



Company name
[Address]

[] 2022

Dear []

DDE Innovation Seed Fund

Thank you for your application to the DDE Innovation Seed Fund for investment (the "**Application**"). On behalf of Edinburgh Technology Fund (a subsidiary of the University of Edinburgh), I am delighted to confirm that the Application was successful, and we are delighted to offer You the Advance Subscription Funds (each term as defined in the "**Details of Funding**" section below).

THE AGREEMENT (AS DEFINED BELOW) HAS BEEN PREPARED ON BEHALF OF EDINBURGH TECHNOLOGY FUND LIMITED. YOUR SIGNATURE ON THIS DOCUMENT MAY HAVE CERTAIN LEGAL CONSEQUENCES AND YOU SHOULD SEEK INDEPENDENT LEGAL ADVICE BEFORE SIGNING THIS DOCUMENT.

Details of Funding

the "Company" or "You"	[] ¹
"We", "us", "our" and the "Subscriber"	EDINBURGH TECHNOLOGY FUND LIMITED a company incorporated and registered in Scotland with company number SC092426 and having its registered office at Old College, South Bridge, Edinburgh, EH8 9YL
Amount of Funding	We offer you advance subscription funding of £[] (the " Advance Subscription Funds ").
the "Agreement"	The Application, this Offer Letter, the DDE Innovation Seed Fund Standard Terms (each term as hereinafter defined) and the confirmation by one of the directors of the Company (as set out at the end of this Offer Letter).
the "Purpose"	You will use the Advance Subscription Funds towards general working capital purposes and, in particular, to provide cash flow for trading activities and towards the uses set out in the Application.
Costs that the Advanced Subscription Funds cannot be used for	You will not use the Advance Subscription Funds to: (a) pay any personal costs or costs which are not directly related to the Company;

¹ Company details (including registration number and registered office)



	<p>(b) repay any debts except for any debts incurred in the ordinary course of business;</p> <p>(c) make any dividends, other distributions or transfer of funds to shareholders or associated companies and/or persons other than in the ordinary course of business; or</p> <p>(d) pay any bonus or discretionary payment to any employee, consultant, contractor or director of the Company, other than in accordance with the Company's contractual obligations.</p>
Company's Business Address	[●] ²
Standard Terms	The Advance Subscription Funds are subject to the terms and conditions set out in this letter (the " Offer Letter ") and the standard terms set out in the schedule to this Offer Letter (the " DDE Innovation Seed Fund Standard Terms "). Any terms with a specific meaning in the DDE Innovation Seed Fund Standard Terms shall have the same meaning in this Offer Letter.
Payment	<p>By accepting the terms of this Offer Letter, You irrevocably agree to the payment of the Advance Subscription Funds and (subject to the DDE Innovation Seed Fund Standard Terms) the Subscriber shall pay the Advance Subscription Funds within ten (10) Business Days of receipt by the Subscriber of both:</p> <p>a) your countersignature to this Offer Letter; and</p> <p>b) details of your nominated bank account (space for which is provide below).</p> <p>Payment to the bank account nominated below shall constitute good discharge by the Subscriber in respect of payment of the Advance Subscription Funds.</p>
Service addresses for Notices	<p><u>Subscriber:</u></p> <p>For the attention of: ETF Fund Manager</p> <p>Email address: etf@ei.ed.ac.uk</p> <hr/> <p><u>Company:</u></p> <p>For the attention of: [●] Position: [●]</p> <p>Email address: [●]</p>

² Company's registered address or the trading address (if different)



The Agreement constitutes the whole terms upon which the Advance Subscription Funds are provided to You. Any definitions or specific terms in this Offer Letter shall have the same meaning as in the DDE Innovation Seed Fund Standard Terms and vice versa.

In the event of any conflict between any provision of this Offer Letter and the terms of the Application or the DDE Innovation Seed Fund Standard Terms, the provisions of this Offer Letter shall prevail.

The Agreement may be executed in counterparts. Where executed in counterparts:

- (a) the Agreement shall not take effect until all of the counterparts have been delivered; and
- (b) delivery will take place on the date of last execution by the Company and the Subscriber of this Offer Letter, as evidenced by the dates set out in the signature blocks on the last page of this Offer Letter.

Where not executed in counterparts, the Agreement shall take effect on the date of last execution by the Company and the Subscriber of this Offer Letter, as evidenced by the dates set out in the signature blocks on the last page of this Offer Letter.

