



**Dated** 5 March **2024**

**SONDREL (HOLDINGS) PLC**  
**ROX EQUITY PARTNERS LIMITED**

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**CONVERTIBLE FACILITY  
AGREEMENT**

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**Between**

- (1) **Sondrel (Holdings) PLC**, a company incorporated in England and Wales with registered number 07275279 whose registered office is at Sondrel House Theale Lakes Business Park, Moulden Way, Sulhamstead, Reading, RG7 4GB (the **Borrower**); and
- (2) **ROX Equity Partners Limited** of Devonshire House, One Mayfair Place, London, England, W1J 8AJ (the **Lender**).

**Whereas**

The Lender has agreed to make available to the Borrower the Facility (as defined below) on the terms and conditions set out in this Agreement.

**It is agreed**

**1 Definitions and interpretation**

**1.1 Definitions**

In this Agreement, unless otherwise provided:

**acting in concert** means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Borrower by any of them, either directly or indirectly, to obtain or consolidate control of the Borrower;

**Affiliate** means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company

**AIM** means AIM, a market of the same name operated by the London Stock Exchange;

**Board** means the board of directors of the Borrower;

**Budget** means:

- (a) in relation to the period beginning on the Drawdown Date and ending on 31 December 2024, the budget delivered to the Lender pursuant to Clause 4.1 (Mechanics of drawing the Loan); and
- (b) in relation to any other period, any budget delivered by the Borrower to the Lender in respect of that period pursuant to Clause 11.2 (Budget);

**Business Day** means a day, other than a Saturday, Sunday or public holiday, on which banks are open for business in London;

**certificated form** means not in uncertificated form (that is, not in CREST);

**Change of Control** means any person or group of persons acting in concert gains direct or indirect control of the Borrower. For the purposes of this definition **control** of the Borrower means:

- (a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
  - (i) cast, or control the casting of, more than 29.9% of the maximum number of votes that might be cast at a general meeting of the Borrower;
  - (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of the Borrower; or
  - (iii) give directions with respect to the operating and financial policies of the Borrower with which the directors or other equivalent officers of the Borrower are obliged to comply; or
- (b) the holding beneficially of more than 29.9% of the issued share capital of the Borrower (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital);

**Clean-Up Default** means an Event of Default referred to in Clause 15.1(b) (Breach of financial covenants) or Clause 15.1(c) (Breach of obligations) (but in each case, only to the extent that it relates to a Clean-Up Undertaking), Clause 15.1(d) (Misrepresentation) (but only to the extent it relates to a Clean-Up Representation), Clause 15.1(e) (Cross default) or Clause 15.1(k) (Suspension of business);

**Clean-Up Period** means the period beginning on the date of this Agreement and ending on the date which is 30 days following the Drawdown Date;

**Clean-Up Representation** means any of the representations and warranties under Clause 10, other than Clause 10.1(m) (HSBC and Mazars) or Clause 10.1(n) (Insolvency);

**Clean-Up Undertaking** means any of the undertakings specified in Clause 12 (Positive undertakings) or Clause 13 (Negative undertakings), other than Clause 12.1 (Compliance with laws), Clause 12.3 (Subsidiaries), Clause 12.4 (Fundraising), Clause 12.5 (Conditions subsequent), Clause 13.1 (Negative pledge), 13.3 (Financial Indebtedness) or Clause 13.7 (Distributions);

**Commitment** means £874,600 minus any amount reduced or cancelled in accordance with this Agreement;

**Commitment Period** means the period commencing on the date of this Agreement to and including the date which is 10 days following the date of this Agreement;

**Conversion** means the conversion of the Loan in accordance with Clause 7 (Conversion);

**Conversion Date** means the date upon which the Conversion Shares are allotted and issued to the Lender;

**Conversion Price** means the price of £0.10 per Conversion Share;

**Conversion Shares** means the Ordinary Shares to be allotted and issued to the Lender on the Conversion Date, in accordance with Clause 7 (Conversion), the number of which shall be calculated in accordance with Clause 7.7;

**CREST** means the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form, in respect of which Euroclear UK & International is the operator (as defined in the CREST Regulations);

**CREST Regulations** means the Uncertificated Securities Regulations 2001 (as amended from time to time), including (i) any enactment or subordinate legislation which amends or supersedes those regulations; and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;

**Debenture** means each debenture pursuant to which the Borrower or its Subsidiaries (as applicable) grant fixed and floating charges over all of their business, assets and undertaking in favour of the Lender;

**Default Interest Rate** means the Reference Rate determined as of the first day of the applicable Interest Period for which it is being calculated (provided that if such amount is less than zero, such amount shall instead be deemed to be zero);

**Designated Reference Rate Administrator** means the Reference Rate Administrator selected by the Lender from time to time (acting reasonably);

**Director** means a person appointed to the Board from time to time;

**Drawdown** means the utilisation of the Facility;

**Drawdown Date** means the date of Drawdown as specified in the Drawdown Notice;

**Drawdown Notice** means a notice substantially in the form set out in Schedule 2 (Form of Drawdown Notice);

**Event** means a Change of Control, the issuance of Ordinary Shares other than pursuant to the Fundraising or a Sale;

**Event of Default** has the meaning given to it in Clause 15 (Events of Default);

**Exclusivity Agreement** means the agreement entered into between the Borrower and the Lender dated on or around the date of this Agreement appointing the Lender as exclusive underwriter to the Borrower;

**Facility** means the Sterling term loan facility made available under this Agreement in an amount equal to the Commitment;

**Facility Period** means the period from the date of this Agreement until all the obligations of the Borrower and each of its Subsidiaries under the Finance Documents have been unconditionally and irrevocably discharged to the satisfaction of the Lender;

**Finance Documents** means:

- (a) this Agreement;
- (b) the Standstill Agreement;
- (c) the Drawdown Notice;
- (d) each Guarantee;

- (e) the Security Documents;
- (f) the Exclusivity Agreement; and
- (g) any other document that the Borrower and Lender agree is a Finance Document;

**Financial Indebtedness** means indebtedness arising from:

- (a) borrowing (including overdrafts) and amounts raised that have the commercial effect of borrowing;
- (b) any issued bonds, notes, debentures or similar instruments;
- (c) any liabilities under finance or capital leases;
- (d) any sold or discounted receivables;
- (e) the marked to market value of liabilities under any hedging arrangements (or if any amount is actually due as a result of termination or close-out of any hedging arrangement, that amount);
- (f) counter-indemnity obligations in relation to guarantees, indemnities, standby or documentary letters of credit and similar instruments; and
- (g) the amount of any liability under a guarantee or indemnity for any of the items listed in paragraphs (a) to (f) above;

**Financial Quarter** means the period commencing on the day after one Quarter Date and ending on the next Quarter Date;

**Financial Year** means the annual accounting period of the Group ending on or about 31 December in each year;

**Fundraising** has the meaning given to it in the Schedule to the Exclusivity Agreement which at all times will be subject to the satisfaction of the Fundraising Conditions;

**Fundraising Conditions** has the meaning given to it in the Schedule to the Exclusivity Agreement;

**Group** means the Borrower and each of its Subsidiaries from time to time;

**Guarantee** means:

- (a) each guarantee pursuant to which the Borrower or its Subsidiaries (as applicable) grant a guarantee to the Lender in respect of, or in connection with, the obligations of the Borrower under this Agreement and/or the Finance Documents; and
- (b) any other agreement or document guaranteeing or purporting to guarantee the obligations of the Borrower under this Agreement;

**Guarantor** means any person that has granted a Guarantee;

**Holding Company** means, in relation to a person, any other person in respect of which it is a Subsidiary

**Interest Payment Date** means the last day of March, June, September and December (or if any such day is not a Business Day, the immediately preceding Business Day) in each year and the third anniversary of the Drawdown Date;

**Interest Period** means the period from and including the last preceding Interest Payment Date up to (but excluding) the next succeeding Interest Payment Date (and in respect of the first Interest Period, means the period from and including the Drawdown Date up to (but excluding) the next succeeding Interest Payment Date);

