares to which he would otherwise be entitled to receive pursuant to paragraph 9.2 and, following such a subscription, paragraph 9.3.3 shall apply.

- 9.5 In the case of an issue of Relevant Securities for a consideration in whole or in part other than in cash, the Issue Price of each Relevant Security for the purposes of paragraph 9.1 and paragraph 9.2 shall be a price certified by the Valuer (acting as experts and not as arbitrators) as being, in their opinion, the current cash value of the non-cash consideration for the allotment of the Relevant Securities.

- 9.6 In the event of any Issue or Re-organisation, the Issue Price of each Preferred Share shall be adjusted to take account of such Issue or Re-organisation on such basis as may be agreed between the Directors and the holders for the time being of the Preferred Shares or, failing such agreement within 15 Business Days after (and excluding) the date of such Issue or Re-organisation, as determined by the Valuer (at the Company's cost).

9.7 If there is a dispute between the Company and any holder for the time being of Preferred Shares as to the operation of this paragraph 9, the matter shall be referred (at the cost of the Company) to the Valuer who shall determine the number of Anti-Dilution Shares to be issued.

9.8 The Valuer's determination of any matter under this paragraph 9 shall, in the absence of manifest error, be final and binding on the Company and each of its Shareholders.

10. PRE-EMPTION RIGHTS ON THE ISSUE OF FURTHER SHARES

10.1 Other than as may be determined by special resolution of the Company (and with Investor Consent), any unissued Relevant Securities from time to time shall, before they are issued, be offered to all the Shareholders (including the holders of the Preferred Shares and the Ordinary Shares) in proportion to the amounts (excluding any premium paid on subscription) paid up on the Shares held by them respectively (and such offer shall be at the same price and on the same terms to each such Shareholder). Such offer shall be made by notice specifying the number of Relevant Securities offered, the proportionate entitlement of the relevant Shareholder, the price per Share and limiting a period (being not less than 20 Business Days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of such period the Directors shall offer the Relevant Securities so declined to the Shareholders who have, within the said period, accepted all the Relevant Securities offered to them in the same manner as the original offer and limited by a period of not less than 10 Business Days. If any Relevant Securities comprised in such further offer are declined or deemed to be declined such further offer shall be withdrawn in respect of such Relevant Securities. At the expiration of the time limited by the notice(s) the Directors shall allot the Shares so offered to or amongst the Shareholders who have notified their willingness to take all or any of such Shares in accordance with the terms of the offer. No Shareholder shall be obliged to take more than the maximum number of Relevant Securities he has indicated his willingness to take.

10.2 In respect of any Relevant Securities not accepted pursuant to paragraph 10.1 above or not capable of being so offered except by way of fractions or in respect of any Relevant Securities released from the provisions of paragraph 10.1 by special resolution as therein specified, shall be at the disposal of the Company and the Directors may allot, grant options over or otherwise dispose of them to such persons at such times and generally on such terms and conditions as they think proper, provided that no Shares shall be issued at a discount and provided further that, in the case of Shares not accepted as aforesaid, such Shares shall not be disposed of on terms which are more favourable to the subscribers thereof than the terms on which they were offered to the Shareholders, or at a discount. No Share shall be issued more than 3 months after the end of the period for the acceptance of the last offer made under paragraph 10.1 unless the procedure in paragraph 10.1 and this paragraph 10.2 is repeated in relation to that Share.

10.3 The discretion of the Directors contained in this paragraph as to the allotment and disposal of and the granting of any option over the Shares shall in any event be subject to the provisions of any agreement relating thereto binding on the Company from time to time and any directions contained in any resolution creating such Shares.

10.4 Any Shares allotted hereunder to any holder of Preferred Shares or Ordinary Shares shall upon such allotment become Preferred Shares or Ordinary Shares respectively (as the case may be) to rank pari passu with the existing Preferred Shares or Ordinary Shares.

10.5 If an offer is made to the holders for the time being of the Preferred Shares pursuant to paragraph 10.1 and, collectively, the holders for the time being of the Preferred Shares do not accept at least 6% of the Relevant Securities making up their proportionate entitlement pursuant to such offer, then:

10.5.1. the holders of the Preferred Shares shall cease to be entitled to participate in any future offer of Relevant Securities made pursuant to paragraph 10.1, all references in that paragraph to "Preferred Shares" shall be deemed to be deleted and all references to Shareholders shall be deemed to be amended to become "Ordinary Shareholders";

10.5.2. paragraph 9 shall cease to apply.

Indicative Term Sheet

We are pleased to present our proposal for an investment in Sellec Limited whose registered office is situated at 14 Jessops Riverside, 800 Brightside Lane, Sheffield, S9 2RX (Company No 09241411) (the "**Company**").