The exchange of a fully executed version of this Offer Letter (in counterparts or otherwise) by electronic transmission in PDF format or by e-mail shall be sufficient to bind the parties to the terms and conditions of the Agreement and no exchange of originals is necessary.

Contact us

If you have any questions, please get in touch by emailing etf@ei.ed.ac.uk

Accepting the Advance Subscription Funds

If you wish to accept the Advance Subscription Funds, please sign the Offer Letter **both times** in the signature boxes on the following page, complete the Company' bank account details in the space provided, and return within 10 Business Days of the date stated at the top of this Offer Letter. If we do not receive your acceptance on or before such date, then this Offer Letter and the remainder of the Agreement shall automatically expire and will be of no further force or effect.

Yours sincerely

[XX]
[Director of ETF]

Countersignature

[●]³ accepts the offer of the Advance Subscription Funds on the terms set out in the Agreement.

EXECUTED for and on behalf of [●]⁴
Director

.....
Date

Company's Bank Details

Bank Name:

Bank Address:

Account Name*:

Account Number:

Sort Code:

*the above account must be in the name of the Company and should **NOT** be a personal bank account.

DRAFT

Director's Confirmation

I, the undersigned, confirm that I am a director of the Company and that the acceptance of, and entry into, the Agreement has been approved by a resolution of the board of directors of the Company and properly passed and the Company has taken all necessary corporate actions to authorise its entry into and performance and delivery of the Agreement.

.....
Director

.....
Date

³ Insert name of Company

⁴ Insert name of Company

SCHEDULE TO THE OFFER LETTER

DDE INNOVATION SEED FUND STANDARD TERMS AND CONDITIONS

These standard terms and conditions apply to the Advance Subscription Funds (as defined in the above Offer Letter) agreed to be paid to the Company by the Subscriber under a duly executed Offer Letter with the Company.

1 Advance Subscription

1.1 Purpose

The Company will apply the Advance Subscription Funds in accordance with the purpose, and subject to the restrictions, set out in the Offer Letter.

1.2 Payment

The Subscriber shall pay the Advance Subscription Funds in accordance with the Offer Letter.

1.3 Waiver

The Company hereby undertakes to use all reasonable endeavours to procure all consents, waivers and shareholder resolutions necessary (pursuant to the Company's articles of association or otherwise) so as to enable the issue of shares in the capital of the Company contemplated by the Agreement to proceed.

2 Conversion

2.1 The Advance Subscription Funds shall automatically convert into the Conversion Shares at the Conversion Price and the Company shall issue and allot to the Subscriber the fully paid Conversion Shares:

- 2.1.1 in the event of a Financing Round, immediately prior to the unconditional completion of such Financing Round; or
- 2.1.2 in the event of a Non-Qualifying Financing Round, at the election of the Subscriber, immediately prior to the unconditional completion of such Non-Qualifying Financing Round; or
- 2.1.3 in the event of a Sale or a Listing, immediately prior to the unconditional completion of such Sale or Listing; or
- 2.1.4 in the event of an Insolvency occurring before any of the events set out in sub-clauses 2.1.1 to 2.1.3 above, immediately prior to the occurrence of such Insolvency event; or
- 2.1.5 two years from the date of the Agreement (the "**Longstop Date**") (if no Financing Round, Sale or Listing has unconditionally completed on or prior to the Longstop Date); or
- 2.1.6 on the mutual agreement of the Company and the Subscriber.

and (in each case) the Conversion Shares so allotted and issued shall be in full satisfaction and discharge of all obligations of the Company under the Agreement to the Subscriber and the Agreement shall terminate automatically and immediately on completion of such conversion (with the exception of clause 3.2, clause 6 and clause 9 of these DDE Innovation Seed Fund Standard Terms).

2.2 The Company shall consult with the Subscriber in respect of any Financing Round, Sale or Listing and shall provide to the Subscriber as soon as reasonably practicable following approval of any such Financing Round, Sale or Listing:

- 2.2.1 a briefing note on the proposed Financing Round, Sale or Listing;
- 2.2.2 an update on the Company's trading and performance; and
- 2.2.3 at the request of the Subscriber, a meeting with the director(s) of the Company.