**Interest Rate** means 15% per annum;

**Legal Reservations** means:

- (a) the principle that the granting or not of equitable remedies is at the discretion of a court;
- (b) the time barring of claims under any limitation acts in any jurisdiction; and
- (c) any other principles of law applicable to companies generally;

**Loan** means the loan made under this Agreement to the extent not repaid;

**London Stock Exchange** means the London Stock Exchange plc;

**Longstop Date** means the earlier of:

- (a) the date which is 180 days after the third anniversary of the Drawdown Date; and
- (b) the date of completion of the Fundraising;

**Material Adverse Effect** means a material adverse effect on:

- (a) the business, operations, assets or financial condition of the Borrower and/or the Group taken as a whole;
- (b) the ability of the Borrower and/or any Subsidiary to comply with any of their payment obligations under the Finance Documents to which they are a party; or
- (c) the validity or enforceability of the Finance Documents or the rights or remedies of the Lender under the Finance Documents;

**Material Overseas Subsidiary** means any member of the Group which is incorporated in a jurisdiction other than England and Wales which has earnings before interest tax, depreciation and amortisation representing 5% or more of the earnings before interest tax, depreciation and amortisation of the Group or has gross assets or turnover (excluding intra-group items) representing 5% or more of the gross assets or turnover of the Group (calculated on a consolidated basis) or which employs 10% or more of the overall staff or employees of the Group;

**Maximum Threshold** means 25% of:

- (a) the total shareholder voting rights in the Borrower from time to time; or
- (b) the total shares in the capital of the Borrower from time to time;

**Mazars Winding-Up Petition** means the winding-up petition issued by Mazars LLP in respect of the Borrower and filed on 19 February 2024

**Obligor** means the Borrower and each Guarantor

**Ordinary Shares** means ordinary shares of £0.001 each in the share capital of the Borrower that are admitted to trading on AIM;

**Party** means a party to this Agreement;

**PAYE Liability** means the tax liability relating to 3 months of PAYE which is payable by certain members of the Group incorporated in England and Wales and which as at the date of this Agreement is in an amount of no more than £520,000;

**Permitted Disposal** means any disposal (including by way of sale, transfer, licence or lease) on arm's length terms:

- (a) of cash or stock in the ordinary course of trading;
- (b) of assets pursuant to the SPRK Facility in accordance with its terms as at the date of this Agreement;
- (c) of assets (except for real property, shares, businesses, investments and intellectual property) in exchange for replacement assets of the equivalent or better type, value and quality; or
- (d) arising in connection with any Permitted Security;

**Permitted Distribution** means the payment of a dividend to the Borrower or any of its wholly-owned Subsidiaries;

**Permitted Financial Indebtedness** means:

- (a) Financial Indebtedness under the Finance Documents;
- (b) Financial Indebtedness arising under a Permitted Loan;
- (c) Financial Indebtedness under the SPRK Facility, provided that the outstanding principal amount of which does not exceed £814,800; and
- (d) Financial Indebtedness of the Borrower or any of its Subsidiaries, in each case, in an aggregate amount not exceeding £50,000 (or its equivalent in other currencies);

**Permitted Guarantee** means:

- (a) any performance or similar bond guaranteeing performance by a member of the Group under any contract entered into in the ordinary course of trade; and
- (b) a guarantee by the Borrower in favour of SPRK Capital dated 27 September 2023 (in the form as at the date of this Agreement);

**Permitted Loan** means:

- (a) any trade credit extended by any member of the Group to its customers on normal commercial terms and in the ordinary course of its trading activities; and



- (b) a loan made by a member of the Group that has granted a Security Interest in favour of the Lender to another member of the Group that has granted a Security Interest in favour of the Lender, or made by a member of the Group that has not granted a Security Interest in favour of the Lender to another member of the Group;

**Permitted Security** means:

- (a) any Security Interest constituted by or arising under the Finance Documents;
- (b) any lien arising in the ordinary course of trading and by operation of law;
- (c) any Security Interest arising under retention of title, hire purchase or similar arrangements entered into in the ordinary course of business and on the supplier's usual terms and not because the Borrower or any Subsidiary of the Borrower has breached those terms; and
- (d) subject to the terms of the Standstill Agreement:
  - (i) a debenture granted by Sondrel Limited in favour of SPRK Capital dated 26 July 2023 (in the form as at the date of this Agreement); and
  - (ii) a debenture granted by Sondrel Limited in favour of SPRK Capital dated 27 September 2023 (in the form as at the date of this Agreement);

**Potential Event of Default** means an event that with the giving of notice, lapse of time or other applicable condition would be an Event of Default;

**Quarter Date** means each of 31 March, 30 June, 30 September and 31 December;

**Reference Rate** means Term SONIA;

**Reference Rate Administrator** means, in relation to a Reference Rate, an administrator or publisher of that Reference Rate which is formally designated, nominated or recommended as an administrator or publisher of that Reference Rate and/or in the reasonable opinion of the Lender, generally accepted in the international or domestic lending market as an appropriate administrator or publisher of that Reference Rate;

**Replacement Reference Rate** means:

- (a) a successor or replacement benchmark rate to the Reference Rate selected by the Lender; or
- (b) an alternative basis for determining interest to replace the Reference Rate selected by the Lender,

and this definition shall also apply to any Replacement Reference Rate as if references in this definition to the benchmark rate or the Reference Rate were references to that Replacement Reference Rate;

**Sale** means the sale of all or substantially all of the assets of the Group, whether in a single transaction or series of related transactions;

**Security Documents** means:

- (a) each Debenture;

- (b) any other agreement or document creating or purporting to create a Security Interest in favour of the Lender in respect of, or in connection with, the obligations of the Borrower under this Agreement and/or the Finance Documents; and
- (c) any notice, certificate or document executed or delivered pursuant to or in connection with any agreement or document referred to in paragraphs (a) and (b) above;

**Security Interest** means any charge, pledge, mortgage, lien or other security interest securing any obligations of any person or any other arrangement of any type whatsoever having the effect of conferring security or a similar effect;

**Sondrel Limited** means Sondrel Limited, a company incorporated in England and Wales with registered number 04491953;

**Sondrel (Soc Solutions) Ltd** means Sondrel (Soc Solutions) Ltd, a company incorporated in England and Wales with registered number 10246519;

**SPRK Capital** means SPRK Capital Limited, a company incorporated in England and Wales with registered number 12248853;

**SPRK Facility** means the loan agreement between Sondrel Limited and SPRK Capital dated 27 September 2023 (in the form as at the date of this Agreement);

**Standstill Agreement** means the standstill agreement to be entered into on or about the date of this Agreement between (among others), the Borrower, the Lender and SPRK Capital;

**Sterling** and **£** mean the lawful currency of the United Kingdom;

**Subsidiary** means a subsidiary as defined in section 1159 of the Companies Act 2006 and a subsidiary undertaking as defined in section 1162 of the Companies Act 2006;

██████████ means ██████████ (or any other relevant member of its group with whom the Borrower (or any other relevant member of its Group) has contracted prior to the date of this Agreement);

**Takeover Code** means the City Code on Takeovers and Mergers published by The Takeover Panel from time to time;

**Term SONIA** means:

- (a) the term sterling overnight index average reference rate administered and published by the Designated Reference Rate Administrator for a three-month period on the relevant day;
- (b) (if no rate is available pursuant to paragraph (a) above) the term sterling overnight index average reference rate administered and published by another Reference Rate Administrator in respect of the term sterling overnight index average reference rate for a three-month period on the relevant day;
- (c) (if no rate is available pursuant to paragraph (b) above) the rate calculated by the Lender making a linear interpolation (in accordance with market practice) of (i) the sterling overnight index average reference rate displayed (before any correction, recalculation or republication by its administrator) on the relevant screen of any authorised distributor of that reference rate as at the first day of the relevant Interest

Period and (ii) the term sterling overnight index average reference rate published by the Designated Reference Rate Administrator at that time for the next longer period for which such rate is available (or, if the term sterling overnight index average reference rate is not published by the Designated Reference Rate Administrator at that time for such period, the term sterling overnight index average reference rate published by another Reference Rate Administrator at that time for the next longer period for which that Reference Rate Administrator publishes such rate); or