1. Investment

- 1.1 The proposed business plan calls for an equity injection of £150,000.
- 1.2 The investment will represent a preference shareholding for the Investors on a fully diluted basis, following an expansion of the share option pool. The current capitalisation of the Company is set out in Part 1 of Appendix 1 and the capitalisation of the Company after this proposed funding is set out in Part 2 of Appendix 1.
- 1.3 The investment will be made in the form of convertible participating redeemable preferred shares ("**Preferred Shares**") at a price of £1.00 per Preferred Share (the "**Original Issue Price**") the terms of which are set out in Appendix 2.
- 1.4 The investment will be made in full at completion.

The proceeds from the investment must be used for the Company's working capital requirements in particular that set out in the business plan annexed.

2. Conditions of investment

- 2.1 The investment is conditional on negotiation of definitive legal documents, satisfactory completion of due diligence and approval by our Investment Committee.
- 2.2 Satisfactory completion of due diligence will include:
 - (a) Conclusion of our commercial due diligence
 - (b) References from customers and partners
 - (c) Market and technology review by an independent third party
 - (d) Review of current trading and forecasts for the next 6-9 months
 - (e) Review of proposed management service contracts
 - (f) Review of the Director's financial history and current financial situation by our advisors including, either a review of the last set of audited accounts or a review of the last set of unaudited accounts with an accompanying statement from the Company's accountant stating their satisfaction with the proposed investment and its feasibility, and the latest set of monthly management accounts prior to completion of our investment

2.3 We will not underwrite the total funding sought nor guarantee the securing of co-investors.

2.4 The investment must comply with the money laundering regulations and rules of the Financial Conduct Authority.

3. Terms of investment

3.1 The Company will provide the Investors with customary representations and warranties examples of which are set out in the Appendix and will provide the Investors with customary non-competition, non-solicitation and confidentiality undertakings.

3.2 The Board will have a maximum of 2 directors. The Investors will have the right to appoint one director (the "Investor Director"). The composition of the Board on completion will be 2. There will be a minimum of 3 board meetings each year.

3.3 The Investors will also have at all times the right to designate a non-voting observer to the Board.

3.4 The Company will have an obligation to supply normal financial and operational information about the Company to the Investors.

3.5 The Investors and the existing shareholders will have rights to acquire and sell shares as outlined in the attached Appendix.

3.6 In the event of an initial public offering of the Company's shares on a UK stock exchange the Investors shall be entitled to full registration rights customary in transactions of this type.

3.7 The key members of the management team will be required to sign service agreements which include customary provisions for non-disclosure, non-competition, non-solicitation, confidentiality, assignment of intellectual property rights, and termination.

3.8 The Company must obtain key man insurance or equivalent, naming the Company as beneficiary on the life of Stephen Ron Hoole for an amount of £150,000 in a form acceptable to the Investors.

4. Confidentiality

- 4.1 This Term Sheet is written on the basis that its contents and existence are confidential and will not (except with the agreement in writing of the Investors and the Company or in order to comply with any statutory or stock exchange or other regulatory requirements) be revealed by the Investors, the Company or the Founders to any third party or be the subject of any announcement.
- 4.2 The Investors and the Company agree that they will enter into a non-disclosure agreement before the Investors begin their due diligence investigations.

5. Applicable law

This letter and any dispute or claim relating to it or its subject matter is governed by English law and on acceptance the parties submit to the non-exclusive jurisdiction of the courts of England and Wales.

6. Expiry date

The Company is requested to confirm their acceptance of the terms of our proposal within 14 days of the date of this letter, failing which our proposal will lapse.

7. Exclusivity

In consideration of the Investors expending time and professional and other fees (the "**Costs**") in progressing this offer the Company agree and undertake that they will not directly or indirectly until the earlier of the expiry of 21 days from the date of acceptance of the terms of this proposal (the "**Period**") solicit, directly or indirectly, further offers for the purchase and/or subscription of shares in the Company (or any part thereof) or any material part of the business, assets or undertakings of the Company or enter into or continue to seek negotiations with any party other than the Investors in connection with such matters.

The Company agree and undertake to inform the Investors immediately of the identity of any third party who contacts the Company with a view to the sale of any interest in the shares of the Company or any part of the business of the Company.

8. No intention to create legal relations

This Term Sheet sets out indicative terms on which we would be prepared to make an investment in the Company and will not give rise to any contract between us.

9. Exclusion of representations and warranties

By accepting this proposal you acknowledge that you have not relied on any representation or warranty on our part or entered into any other agreement with us in connection with the provision of funding by the Investors.