3 Subscriber rights

The Company shall provide the Subscriber with the following rights:

3.1 Information Rights

- 3.1.1 Quarterly, the Company shall deliver to the Subscriber:
 - 3.1.1.1 a set of management accounts (if applicable);
 - 3.1.1.2 details of the Company's quarterly revenue;
 - 3.1.1.3 details of the cash in bank;
 - 3.1.1.4 details of the Company's cash runway;
 - 3.1.1.5 an update on any proposed Financing Round;
 - 3.1.1.6 details of the number of employees; and



3.1.1.7 such other information that the Subscriber may reasonably request.

3.1.2 Annually, the Company shall deliver to the Subscriber:

3.1.2.1 an update on the Company's trading and performance; and

3.1.2.2 annual financial accounts.

3.1.3 The Company authorises the subscriber to exchange information, whether oral or written in such a manner (on a confidential basis) as the Subscriber considers necessary or desirable with any member of the University Group, any provider of funds to the University and the auditors and professional advisors of any member of the University Group.

3.2 Investor Rights

The Company undertakes that it shall use all reasonable endeavours to procure that the Subscriber (or any member of the University Group nominated by the Subscriber) shall be deemed to be an **"Investor"** (or such similar term) for all purposes, including, without limitation, rights of first pre-emption and information rights, in relevant financing documents related to any subsequent subscription for equity following a Financing Round, to the extent such concept exists.

4 Representations and Warranties

4.1 The Company hereby represents and warrants to the Subscriber that:

4.1.1 the Company is a company duly incorporated under the laws of the United Kingdom, with authority to enter into and perform its obligations under the Agreement;

4.1.2 there are no third-party consents, authorisations or approvals of any kind required which would otherwise prevent the Company from entering into and performing their obligations under this Agreement;

4.1.3 performance of the Agreement by the Company does not contravene any provision of the articles of association of the Company, or any applicable law, or breach any other agreement that the Company is bound by.

4.1.4 the Company owns (or believes it is able to acquire) sufficient legal rights to all Intellectual Property necessary to conduct its business as now conducted and as presently proposed to be conducted without any known conflict with, or infringement of, the rights of others;

4.1.5 the Company has not or is not subject to allegations that it has (or will by continued conduct) infringe on another person's rights in connection with any Intellectual Property;

4.1.6 there are no current, outstanding or pending claims that could have a materially adverse effect on the Company or any of its officers or managers (in their capacities as such) and could negatively impact the Company's ability to enter into this Agreement;

4.1.7 the Company has not raised an amount equal to or greater than £250,000 in equity funding from third parties (including funding which may be convertible to equity at a future date); and

4.1.8 the Agreement is valid and binding upon the Company and enforceable in accordance with its terms.

5 Assignment

5.1 The Company may not assign or in any other way dispose of any of its interests under the Agreement except with the prior consent of the Subscriber.

5.2 The Subscriber may assign or transfer all or part of its interests under the Agreement to any member of the University Group at any time.

6 Communications

6.1 Unless otherwise expressly stated herein, all communications under the Agreement will be by email.

6.2 Any communication will be made or delivered to that other party when sent to the email address shown next to its name in the **"Service Addresses for Notices"** paragraph in the Offer Letter or to such other address as may from time to time be notified by one party to the other in accordance with this clause 6.

6.3 Any communication made or delivered under the Agreement will be deemed made or delivered on the date the email is received. However, if the time of deemed receipt of any notice is not before 5pm on a Business Day it will be deemed to have been received at the commencement of business on the next Business Day.



7 General

7.1 Status of funds

For the avoidance of doubt, no interest is payable on the Advance Subscription Funds in any circumstance. No amount of the Advance Subscription Funds is repayable by the Company in any circumstance but such amount may be converted into the Conversion Shares as set out in clause 2 of these DDE Innovation Seed Fund Terms.

7.2 Termination and Variation

The Agreement shall automatically terminate in accordance with clause 2 of these DDE Innovation Seed Fund Terms and otherwise shall only be terminated or varied in writing signed by the Subscriber and the Company.

8 References

In the Agreement, references to a party include its successors in title, transferees and assignees.

9 Governing Law and Jurisdiction

9.1 The Agreement and any disputes or claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) are governed by and construed in accordance with the law of Scotland.

9.2 The parties irrevocably agree that the Scottish Courts have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with the Agreement or its subject matter or formation (including non-contractual disputes or claims).

10 Definitions

10.1 In the Agreement:

"Business Day"	means a day (other than Saturday or Sunday) when clearing banks in the City of Edinburgh are open for business.
"Controlling Interest"	means an interest in the shares in issue in the Company conferring in aggregate more than 50% of the total voting rights normally exercisable at a general meeting of the Company.
"Conversion Price"	means: (a) where conversion takes place pursuant to clause 2.1.1 above, a price per Conversion Share which is equal to the lower of: i) a price paid per share on such Financing Round; or ii) a price per share based on a fully-diluted pre-money valuation of [£1 million] , rounded down to the nearest whole share; or (b) where conversion takes place pursuant to clause 2.1.2 above, a price per Conversion Share which is equal to the lower of: i) a price paid per share on such Non-Qualifying Financing Round; or ii) a price per share based on a fully-diluted pre-money valuation of [£1 million] , rounded down to the nearest whole share; or (c) where conversion takes place pursuant to clause 2.1.3 above, a price per Conversion Share equal to the lower price paid per Share on such Sale or Listing; or (d) where conversion takes place pursuant to clause 2.1.4, 2.1.5 or 2.1.6 a price per Conversion Share which is: i) equal to the price paid per share on the most recent subscription for equity in the Company or ii) a price agreed between the Company and the Subscriber; or iii) in the event that there has been no subscription for equity and a price cannot be agreed, a price per share based on a fully-diluted pre-money valuation of [£1 million] , rounded down to the nearest whole share.
"Conversion Shares"	means either: (a) in the case of shares issued pursuant to clause 2.1.1 or clause 2.1.2, the Next Round Shares; or (b) in the case of shares issued pursuant to clause 2.1.3, 2.1.4, 2.1.5 or 2.1.6 at the Subscriber's option, either i) the most senior class of shares of the Company (in respect of capital and dividend) in issue from time to time (if applicable); or ii) the ordinary shares in the capital of the Company. If the Subscriber fails to specify the class of shares then the most senior class of shares shall be issued.
"Financing Round"	a subscription for equity in the Company by one or more bona fide third parties raising an aggregate of at least £100,000 (excluding the Advance Subscription Funds) which amount can be raised in one or in a series of fundraisings on or before the Longstop Date.



"Insolvency"	means a situation in which: (a) an order is made for the Company's compulsory liquidation; or (b) the Company is placed into voluntary liquidation (otherwise than for the purpose of reconstruction or amalgamation); or (c) the Company has an administrator or receiver appointed over the whole or any part of its assets or undertaking.
"Intellectual Property"	means patents, patent applications, trademarks, trademark applications, service marks, tradenames, copyrights, trade secrets, licenses, domain names, mask works, information, proprietary rights and processes.
"Listing"	means the admission by the Financial Conduct Authority in its capacity as the UK Listing Authority of any part of the share capital of the Company to the Official List of London Stock Exchange plc or the admission by London Stock Exchange plc of any part of the share capital of the Company to trading on the Alternative Investment Market of London Stock Exchange plc or the admission by any recognised investment exchange (as defined in Section 285(1) of the Financial Services and Markets Act 2000) of any part of the share capital of the Company, and, in each case, such admission becoming effective.
"Longstop Date"	has the meaning given in clause 2.1.5.
"Next Round Shares"	means, in respect of a Financing Round or Non-Qualifying Financing Round, the highest class of share (in respect of capital and dividends) issued in such Financing Round or Non-Qualifying Financing Round.
"Non-Qualifying Financing Round"	means a subscription for equity in the Company which is not a Financing Round.
"OCC"	means Old College Capital LP, a limited partnership in the United Kingdom with registered number SL009405 and having its registered office at Old College, South Bridge, Edinburgh, EH8 9YL.
"Sale"	means: - (a) the transfer of any interest in Shares to any person (whether by one transaction or by a series of transactions) resulting in that person alone or together with persons acting in concert with such person having the right to exercise a Controlling Interest; or (b) the disposition by sale, license or otherwise of all or substantially all of the assets of the Company.
"Share(s)"	any share forming part of the share capital of the Company.
"University"	means the University Court of the University of Edinburgh a charitable body registered in Scotland under the registration number SC00538 and incorporated under the Universities (Scotland) Acts and having its principal office at Old College, South Bridge, Edinburgh, EH8 9YL.
"University Group"	means the University and any University Successor and each entity (howsoever constituted) controlled directly or indirectly by the University or a University Successor from time to time (including the Subscriber and OCC) and any entity controlled directly or indirectly by the University or any University Successor to which all or a part of the holding of the University Group in spin-out companies or the University Group's unlisted investment portfolio is transferred (individually a "member of the University Group").
"University Successor"	means any party succeeding in whole or in part to the interests of the University or any member of the University Group.

