



Reskuba Advanced Subscription Agreement Term Sheet

November 2023

An ASA is an agreement where investors pay for shares in advance, typically receiving those shares at a later funding round at a discounted price. Unlike convertible notes, ASAs do not involve loans or interest rates. They do benefit from the tax incentives and protection afforded by the EIS Scheme.

Advanced Subscription Agreement (ASA) Terms:

- 1. Subscription Amount:** Investors hereby agree to subscribe to shares in advance (minimum amount is £1,000). The subscribed amount shall be converted into equity shares during the company's subsequent funding round.
- 2. Conversion Event:** The conversion of the subscribed amount into equity shares shall be automatically triggered at the occurrence of the company's next funding round, which is anticipated to be "Series A".
- 3. Discount on Valuation:** At the time of conversion, subscribers are entitled to a 20% discount on the valuation set for the next funding round. This arrangement means subscribers will receive a greater number of shares per unit of subscribed amount compared to the terms offered to new investors in said round.
- 4. Valuation Cap:** The conversion of the subscription amount into equity shall be subject to a valuation cap of £8M. Therefore, even if the company's valuation at the next funding round exceeds £8M, the conversion rate for the subscribers will be calculated based on a valuation of £8M.
- 5. Subscription Period:** The period for holding the subscription amount prior to its conversion into equity shall not exceed 12 months or shall conclude at the next funding round, whichever occurs first.
- 6. Equity Allocation:** The equity shares issued upon conversion shall be Ordinary Shares, carrying rights and privileges as detailed in the company's articles of association and under prevailing legal norms. These rights include, but are not limited to, voting rights, rights to dividends, and rights to participate in shareholder meetings.
- 7. Non-Conversion Scenario:** If the conversion event, specifically the next funding round, does not take place within 12 months, the company reserves the right to either refund the subscription amount, convert it into equity at a valuation of £8M, or proceed under any other terms mutually agreed upon by the parties.

Reskuba Limited

Company number: 13332971 **Registered Office:** 28 Wilton Road, Bexhill-on-Sea, East Sussex, TN40 1EZ

www.reskuba.com



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- 8. Legal and Regulatory Compliance:** This agreement and all related transactions shall be governed by and interpreted in accordance with the laws of England and Wales. Both parties commit to adhering to all relevant legal and regulatory obligations applicable to these transactions.

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