Appendix 1

Capitalisation table

Part 1

£1

Part 2

£150,001

Appendix 2

Rights attaching to Preferred Shares

1. The price per Preferred Share will be £1.00.
2. The Preferred Shares will carry no voting rights whatsoever.
3. The Preferred Shares will have a preferential cumulative coupon of 5% per annum from (the "Preference Dividend") to be paid in two equal instalments on the and the in each year and every year, until such time as the Preferred Shares are redeemed. Any other dividends or distributions will be payable to all shareholders on a pro rata basis.
4. The Preferred Shares, at the discretion of the Company, may be redeemed at any point, the intention being to redeem the Preferred Shares at a time no later than the fifth anniversary of the Completion date.
5. Upon liquidation of the Company, the Preferred Shareholders will receive in preference to all other shareholders an amount in respect of each Preferred Share equal to 2 times the Original Issue Price (the "**Liquidation Preference**"), plus all accrued but unpaid dividends. The holders of Ordinary Shares will also be entitled to recover an amount per Ordinary Share equal to the amount paid up on those Ordinary Shares. To the extent that the Company has assets remaining after the distribution of that amount, the Preferred Shareholders will participate with the holders of Ordinary Shares pro rata to the number of shares held on an as converted basis.
6. Sale of all or substantially all of the assets of the Company or a sale of shares involving a change in control (each, a "**Corporate Transaction**") will be treated in the same way as a liquidation.
7. An IPO that is not a Qualified IPO will be treated in the same way as a liquidation. The Company will issue to each holder of Preferred Shares that number (if any) of Ordinary Shares so that the proportion which the Ordinary Shares held by that shareholder bears to the fully diluted share capital following completion of all such issues and the conversion of the Preferred Shares will be equal to the proportion which the proceeds that that shareholder would have been entitled to receive on a sale on that date would bear to the valuation of the Company at that date.
8. The Preferred Shares may be converted into an equivalent number of Ordinary Shares by their holders at any time.
9. The Preferred Shares will be converted automatically into an equivalent number of Ordinary Shares upon the completion of a firmly underwritten initial public offering ("**IPO**") of Ordinary Shares.
10. On conversion of the Preferred Shares on an IPO all accrued but unpaid dividends on the Preferred Shares must be paid save to the extent that the Company does not have sufficient profits available for distribution to pay the Preference Dividend, in which case the Company will allot to each holder of Preferred Shares by way of capitalisation of reserves such number of Ordinary Shares as shall have an aggregate value equal to the unpaid dividend. Any capitalisation will be at the price of the Ordinary Shares at IPO.

11. The Preferred Shares will have a broad-based weighted-average anti-dilution protection in the case of any new issue of shares at a price below the Original Issue Price (after adjusting for any recapitalisation events) other than share issues which are not subject to pre-emption rights. This anti-dilution protection will operate by the issue of Ordinary Shares at par through a capitalisation of share premium account.
12. If the Company makes a subsequent issue of shares in which the Investors are entitled to participate and an Investor elects not to do so (i.e. does not wish to pay to play) for at least 6% of its allocation that Investor will lose its anti-dilution right in respect of any Preferred Shares it holds.
13. If no Qualified IPO or Corporate Transaction has occurred within 5 years from completion, each of the Preferred Shares will be redeemable at the option of the Company for an amount in cash equal to the Original Issue Price plus all accrued but unpaid dividends.
14. An Investor Majority will have the right exercisable at any time to require the Company to redeem all or some only of the Preferred Shares in issue if a resolution to wind the Company up, to reduce the Company's share capital or to vary the rights of the Preferred Shares is proposed.

Appendix 3

Proposed warranties

The Investors will require the following items to be warranted by the Company:

- Business plan
- Intellectual property
- No outstanding liabilities to executives
- No litigation pending or threatened
- No breaches of existing or recent contracts
- Register of members correct.
- Insurance policies up to date
- Loans/guarantees
- Taxation
- Creditors statement