- (d) (if no such rates are available or supplied pursuant to paragraph (c) above) the Bank of England's Bank Rate (or any successor or replacement of that rate) as at the first day of the relevant Interest Period;

**uncertificated** or **uncertificated form** means shares recorded on the register of members of the Borrower as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of an instruction issued in accordance with the rules of CREST; and

**Unpaid Sum** means any sum due and payable but unpaid by the Borrower under this Agreement or any Finance Document.

## 1.2 Interpretation

- (a) In this Agreement, unless the context otherwise requires:
- (i) words in the singular include the plural and vice versa;
  - (ii) including means including without limitation;
  - (iii) where an act is required to be performed promptly, it must be performed as soon as reasonably possible from the moment when the act could reasonably have been performed, having regard to all of the circumstances;
  - (iv) a time of day is a reference to London time;
  - (v) a reference to any Party shall be construed as including, where relevant, successors in title to that Party, and that Party's permitted assigns and transferees (if any);
  - (vi) a reference to a person includes individuals, unincorporated bodies, government entities, companies and corporations;
  - (vii) a reference to a Clause or a Schedule is to a clause of, or schedule to, this Agreement;
  - (viii) a reference to a Finance Document or any other agreement is a reference to that document as amended, novated, supplemented, restated or replaced from time to time in accordance with its terms; and
  - (ix) references to legislation include any modification or re-enactment of such legislation or any part of it.
- (b) A reference to this Agreement includes its Schedules, which form part of this Agreement.

- (c) The table of contents and any Clause title, Schedule title or other headings in this Agreement are included for convenience only and shall have no effect on the interpretation of this Agreement.
- (d) An Event of Default is 'continuing' if it has not been remedied to the satisfaction of the Lender or waived by the Lender and a Potential Event of Default is 'continuing' if it has not been remedied by the Borrower (or other relevant member of the Group) or waived by the Lender.

### **1.3 Third party rights**

- (a) Except as expressly provided for in this Agreement, a person who is not a Party shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of the provisions of this Agreement.
- (b) The Parties may terminate or rescind this Agreement, or agree to any variation, waiver or settlement in connection with it, without the consent of any third party, whether or not it extinguishes or alters any entitlement they may have to enforce any of the provisions of this Agreement.

### **1.4 Personal liability**

Any certificate provided by a director of an Obligor pursuant to the terms of this Agreement shall be given without incurring any personal liability, save in the case of fraud, wilful default or gross negligence.

## **2 The Facility**

- 2.1 Subject to the terms of this Agreement, the Lender makes the Facility available to the Borrower.
- 2.2 The Borrower shall use the Facility towards the day to day operations of the Borrower or towards any other purpose for which the Lender has given its prior written approval (but not, towards repayment or prepayment of any Financial Indebtedness (including bank overdrafts and/or supplier credit lines) or any dividend, distribution or the making of any loan (other than any loan by the Borrower to another Obligor)).
- 2.3 The Lender is under no obligation to investigate how any amount borrowed under this Agreement is used.

## **3 Conditions to drawing the Loan**

- 3.1 The Borrower may not deliver a Drawdown Notice unless the Lender has confirmed to the Borrower that it has received all of the documents and evidence listed in Schedule 1 (Conditions precedent) in form and substance satisfactory to the Lender.
- 3.2 The Lender is not obliged to advance the Loan unless on the date of the Drawdown Notice and on the Drawdown Date for the proposed Loan:
  - (a) no Event of Default or Potential Event of Default has occurred and is continuing, or will occur on the making of the Loan; and
  - (b) the representations and warranties set out in Clause 10 (Representations and warranties) are true.

#### **4 Mechanics of drawing the Loan**

- 4.1 Subject to Clause 3 (Conditions to drawing the Loan) and this Clause 4 (Mechanics of drawing the Loan), the Borrower may make a drawing under the Facility by delivering a duly completed Drawdown Notice to the Lender.
- 4.2 The Drawdown Notice must be substantially in the form set out in Schedule 2 (Drawdown Notice) and include:
- (a) the amount of the Loan; and
  - (b) the proposed Drawdown Date.
- 4.3 The amount of the Loan must be equal to the amount of the undrawn Commitment and the Borrower may only draw the Facility in one instalment.
- 4.4 The proposed Drawdown Date must be a Business Day within the Commitment Period.
- 4.5 The Drawdown Notice for the Loan must be received by the Lender before 11am at least 1 Business Day prior to the proposed Drawdown Date for the Loan (or such shorter period as the Lender may agree).
- 4.6 Once submitted, a Drawdown Notice may not be withdrawn.
- 4.7 The amount of any undrawn Commitment will be reduced to zero at the end of the Commitment Period.

#### **5 Interest**

##### **5.1 Payment of interest**

- (a) Interest shall accrue daily on the Loan on the basis of a 365-day year and for the actual number of days elapsed.
- (b) The Borrower must pay accrued interest to the Lender on each Interest Payment Date. If the Borrower is unable to pay such interest (by reason of actual or anticipated financial difficulties), then the Borrower may, with the prior consent of the Lender (acting reasonably) elect that on each such Interest Payment Date, all interest that has accrued during the Interest Period ending on such Interest Payment Date will compound (on the basis that such accrued interest and compounded interest together with the principal will bear interest) and such interest shall be paid to the Lender upon repayment of the Loan.
- (c) The rate of interest applicable to the Loan shall be the Interest Rate.

##### **5.2 Default interest**

If:

- (a) the Borrower or any of its Subsidiaries fails to make any payment due under any Finance Document on its due date; and/or
- (b) an Event of Default is continuing,

interest shall accrue on the Loan and all other Unpaid Sums at a rate which is equal to the Default Interest Rate above the Interest Rate and such interest shall accrue daily, from the date of non-payment and/or occurrence of the relevant Event of Default (as applicable) to the date of actual payment and/or until such Event of Default ceases to be continuing (as applicable) (both before and after judgment). On each Interest Payment Date, all such interest that has accrued during the Interest Period ending on such Interest Payment Date will compound (on the basis that such accrued interest and compounded interest together with the principal will bear interest) and be paid to the Lender upon repayment of the Loan.

## **6 Repayment**

- 6.1 Subject to Clause 7, the Borrower must repay the Loan, together with all accrued and unpaid interest and any interest that has compounded, in full on the third anniversary of the Drawdown Date.
- 6.2 Any sums repaid under this Agreement may not be reborrowed or reinstated and the Commitment will be reduced by the amount repaid.

## **7 Conversion**

- 7.1 The Borrower undertakes at all times during the Facility Period to obtain and maintain sufficient shareholder authority to allot and issue Ordinary Shares with an aggregate nominal value of up to £8,746 on a non-pre-emptive basis to the Lender such that it can satisfy the provisions of this Clause 7.
- 7.2 The Borrower shall provide the Lender with reasonable prior notice of any Event (including if an Event is reasonably likely to occur).
- 7.3 The Lender may notify the Borrower at any time prior to the Longstop Date that it requires the Borrower to convert all of the Loan (excluding any accrued but unpaid interest and any interest that has compounded on the Loan) (**Conversion Amount**) into Conversion Shares in accordance with this Clause 7.
- 7.4 If, pursuant to the terms of this Agreement, the Lender has served a written notice to the Borrower that it wishes the Conversion Amount to be converted into Conversion Shares (**Conversion Notice**) the Directors shall convert the Conversion Amount into such number of Conversion Shares at the Conversion Price in accordance with the following provisions of this Clause 7. The Lender shall be deemed to have served a Conversion Notice on completion of the Fundraising which complies in all respects with the Exclusivity Agreement.
- 7.5 A Conversion Notice will be deemed to constitute an application by the Lender to subscribe for the number of Conversion Shares to be issued on the terms and conditions of the articles of association of the Borrower.
- 7.6 Subject to Clause 7.4, the number of Conversion Shares to be issued and delivered upon receipt of a Conversion Notice shall be determined by dividing the Conversion Amount by the Conversion Price (**Conversion Calculation**), so long as such Conversion does not (in the reasonable opinion of the Lender) result in:
- (a) the Lender or any other person acting in concert with it being required to make a mandatory offer for the Borrower under Rule 9 of the Takeover Code;
  - (b) the number of Conversion Shares in which the Lender or any person acting in concert with it exceeding the Maximum Threshold; or

- (c) the Lender contravening any other law or regulation as a result of their interest in Ordinary Shares,

each, a **Stoppable Event**.

- 7.7 The entitlement to a fraction of a Conversion Share shall be rounded up to the nearest whole number of Conversion Shares.
- 7.8 Unless the Lender or Borrower (as applicable) has obtained all necessary regulatory and shareholder approvals to permit it to commence a Stoppable Event, where the Conversion Calculation would otherwise result in a Stoppable Event, the Conversion Calculation shall be amended so that such portion of the Conversion Amount as is equal to one Conversion Share less than the requisite number of Conversion Shares that would otherwise give rise to a Stoppable Event, converts into Conversion Shares and the balance of the Conversion Amount (**Conversion Amount Balance**) shall be repaid by the Borrower to the Lender in cash, together with all interest (including all accrued and unpaid interest and all compounded interest) and other amounts outstanding under the Finance Documents, as soon as practicable and in any event within 30 days after the date of the Conversion Notice.
- 7.9 Subject to Clause 7.10, immediately prior to the Lender being written up in the register of members of the Borrower as the holder of the Conversion Shares, the Lender shall, at the cost of the Borrower, release the Borrower and each other relevant Subsidiary from any relevant Security Document and/or Guarantee (as applicable).
- 7.10 If the Conversion would result in a Conversion Amount Balance pursuant to Clause 7.8, the Lender shall only be obliged to release the Borrower and each other relevant Subsidiary from any relevant Security Document and/or Guarantee (as applicable) pursuant to Clause 7.9 to the extent necessary to comply with all applicable laws.
- 7.11 The Lender shall specify in the Conversion Notice whether it wishes to hold the Ordinary Shares in certificated or uncertificated form. If a Conversion Notice is deemed served on completion of the Fundraising, the Lender shall hold the Ordinary Shares in certificated form unless it gives prior notice in writing to the Borrower otherwise.
- 7.12 Where the Ordinary Shares arising on Conversion are to be held in certificated form, within 10 Business Days of Conversion, the Borrower shall forward to the Lender, free of charge, a definitive certificate for the appropriate number of fully paid up Ordinary Shares Pending the despatch of definitive certificates, transfers shall be certified against the register of members of the Borrower
- 7.13 Where the Ordinary Shares arising on Conversion are to be held in uncertificated form, the Borrower shall ensure that the appropriate number of Ordinary Shares are delivered, within 10 Business Days of the Conversion, to the CREST account specified by the Lender in the Conversion Notice. If the Ordinary Shares are no longer a participating security in CREST, the provisions of this Clause 7 shall apply mutatis mutandis to any clearing system through which the Ordinary Shares are then held in dematerialised form.
- 7.14 The Directors shall issue and allot the Conversion Shares to the Lender as soon as reasonably practicable, and in any event no later than 10 Business Days after the Conversion Notice.
- 7.15 Unless the provisions of Clause 7.8 apply, the Borrower shall ensure that all interest (including all accrued and unpaid interest and all compounded interest) and all other

amounts outstanding under the Finance Documents, shall be paid to the Lender upon the issue and allotment of the Conversion Shares to the Lender.

- 7.16 The Conversion Shares shall be credited as fully paid and rank pari passu with all other Ordinary Shares in issue on the date of Conversion. Payment of the Conversion Shares shall be satisfied by the release and discharge of the Conversion Amount.
- 7.17 The Borrower shall use all reasonable endeavours to procure that the Conversion Shares are as soon as reasonably practicable admitted to trading on AIM.
- 7.18 Following the first Drawdown Date, the Borrower shall, at any time prior to the expiry of the Facility Period, promptly upon request, take all such reasonable action as the Lender may require to appoint (and following such appointment replace) an individual, named by Lender, to be either:
- (a) appointed as a director to the Board (subject to the approval of the Borrower's nominated adviser having carried out its AIM regulated nominated adviser checks and the Borrower's governance procedures) (**Lender Director**); or
  - (b) an observer of meetings of the directors of the Borrower (**Lender Observer**),
- (the relevant Lender Director or the Lender Observer being the **Lender Representative**).
- 7.19 The Borrower shall, following such appointment, not permit nor take any steps to remove the Lender Representative at any time prior to expiry of the Facility Period, unless directed to do so by the Lender. The Borrower shall:
- (a) as soon as reasonably practicable, notify the Lender Representative of the dates and times of each meeting that are scheduled (at the date of such notification) to take place in each financial year;
  - (b) give reasonable prior notice to the Lender Representative of:
    - (i) the dates and times of any additional board meetings which are subsequently scheduled to take place in that financial year (but which were not notified pursuant to Clause 7.19(a)) above); and
    - (ii) any change of dates, times or cancellation of any meeting referred to in this Clause 7.19;
  - (c) not hold any meetings which have not been notified to the Lender Representative in accordance with this clause, in each case without the consent of the Lender Representative.
- 7.20 If the Lender Representative wishes to attend a meeting notified to him/her in accordance with Clause 7.19 (**Lender Representative Board Meeting**), the Borrower shall procure that:
- (a) arrangements are made to allow the Lender Representative to attend the Lender Representative Board Meeting;
  - (b) the Lender Representative is supplied with all relevant documents supplied to each other Director and any other document reasonably requested by him/her as soon



as reasonably practicable and in any event at the same time as such documents are supplied to the other Directors; and

- (c) for the avoidance of doubt, the Lender Observer is entitled to speak (but not vote) at any Lender Representative Board Meeting.

## **8 Taxes**

- 8.1 Subject to Clause 8.2, all payments by the Borrower and each of its Subsidiaries under the Finance Documents must be made free and clear of any deduction or withholding of any kind for or on account of tax.
- 8.2 If the Borrower or any of its Subsidiaries is required by law to make any deduction or withholding from any such payment for or on account of tax the Borrower shall ensure that such sum due from it (or any of its Subsidiaries) in respect of such payment will be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Lender receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received had no deduction or withholding been made or been required to be made.
- 8.3 The Borrower shall (or shall ensure that the relevant Subsidiary shall) pay the amount deducted or withheld to the relevant tax or other authorities within the time allowed for such payment under applicable law and shall deliver to the Lender, within 30 (thirty) days of making such payment, an original receipt or other evidence issued by the relevant authority showing that payment has been made in full.
- 8.4 The Borrower shall pay and, within 5 Business Days of demand by the Lender, indemnify the Lender against any cost, loss or liability the Lender incurs in relation to all stamp duty, registration and other taxes payable under any Finance Document.

## **9 Costs, expenses and indemnity**

- 9.1 The Borrower must, within 5 Business Days of demand by the Lender, pay to the Lender all costs and expenses (including legal fees) together with VAT on such amounts reasonably incurred by the Lender arising at any time in responding to, considering or implementing any request for a consent, amendment or waiver to any Finance Document.
- 9.2 The Borrower must, within 5 Business Days of demand by the Lender, pay to the Lender on a full indemnity basis all costs, losses and liabilities (including legal fees) together with VAT on such amounts incurred by or on behalf of the Lender arising at any time as a result of or in connection with:
  - (a) the occurrence of an Event of Default;
  - (b) the preservation and/or enforcement of any of the rights of the Lender under the Finance Documents; and
  - (c) the Loan not being made for any reason (other than by reason of default by the Lender) following the submission of a Drawdown Notice.

## **10 Representations and warranties**

- 10.1 The Borrower makes the following representations and warranties on behalf of itself and each of its Subsidiaries to and for the benefit of the Lender on the date of this Agreement and

acknowledges that the Lender has entered into the Finance Documents in reliance on such representations and warranties:

- (a) **Status:** it and each of its Subsidiaries is a limited company duly incorporated and validly existing under the laws of its jurisdiction of incorporation;
- (b) **Corporate power:** it and each of its Subsidiaries has the corporate power to carry on its business as it is now being conducted and own its assets;
- (c) **Binding obligations:** subject to the Legal Reservations, its obligations under the Finance Documents to which it is a party are legal, valid, binding and enforceable;
- (d) **No conflict:** the entry into, delivery and performance by it of the Finance Documents to which it is a party, will not involve or result in a contravention of:
  - (i) its constitutional documents;
  - (ii) any law or regulation applicable to it; or
  - (iii) any contractual or other obligation or restriction that is binding on it or any of its assets;
- (e) **Corporate authority:** it has taken the necessary corporate action to allow it to enter into, deliver and perform its obligations under the Finance Documents to which it is a party and it does not exceed any limit on its powers in so doing;
- (f) **Authorisations:** all authorisations, consents and licences necessary to enable it to enter into, deliver and perform its obligations under the Finance Documents to which it is a party and to enable it and each of its Subsidiaries to conduct its business in its current form have been obtained;
- (g) **No default:** no Event of Default or Potential Event of Default has occurred and is continuing or will occur on the making of the Loan;
- (h) **Taxes:** it and each of its Subsidiaries has paid or discharged all taxes due and payable by it on or before the due date, except for the PAYE Liability and those which are being contested in good faith by appropriate proceedings;
- (i) **Ranking:** its payment obligations under the Finance Documents to which it is a party rank at least *pari passu* with all its other present and future unsecured and unsubordinated payment obligations, apart from payment obligations mandatorily preferred by law;
- (j) **Accuracy of information:**
  - (i) all written information provided by it or on its behalf to the Lender in relation to it or any of its Subsidiaries, its or any of its Subsidiaries' assets, business or affairs or the Finance Documents was true, complete and accurate in all material respects as at the date it was provided;
  - (ii) it has not withheld from the Lender any information which makes the information provided to the Lender materially misleading, incomplete, inaccurate or untrue as at the date it was provided; and

- (iii) any financial projection or forecast provided to the Lender under this Agreement has been prepared on the basis of recent historical information and on the basis of reasonable assumptions and was fair (as at the date of the relevant document containing the projection or forecast) and arrived at after careful consideration;
- (k) **Financial statements:** its most recent financial statements which it has provided to the Lender under Clause 11.1 were prepared in accordance with generally accepted accounting principles in England including UK-adopted international accounting standards within the meaning of section 474(1) of the Companies Act 2006, consistently applied and give a true and fair view of it and its Subsidiaries' financial condition for the period to which they relate; and
- (l) **No security:** No Security Interest subsists over any of its or any of its Subsidiaries' assets except for the Security Interests created by or pursuant to any Permitted Security.
- (m) **HSBC and Mazars:** There is no Financial Indebtedness owing by the Borrower or any of its Subsidiaries to HSBC UK Bank plc or any of HSBC UK Bank plc's Affiliates and there are no outstanding payment liabilities owing by the Borrower or any of its Subsidiaries to Mazars LLP.
- (n) **Insolvency:** Save for the Mazars Winding-Up Petition, no
  - (i) corporate action, legal proceeding or other procedure or step described in Clause 15.1(g); or
  - (ii) creditors' process described in Clause 15.1(h),has been taken or, to the knowledge of the Borrower, threatened in relation to a member of the Group, and none of the circumstances described in Clause 15.1(f) applies to a member of the Group.

## 10.2 Repetition

The representations contained in this Clause 10 (Representations and warranties) (other than Clause 10.1(m), which shall only be deemed to be made on the date of this Agreement and repeated on the date of the Drawdown Notice and the Drawdown Date) are deemed to be repeated by the Borrower by reference to the facts and circumstances then existing on:

- (a) the date of the Drawdown Notice;
- (b) the Drawdown Date;
- (c) each Interest Payment Date; and
- (d) the date on which any Debenture, Security Interest and/or Guarantee is granted in favour of the Lender pursuant to Clause 12.3 (Subsidiaries).

## 11 Information undertakings

The undertakings in this Clause 11 (Information undertakings) remain in effect throughout the Facility Period.

## 11.1 Financial information

- (a) The Borrower shall provide to the Lender:
- (i) as soon as they are available and any event within 150 days after the end its financial year, its audited consolidated financial statements for that Financial Year (**Annual Financial Statements**) and as soon as they are available, its draft consolidated financial statements the Financial Year ending 31 December 2023;
  - (ii) as soon as they are available and in any event within 30 days after the end of each month, its management accounts for that month (which reasonably reflect the financial affairs of the Borrower and each of its Subsidiaries for that period) containing trading and profit and loss accounts, balance sheets, cash flow statements and forecasts and details of the number of employees or staff employed by each member of the Group (**Monthly Financial Statements**);
  - (iii) a certificate addressed to the Lender in a form acceptable to the Lender, signed by two directors of the Borrower (one of whom shall be the chief executive officer), with each set of its:
    - (A) Annual Financial Statements; and
    - (B) each set of its Monthly Financial Statements in respect of a month which ends on a Quarter Date,which must set out (in reasonable detail) computations as to compliance with Clause 14 (Financial Covenants).
- (b) In addition, the Borrower shall provide to the Lender:
- (i) promptly upon becoming aware of them, reasonable details of any Financial Indebtedness or equity funding proposals for the Borrower and/or each of its Subsidiaries;
  - (ii) to the extent permitted by law:
    - (A) as soon as they are available, copies of any Board correspondence, including any relevant Board information packs and minutes of meetings of the Board; and
    - (B) at the same time as they are dispatched, copies of documents dispatched by the Borrower to its shareholders generally (or any class of them) (including all circulars, annual reports, announcements and other correspondence sent to shareholders of the Borrower) or dispatched by the Borrower or any of its Subsidiaries to its creditors generally (or any class of them);
  - (iii) promptly upon becoming aware of them, the details of any material litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Group;
  - (iv) promptly on request, such updates as the Lender may reasonably require in connection with:

- (A) the PAYE Liability;
  - (B) the Fundraising (including the status of any shareholder and/or regulatory approvals); and
  - (C) the negotiation of new payment terms with [REDACTED]
- (v) promptly on request, such further information regarding the financial condition, business and operations of the Group and/or any member of the Group (including any requested amplification or explanation of any item in the financial statements, budgets or other material provided by the Borrower under this Agreement and an up to date copy of its shareholders' register (or equivalent in its jurisdiction of incorporation)) as the Lender may reasonably request.
- (c) The Borrower shall keep the Lender reasonably informed in a timely manner of all material developments concerning the affairs, business and prospects of it and each of its Subsidiaries.
  - (d) The Borrower shall ensure that the financial year end of it and each of its Subsidiaries incorporated in a jurisdiction in the United Kingdom falls on 31 December in each year.

## 11.2 Budget

- (a) The Borrower shall provide to the Lender as soon as it is available and in any event, no later than the start of each of its Financial Years, an annual Budget for that Financial Year.
- (b) The Borrower shall ensure that each Budget for a Financial Year is in a form reasonably acceptable to the Lender and includes a projected consolidated profit and loss, balance sheet and cashflow statement for the Group and details of projected revenue and earnings before interest, tax, depreciation and amortisation for the Group for that Financial Year and for each Financial Quarter of that Financial Year. The Borrower shall ensure that such Budget is approved by the Board and prepared in accordance with the same accounting principles applied to its most recent financial statements which it has provided to the Lender under Clause 11.1.
- (c) Subject to Clause 11.2(d), if the Borrower updates or changes the Budget in any material respect, it shall promptly thereafter deliver to the Lender such updated or changed Budget together with a written explanation of the main changes in that Budget.
- (d) Once the Budget has been delivered to the Lender, the Lender shall be entitled to review and approve (acting reasonably and for the purposes of Clause 14 (Financial covenants)) the projected revenue and earnings before interest, tax, depreciation and amortisation set out in that Budget for the Group for that Financial Year and for each Financial Quarter of that Financial Year. Once approval has been obtained by the Lender, the Borrower may not amend the Budget (insofar as it relates to revenue and/or earnings before interest, tax, depreciation and amortisation) without the prior written consent of the Lender.

## 11.3 Notification of default

The Borrower must, promptly on becoming aware of the same, notify the Lender of the occurrence of any Event of Default or Potential Event of Default together with the steps being taken to remedy it (if applicable).

## 12 Positive undertakings

The undertakings in this Clause 12 (Positive undertakings) remain in effect throughout the Facility Period.

### 12.1 Compliance with laws

The Borrower must ensure that it and each of its Subsidiaries will comply in all material respects with all laws and regulations applicable to it or them where failure to comply may adversely affect its or their business and/or have a Material Adverse Effect.

### 12.2 Insurances

The Borrower must ensure that it and each of its Subsidiaries insures all of its assets of an insurable nature, with reputable insurers, in sums at least equal to the replacement value of those assets and on such terms that are usual for a prudent company carrying on the same or equivalent business of the Borrower or its Subsidiaries (as applicable).

### 12.3 Subsidiaries

- (a) The Borrower shall procure that each member of the Group which is incorporated in England and Wales shall (and each shareholder of such member of the Group, provided that it is also a member of the Group, shall), as soon as possible (and in any event, within 30 days of becoming a member of the Group) grant a Debenture and a Guarantee in favour of the Lender (in such form as the Lender may reasonably require but in substantially the same form as those delivered as a condition precedent under this Agreement), and shall promptly provide to the Lender all corporate authorisations and such other ancillary documents as the Lender may reasonably require in connection with the provision of such Debenture and Guarantee.
- (b) The Borrower shall procure that each member of the Group which is incorporated in a jurisdiction other than England and Wales which is a Material Overseas Subsidiary, shall (and each shareholder of such member of the Group, provided that it is also a member of the Group, shall), upon the Lender's written request and subject to Clause 12.3(d), promptly grant a Security Interest and a Guarantee in favour of the Lender (in such form as the Lender may reasonably require) upon terms satisfactory to the Lender (acting reasonably), and shall promptly provide to the Lender all corporate authorisations and such other ancillary documents (including a legal opinion) as the Lender may reasonably require in connection with the provision of such Security Interest and Guarantee.
- (c) If at any time:
  - (i) the aggregate of the earnings before interest, tax, depreciation and amortisation of the Obligors (calculated on an unconsolidated basis and excluding all intra-group items and investments in Subsidiaries of any member of the Group) is less than 85% of the earnings before interest, tax, depreciation and amortisation of the Group; and/or
  - (ii) the aggregate of the gross assets of the Obligors (calculated on an unconsolidated basis and excluding all intra-group items and investments in Subsidiaries of any member of the Group) is less than 85% of the gross assets of the Group; and/or

- (iii) the aggregate of the turnover of the Obligors (calculated on an unconsolidated basis and excluding all intra-group items and investments in Subsidiaries of any member of the Group) is less than 85% of the turnover of the Group,

(the "**Notifiable Event**"), then the Borrower shall promptly notify the Lender of the occurrence of that Notifiable Event (including reasonable details). If a Notifiable Event occurs, then upon the Lender's written request and subject to Clause 12.3(d), the Borrower shall procure that each member of the Group which is incorporated in a jurisdiction other than England and Wales and is necessary to ensure that the Notifiable Event ceases to be continuing, shall (and each shareholder of such member of the Group, provided that it is also a member of the Group, shall) promptly grant a Security Interest and a Guarantee in favour of the Lender (in such form as the Lender may reasonably require) upon terms satisfactory to the Lender (acting reasonably), and shall promptly provide to the Lender all corporate authorisations and such other ancillary documents (including a legal opinion) as the Lender may reasonably require in connection with the provision of such Security Interest and Guarantee.

- (d) In determining what Guarantees and Security Interests will be provided in support of the Facility following any request made by the Lender pursuant to Clauses 12.3(b) and/or 12.3(c), the following matters will be taken into account. Guarantees and Security Interests shall not be created or perfected to the extent that it would:

- (i) result in any breach of corporate benefit, financial assistance, fraudulent preference or thin capitalisation laws or regulation (or analogous restrictions of any applicable jurisdiction);
- (ii) result in a significant risk in the officers of the relevant grant of the Guarantee or Security Interests or contravention of their fiduciary duties and/or civil or criminal liability; or
- (iii) result in costs that are unreasonable in all the circumstances or disproportionate to the benefit obtained by the Lender,

(the **Agreed Security Principles**) and the Borrower shall ensure that each Obligor must use (and must procure that any other member of the Group that is a potential provider of any Guarantee and/or Security Interest uses) all reasonable endeavours lawfully available to avoid or mitigate the constraints on the provision of a Guarantee and/or Security Interest provided for in the Agreed Security Principles.

- (e) The Borrower shall promptly notify the Lender if any member of the Group which is not an Obligor is a Material Overseas Subsidiary.

## 12.4 Fundraising

The Borrower undertakes to, as soon as is reasonably practicable following the Drawdown Date, pursue and achieve satisfaction of the Fundraising Conditions (and any other conditions

precedent to completion of the Fundraising) (and thereafter promptly complete such Fundraising).

#### **12.5 Conditions subsequent**

The Borrower shall deliver to the Lender, by no later than the date which is 5 Business Days following the Drawdown Date, the original fully executed and dated share certificates showing the Borrower as the holder of:

- (a) 1,000,000 Series A ordinary shares of £0.001 each in Sondrel Limited; and
- (b) 100 ordinary shares of £0.01 each in Sondrel (Soc Solutions) Ltd.

### **13 Negative undertakings**

The undertakings in this Clause 13 (Negative undertakings) remain in effect throughout the Facility Period.

#### **13.1 Negative pledge**

The Borrower must not and must ensure that each of its Subsidiaries will not create or permit to subsist any Security Interest, other than Permitted Security, over any of its respective assets (whether present or future).

#### **13.2 Disposals**

The Borrower must not and must ensure that each of its Subsidiaries will not either in a single transaction or in a series of transactions sell, transfer, licence, lease, grant any option in respect of or otherwise dispose of all or any part of its respective assets or agree or attempt to do so unless such disposal is a Permitted Disposal.

#### **13.3 Financial Indebtedness**

The Borrower must not and must ensure that each of its Subsidiaries will not incur or permit to subsist any Financial Indebtedness except for Permitted Financial Indebtedness.

#### **13.4 Guarantee**

The Borrower must not and must ensure that each of its Subsidiaries will not incur or allow to remain outstanding any guarantee in respect of any obligation of any person, except for a Permitted Guarantee.

#### **13.5 Change of business**

The Borrower must not and must ensure that each of its Subsidiaries will not make any substantial change to the general nature of the business of the Group taken as a whole as at the date of this Agreement.

#### **13.6 Loans**

The Borrower must not and must ensure that each of its Subsidiaries will not be a creditor in respect of any Financial Indebtedness except for a Permitted Loan.

#### **13.7 Distributions**



The Borrower must not and must ensure that each of its Subsidiaries will not except for a Permitted Distribution:

- (a) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
- (b) repay or distribute any dividend or share premium reserve;
- (c) pay or allow any member of the Group to pay any management, advisory or other fee to or to the order of any of the shareholders of the Borrower;
- (d) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; or
- (e) make any other payment to the direct or indirect shareholders of the Borrower (save for any payment (including the payment of any salary) to any shareholder of the Group that is an employee, director or consultant of a member of the Group, in each case, pursuant to the terms of an arm's length service contract or arm's length consultancy agreement (as applicable)).

### 13.8 Share capital

The Borrower must not and must ensure that each of its Subsidiaries will not:

- (a) amend its constitutional documents or alter the nature of, or any rights attaching to, any of its shares;
- (b) purchase, reduce, cancel, repay or redeem any of its share capital or any option over its share capital; or
- (c) issue any shares or grant any right to acquire or be issued any shares,

in each case, in a way which could be reasonably expected to be materially and adversely affect the interests of the Lender.

## 14 Financial covenants

The Borrower shall ensure that:

- (a) **Revenue:** the revenue of the Group in respect of each Financial Quarter and each Financial Year is not less than 75% of the amount of the revenue projected to be achieved by the Group in the Budget for that Financial Quarter and/or Financial Year (as applicable).
- (b) **EBITDA:** the earnings before interest, tax, depreciation and amortisation of the Group in respect of each Financial Quarter and each Financial Year is not less than 75% of the amount of the earnings before interest, tax, depreciation and amortisation projected to be achieved by the Group in the Budget for that Financial Quarter and/or Financial Year (as applicable).

## 15 Events of Default

15.1 The occurrence of any of the following is an Event of Default:

- (a) **Non-payment:** the Borrower or any of its Subsidiaries fails to pay any amount payable by it under any Finance Document to which it is a party on the date it falls due;
- (b) **Breach of financial covenants:** any requirement of Clause 11.1(a) (Financial information), Clause 12.5 (Conditions subsequent) or Clause 14 (Financial covenants) is not satisfied;
- (c) **Breach of obligations:** the Borrower or any of its Subsidiaries fails to perform any of its obligations under any Finance Document to which it is a party (other than the obligations referred to in Clause 15.1(a) or Clause 15.1(b)) unless such failure to perform can be remedied and is remedied to the satisfaction of the Lender within 15 Business Days of the earlier of the Lender giving notice to that party or that party becoming aware of the non-compliance;
- (d) **Misrepresentation:** any representation or warranty contained in any Finance Document or in any document or instrument delivered under or in connection with any Finance Document, is incorrect or misleading when made or deemed to be made and if the circumstances giving rise to the misrepresentation are capable of remedy, it is not remedied within 15 Business Days of the earlier of the Lender giving notice to that party or that party becoming aware of the misrepresentation;;
- (e) **Cross-default:**
  - (i) any Financial Indebtedness of the Borrower or any of its Subsidiaries, in each case, in an amount in excess of £50,000 (or its equivalent in other currencies) is not paid when due after taking into account any applicable grace period;
  - (ii) any Financial Indebtedness of the Borrower or any of its Subsidiaries, in each case in an amount in excess of £50,000 (or its equivalent in other currencies) becomes due and payable or capable of being declared due and payable before its stated date of maturity; or
  - (iii) any facility or commitment in an amount in excess of £50,000 (or its equivalent in other currencies) available to the Borrower or any Subsidiary of the Borrower is withdrawn, suspended or cancelled because of any default (however described) of the person concerned;
- (f) **Insolvency:** the Borrower or any of its Subsidiaries is (or could be deemed by law or by a court to be) insolvent or unable to pay its debts (as defined in section 123 of the Insolvency Act 1986) or stops, suspends or threatens to stop or suspend payment of all or any part of its indebtedness or a moratorium is agreed or declared in respect of, or affecting, all or a part of its indebtedness (or, in each case, any analogous event or circumstance occurs in any other jurisdiction);
- (g) **Insolvency proceedings:** any corporate action, legal proceedings or other procedure or step is taken in relation to: (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any member of the Group; (ii) a composition, compromise, assignment or arrangement with any creditor of any member of the Group; (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any member of the Group or any of its assets; or (iv) the enforcement of any Security Interest over any member of the Group or any assets of any member of the Group; or (v) any

analogous procedure or step is taken in any jurisdiction. This clause shall not apply to the Mazars Winding-Up Petition or any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 15 Business Days of commencement;

- (h) **Enforcement proceedings:** a distress, attachment, execution or other legal process is levied or enforced or judgment obtained upon or against any property of the Borrower or any of its Subsidiaries and is not discharged within 15 Business Days of having been levied or obtained;
- (i) **Unlawfulness, invalidity:**
  - (i) it is or becomes unlawful for the Borrower or any of its Subsidiaries to perform any of its obligations under any Finance Document to which it is a party or any Security Document ceases (subject to the Legal Reservations) to be effective;
  - (ii) it is or becomes unlawful for the Lender to exercise any of its rights under any Finance Document;
  - (iii) any Finance Document becomes invalid or unenforceable or ceases to be in full force and effect for any other reason; or
  - (iv) the Borrower, any of its Subsidiaries or any other person other than the Lender does or causes or permits to be done anything which evidences an intention to contest, rescind or repudiate any Finance Document wholly or in part;
- (j) **Standstill Agreement:** (i) any party to the Standstill Agreement (other than the Lender) fails to comply with the provisions of, or does not perform its obligations under the Standstill Agreement or (ii) a representation or warranty given by that party in the Standstill Agreement is incorrect in any material respect, and in each case, if the non-compliance or circumstances giving rise to the misrepresentation are capable of remedy, it is not remedied within 15 Business Days of the earlier of the Lender giving notice to that party or that party becoming aware of the non-compliance or misrepresentation;
- (k) **Suspension of business:** the Borrower or the Group (taken as a whole) suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a substantial part of its business;
- (l) **Change of ownership:** a member of the Group ceases to own at least the same percentage of shares in a Subsidiary of that member of the Group as at the Drawdown Date;
- (m) **Audited accounts:** the Borrower's auditors qualify the annual consolidated financial statements of the Borrower (other than a qualification of a minor and technical nature);
- (n) **Material Adverse Effect:** any event occurs which has or is reasonably likely to have a Material Adverse Effect;
- (o) **Sale or Change of Control:** a Sale or a Change of Control occurs;
- (p) **Fundraising:**

- (i) the Fundraising has not completed to the satisfaction of the Lender by the date which is 6 months following the Drawdown Date;
  - (ii) the Borrower failing to fulfil to the satisfaction of the Lender the Fundraising Conditions by the date which is 6 months following the Drawdown Date; and/or
  - (iii) the Fundraising fails to raise at least £6,500,000;
- (q) [REDACTED] the Borrower (or any other relevant member of the Group) fails to agree new payment terms with [REDACTED] (which are acceptable to the Lender, acting reasonably) within 90 days of the date of this Agreement.

## 15.2 Consequences

Notwithstanding any other provision of this Agreement, if an Event of Default occurs and is continuing, the Lender may, by notice to the Borrower, declare that:

- (a) the Commitment (if any) is cancelled (in which case the Commitment shall be immediately cancelled);
- (b) the Loan, or part of the Loan is payable on demand (in which case those amounts shall be immediately payable on demand);
- (c) the Loan, or part of the Loan, and any other amount due or becoming due to the Lender is immediately due and payable (in which case those amounts shall be immediately due and payable); and/or
- (d) it intends to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents including, for the avoidance of doubt, under each Guarantee and/or Security Documents (in which case it may exercise any such rights).

## 15.3 Clean-Up Period

Notwithstanding any other provision of any Finance Document:

- (a) any breach of a Clean-Up Representation or a Clean-Up Undertaking; or
- (b) any Event of Default constituting a Clean-Up Default,

which occurs during a Clean-Up Period will be deemed not to be a breach of representation or warranty, a breach of covenant or an Event of Default (as the case may be) if:

- (i) it relates to a member of the Group which is incorporated in a jurisdiction other than England and Wales;
- (ii) it would have been (if it were not for this clause 15.3) a breach of representation or warranty, a breach of covenant or an Event of Default only by reason of circumstances relating exclusively to the member of the Group which is incorporated in a jurisdiction other than England and Wales (or any obligation to procure or ensure in relation to the member of the member of the Group which is incorporated in a jurisdiction other than England and Wales);
- (iii) it is capable of remedy and reasonable steps are being taken to remedy it;

- (iv) the circumstances giving rise to it have not been procured by or approved by the Borrower or any Obligor, in each case, following the date of this Agreement; and
- (v) it is not reasonably likely to have a Material Adverse Effect.

If the relevant circumstances are continuing on or after the end of that Clean-Up Period, there shall be a breach of representation or warranty, breach of covenant or Event of Default, as the case may be notwithstanding the above (and without prejudice to the rights and remedies of the Lender).

## **16 Payments**

- 16.1 All sums payable by the Borrower under any Finance Document must be paid in Sterling in full without any set-off or counterclaim and in cleared funds no later than the day in question to such account as the Lender may have specified for this purpose.
- 16.2 Where the day on or by which any payment is to be made is not a Business Day, that payment must be made on or by the preceding Business Day.

## **17 Set-off**

The Lender may set off any matured amount which the Borrower owes it under the Finance Documents against any matured amount it owes the Borrower.

## **18 Transfers**

### **18.1 Right of Lender to transfer**

The Lender is entitled at any time to assign its rights or otherwise transfer all or any part of its rights or obligations under any Finance Document.

### **18.2 No right of Borrower to transfer**

The Borrower is not entitled to assign its rights or otherwise transfer all or any part of its rights or obligations under any Finance Document.

## **19 Notices**

19.1 Any notice or other communication given by a party under the Finance Documents must:

- (a) be in writing and in English; and
- (b) be signed by or on behalf of the party giving it.

19.2 Notices will be sent to:

(a) Borrower:

(i) [REDACTED]  
[REDACTED]

(ii) [REDACTED] and

(b) Lender:

- (i) [REDACTED]
- (ii) [REDACTED]

19.3 A Party may change any of its details given in Clause 19.2 by giving not less than 5 Business Days' notice to the other Party.

19.4 Notices may be given and will be deemed received:

- (a) by hand: on delivery;
- (b) by pre-paid first class post: at 9.00 am on the 2nd Business Day after posting; and
- (c) by email: 24 hours from delivery if sent to the correct email address and no notice of delivery failure is received.

19.5 This Clause 19 (Notices) does not apply to any notice given in legal proceedings, arbitration or other dispute resolution proceedings.

## **20 Amendments**

No amendment, waiver or variation of any of the terms of any Finance Document will be valid or effective unless made in writing and signed by or on behalf of the Parties.

## **21 Remedies and waivers**

21.1 No failure, delay or omission by the Lender in exercising any right, power or remedy provided by law or under any Finance Document shall operate as a waiver of that right, power or remedy, nor shall it preclude or restrict any future exercise of that or any other right, power or remedy.

21.2 No single or partial exercise of any right, power or remedy provided by law or under any Finance Document shall prevent any future exercise of it or the exercise of any other right, power or remedy.

21.3 The Lender's rights, powers and remedies under any Finance Document are cumulative and they do not exclude any rights, powers or remedies that arise by law.

## **22 Partial invalidity**

22.1 If any provision of any Finance Document (or part of any provision of any Finance Document) is or becomes illegal, invalid or unenforceable, the legality, validity and enforceability of any other provision of that Finance Document (or other part of that provision of that Finance Document) shall not be affected.

22.2 If any provision of any Finance Document (or part of any provision of any Finance Document) is or becomes illegal, invalid or unenforceable but would be legal, valid or enforceable if some part of it was deleted or modified, the provision or part-provision in question shall apply with such deletions or modifications as may be necessary to make the provision legal, valid and enforceable. In the event of such deletion, the Parties shall negotiate in good faith in order to agree the terms of a mutually acceptable alternative provision in place of the provision or part-provision so deleted.

## **23 Publicity**

Save where required by law or regulation, neither Party may make any public announcement about the contents of this Agreement or the Finance Documents without the prior review and consent of such announcement by the other Party (which consent shall not be unreasonably withheld).

## **24 Counterparts**

24.1 This Agreement may be signed in any number of separate counterparts and this has the same effect as if the signatures on those counterparts were on a single copy of this Agreement.

## **25 Governing law and jurisdiction**

25.1 This Agreement and any dispute or claim arising out of, or in connection with it, its subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the laws of England and Wales.

25.2 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (**Dispute**). The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

**Agreed** by the Parties on the date set out at the head of this Agreement.

## Schedule 1

### Conditions precedent

#### Authorisations

- 1 A copy of the constitutional documents of the Borrower, Sondrel Limited and Sondrel (Soc Solutions) Ltd.
- 2 A copy of the resolutions passed by the Board and the board of directors of Sondrel Limited and Sondrel (Soc Solutions) Ltd:
  - (a) approving the terms of and the transactions under the Finance Documents to which it is a party and resolving that it execute, deliver and perform the Finance Documents to which it is a party; and
  - (b) authorising specified persons to execute the Finance Documents to which it is a party together with all documents and notices required to be signed under or in connection with them.
- 2.2 A copy of an ordinary resolution of the shareholders of Sondrel Limited and Sondrel (Soc Solutions) Ltd approving the terms of, and the transactions contemplated by, the Finance Documents to which such person is a party.
- 2.3 A certificate of a Director and a director of Sondrel Limited and Sondrel (Soc Solutions) Ltd:
  - (a) confirming that entering into and performing its obligations under the Finance Documents to which it is a party will not breach any borrowing, guarantee, security or similar limit in any contractual agreement binding on it or its constitutional documents; and
  - (b) certifying that each copy document provided by it in connection with the Finance Documents to which it is a party is complete and accurate and has not been amended or superseded.

#### Finance Documents

- 3 This Agreement executed by the Parties.
- 4 A Debenture, in a form satisfactory to the Lender, duly executed by the Borrower, Sondrel Limited and Sondrel (Soc Solutions) Ltd.
- 5 A Guarantee, in a form satisfactory to the Lender, duly executed by the Borrower, Sondrel Limited and Sondrel (Soc Solutions) Ltd.
- 6 A copy of all documents and notices (duly executed by the parties to each of them) required to be delivered pursuant to the Debentures referenced above.
- 7 The Standstill Agreement executed by each party to it other than the Lender.
- 8 The Exclusivity Agreement executed by the Borrower.



### **Other documents and evidence**

- 9 A balance sheet in respect of the Borrower as at 31 January 2024 in a form acceptable to the Lender.
- 10 A budget in respect of the Group for the Financial Year ending 31 December 2024, in a form agreed between the Borrower and the Lender.
- 11 A cashflow forecast in respect of the Group for the 12 month period immediately following the Drawdown Date in a form agreed between the Borrower and the Lender (or alternatively written confirmation signed by [REDACTED] and addressed to the Lender confirming that, based on reasonable assumptions, [REDACTED] believe that £6,500,000 will be sufficient working capital to operate the Group on a solvent basis for the 12 month period immediately following the Drawdown Date).
- 12 A statement of the Borrower's and the Group's creditors as at 31 January 2024.
- 13 Evidence satisfactory to the Lender that all Financial Indebtedness, guarantees and/or Security Interests which are not permitted to remain outstanding under this Agreement have been, irrevocably repaid and/or discharged in full (as applicable).
- 14 Evidence satisfactory to the Lender that the Borrower has approval to issue Ordinary Shares representing an amount equal to 10% of its total share capital on a non-pre-emptive basis and the Borrower has no commitments that would diminish such amount
- 15 A copy of any other document or evidence which the Lender considers necessary in connection with the Finance Documents or the transactions contemplated by the Finance Documents.

## Schedule 2

### Form of Drawdown Notice

To: ROX Equity Partners Limited (the **Lender**)

From: Sondrel (Holdings) PLC (the **Borrower**)

Date: [•] 20[•]

Dear Sirs/Madam,

#### **Facility agreement between the Borrower and the Lender dated [•] 20[•] (the Facility Agreement)**

Terms defined and references construed in the Facility Agreement have the same meaning and construction in this notice.

We request the Loan to be drawn down under the Facility Agreement as follows:

Amount of Loan: £[•]

Drawdown Date: [•]

Please pay the Loan into the following account:

Bank: [•]

Account name: [•]

Account number: [•]

Sort code: [•]

We confirm that on the date of this notice and on the Drawdown Date:

- 1 no Event of Default or Potential Event of Default has occurred and is continuing or will occur on the making of the Loan; and
- 2 all representations and warranties set out in Clause 10 (Representations and warranties) of the Facility Agreement are true.

SIGNED

For and on behalf of

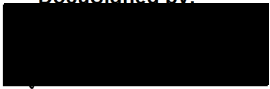
**Sondrel (Holdings) PLC**

SIGNATURE PAGE

**The Borrower**

Signed by  
duly authorised for and on behalf of  
**Sondrel (Holdings) PLC**

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**The Lender**

Signed by  
duly authorised for and on behalf of  
**ROX Equity Partners Limited**

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