Appendix 4

Conditions of issue and transfer of shares

1. Investors will have a right of first refusal on any new issue of shares of any class. Investors will have the right to participate with the holders of Ordinary Shares in any new issue of shares of any class pro rata to their holding of shares (determined on an as converted basis).
2. Investors will have a right of first refusal to acquire any Preferred Shares which are proposed to be transferred or sold with any Preferred Shares not taken up in such offer being offered to the holders of Ordinary Shares. Holders of Ordinary Shares will have a right of first refusal to acquire any Ordinary Shares which are proposed to be transferred or sold with any Ordinary Shares not taken up in such offer being offered to the holders of Preferred Shares.
3. All Shareholders will have co-sale rights such that if any Founder or employee has an opportunity to sell any of his shares, the other shareholders must be given the opportunity to sell a pro rata proportion of the number of shares being sold by the Founder or employee on the same terms and at the same price.
4. All Shareholders will have rights such that if any shareholder has an opportunity to sell any or all of its shares, the effect of which would result in a change of control of the Company, the other shareholders must be given the opportunity to sell all of their shares on the same terms and at the same price.
5. If holders of at least 51% of the Preferred Shares and Ordinary Shares agree to sell their shares, there will be drag along rights so that all remaining shareholders and option holders will be required to sell on the same terms, provided that the dragged shareholders will not be required to provide to the purchaser any representations or warranties except as to title or to agree to any other terms.

Appendix 5
Performance milestones
TO BE PROVIDED

Appendix 6

Undertakings

1. The Company shall maintain in effect for the benefit of the Company the keyman policies for Stephen Ron Hoole
2. The Company shall take out insurances satisfactory to the Investors.
3. The Company shall take all such reasonable action as may be required of it by the Investors to protect its assets.
4. All new business opportunities relevant to the Company shall only be taken up through the Company or a wholly owned subsidiary.
5. New employees engaged by the Company shall not bring with them intellectual property belonging to third parties.
6. The Company shall convene and hold at short notice a general meeting of the Company when requested by the Investors.

Sellec Limited (No: 09241411)

Certificate no : Number of shares : 150,000

This is to certify

That The Trustees of the Sellec Pension Fund of Daws House, 33-35 Daws Lane,
London, NW7 4SD

is/are the Registered holder(s) of 150,000 Class B Preference Shares of
£1 each share paid in the above named Company, subject to the
Memorandum and Articles of Association of the Company.

Capital: £150,000 divided into 150,000 Class B Preference Shares of £1
each.

This certificate was Authorised by:

Director.....

Witness..... of.....

.....

Date :
RIVERDALE
89 GRAHAM ROAD
SHEFFIELD S18 6GP
TELEPHONE: (0114) 2630888

No transfer of any of the above mentioned shares can be registered until this certificate has been deposited
at the registered office of the company

SH01

Return of allotment of shares



Companies House

You can use the WebFiling service to file this form online.
Please go to www.companieshouse.gov.uk

☒ **What this form is for**
You may use this form to give
notice of shares allotted following
incorporation.

☐ **What this form is NOT for**
You cannot use this form to give
notice of shares taken by subscribers
on formation of the company or
for an allotment of a new class of
shares by an unlimited company.

For further information, please
refer to our guidance at
www.companieshouse.gov.uk

1 Company details

Company number 0 9 2 4 1 4 1 1

Company name in full SELLEC LIMITED

→ Filling in this form

Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

2 Allotment dates ¹

From Date d d m m y y y y

To Date d d m m y y y y

¹ Allotment date

If all shares were allotted on the
same day enter that date in the
'from date' box. If shares were
allotted over a period of time,
complete both 'from date' and 'to
date' boxes.

3 Shares allotted

Please give details of the shares allotted, including bonus shares.
(Please use a continuation page if necessary.)

² Currency

If currency details are not
completed we will assume currency
is in pound sterling.

| Class of shares (E.g. Ordinary/Preference etc.) | Currency ² | Number of shares allotted | Nominal value of each share | Amount paid (including share premium) on each share | Amount (if any) unpaid (including share premium) on each share |
|--|-----------------------|------------------------------|--------------------------------|--|---|
| CLASS B PREFERENCE | £ | 150,000 | 1 | 1 | 0 |
| | | | | | |
| | | | | | |

If the allotted shares are fully or partly paid up otherwise than in cash, please
state the consideration for which the shares were allotted.

Continuation page

Please use a continuation page if
necessary.

Details of non-cash
consideration.

If a PLC, please attach
valuation report (if
appropriate)

SH01

Return of allotment of shares

Statement of capital

Section 4 (also **Section 5** and **Section 6**, if appropriate) should reflect the company's issued capital at the date of this return.

4**Statement of capital (Share capital in pound sterling (£))**

Please complete the table below to show each class of shares held in pound sterling. If all your issued capital is in sterling, only complete **Section 4** and then go to **Section 7**.

| Class of shares (E.g. Ordinary/Preference etc.) | Amount paid up on each share ① | Amount (if any) unpaid on each share ① | Number of shares ② | Aggregate nominal value ③ |
|--|-----------------------------------|---|--------------------|---------------------------|
| ORDINARY | 1 | 0 | 1 | £ 1 |
| CLASS B PREFERENCE | 1 | 0 | 150,000 | £ 150,000 |
| | | | | £ |
| | | | | £ |
| Totals | | | 150,001 | £ 150,001 |

5**Statement of capital (Share capital in other currencies)**

Please complete the table below to show any class of shares held in other currencies.
Please complete a separate table for each currency.

| Currency | | | | |
|--|-----------------------------------|---|--------------------|---------------------------|
| Class of shares (E.g. Ordinary / Preference etc.) | Amount paid up on each share ① | Amount (if any) unpaid on each share ① | Number of shares ② | Aggregate nominal value ③ |
| | | | | |
| | | | | |
| Totals | | | | |

| Currency | | | | |
|--|-----------------------------------|---|--------------------|---------------------------|
| Class of shares (E.g. Ordinary/Preference etc.) | Amount paid up on each share ① | Amount (if any) unpaid on each share ① | Number of shares ② | Aggregate nominal value ③ |
| | | | | |
| | | | | |
| Totals | | | | |

6**Statement of capital (Totals)**

Please give the total number of shares and total aggregate nominal value of issued share capital.

Total number of shares

Total aggregate
nominal value ④

④ Total aggregate nominal value
Please list total aggregate values in
different currencies separately. For
example: £100 + €100 + \$10 etc.

① Including both the nominal value and any
share premium.

② E.g. Number of shares issued multiplied by
nominal value of each share.

③ Total number of issued shares in this class.

Continuation Pages

Please use a Statement of Capital continuation
page if necessary.

SH01

Return of allotment of shares

7

Statement of capital (Prescribed particulars of rights attached to shares)

| | | |
|-----------------------------|---|--|
| | Please give the prescribed particulars of rights attached to shares for each class of share shown in the statement of capital share tables in Section 4 and Section 5 . | |
| Class of share | ORDINARY | |
| Prescribed particulars ① | Full rights to receive notice of, attend and vote at general meetings. One share carries one vote. Entitlements to dividends and capital distributions (including upon winding up), subject to dividends and other entitlements of Class B Preference shareholders being firstly satisfied. | |
| Class of share | CLASS B PREFERENCE | |
| Prescribed particulars ① | Shares are granted no voting rights. Each share is entitled to a preferential cumulative coupon of 5% per annum payable twice-yearly at the discretion of the company until such time that the shares are redeemed. Each share is entitled, in preference to all other class of shareholders, to two times the original issue price of each Class B Preference share held plus all accrued but unpaid dividends to be paid on liquidation, a significant sale of assets or a sale of shares resulting in a company change of control. Shares are to be redeemed at the discretion of the company. | |
| Class of share | | |
| Prescribed particulars ① | | |

① Prescribed particulars of rights attached to shares

The particulars are:

- a particulars of any voting rights, including rights that arise only in certain circumstances;
- b particulars of any rights, as respects dividends, to participate in a distribution;
- c particulars of any rights, as respects capital, to participate in a distribution (including on winding up); and
- d whether the shares are to be redeemed or are liable to be redeemed at the option of the company or the shareholder and any terms or conditions relating to redemption of these shares.


A separate table must be used for each class of share.

Continuation page

Please use a Statement of Capital continuation page if necessary.

8

Signature

| | | |
|-----------|--|--|
| | I am signing this form on behalf of the company. | |
| Signature | <div style="display: flex; align-items: center;"> <div style="margin-right: 20px;">Signature</div> <div style="text-align: center;">  </div> </div> | |
| | This form may be signed by: Director ②, Secretary, Person authorised ③, Administrator, Administrative receiver, Receiver, Receiver manager, CIC manager. | |

② Societas Europaea

If the form is being filed on behalf of a Societas Europaea (SE) please delete 'director' and insert details of which organ of the SE the person signing has membership.

③ Person authorised

Under either section 270 or 274 of the Companies Act 2006.

SH01

Return of allotment of shares

**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

| | |
|-----------------|---------------------|
| Contact name | The Trustees |
| Company name | Sellec Pension Fund |
| | |
| Address | Daws House |
| 33-35 Daws Lane | |
| | |
| Post town | London |
| County/Region | |
| Postcode | N W 7 4 S D |
| Country | England |
| DX | |
| Telephone | |

**Checklist**

We may return the forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have shown the date(s) of allotment in section 2.
- ☐ You have completed all appropriate share details in section 3.
- ☐ You have completed the appropriate sections of the Statement of Capital.
- ☐ You have signed the form.

**Important information**

Please note that all information on this form will appear on the public record.

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the appropriate address below:

For companies registered in England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

For companies registered in Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

For companies registered in Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.

**Further information**

For further information please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk